

Plan to work past retirement age?



Of the more than thirty-four million Americans age 55 and older who were employed in 2020, over nine million were individuals age 65 and older.¹ People continue working past the traditional retirement age for a variety of reasons. Some actually enjoy what they do for a living. Their work gives meaning to their lives and helps fill their days, and they appreciate the company of coworkers. Others have to work since they cannot afford to retire. And there are other people who choose to continue working because of employer-provided benefits or because they want extra time to build up their retirement savings.

✓ The financial benefits of working longer

Staying longer in the workforce can yield several significant financial benefits:

- Regular paychecks
- Potential for overtime and bonuses
- Ongoing contributions to a retirement plan
- Continued access to employer-provided benefits, such as health care coverage
- Additional payments into the Social Security system that could boost the amount of final Social Security retirement payments

✓ Potential roadblocks to working longer

There's no guarantee that someone who wants to stay in the workforce will be able to continue working. A person's plans could be sidelined by:

- An illness or disability
- The need to care for a spouse or other family member
- A downturn in the economy and the job market
- A mismatch of skills and available job openings

✓ Preparing for all eventualities

Too many people reach retirement age, find that they can't afford retirement, and discover that there are limited opportunities for finding post-retirement-age work. You can avoid this scenario by using your earning years to set aside money for your retirement. Irrespective of how much you earn, you should focus on making regular contributions to your employer-provided retirement plan or to an individual retirement account.

The reality is that you may need an annual income in retirement that is not all that different from your current income – especially if you anticipate an active retirement that involves frequent travel or expensive hobbies. When evaluating your potential retirement income needs, you will need to consider these factors:

- Your retirement may last well into your 90s
- Inflation will likely occur
- Health care costs could increase as you age
- Payments from Social Security will only cover the basic necessities of life

Talk with a financial professional

Your financial professional will examine your contribution levels and your investments to see if there are any weaknesses in your current strategies. You may need to boost your retirement plan contribution percentages and reevaluate your current investment selections and asset allocation² in order to afford the type of retirement you want.



If you have questions about your workplace retirement plan, please contact your Human Resources department or your retirement plan provider's customer service center.

¹ U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey.

² Diversification and asset allocation do not ensure a profit or protect against loss in a declining market.