Are you ready to retire?

Here are some questions to ask yourself when deciding whether or not you are ready to retire.

- **Is your nest egg adequate?**
  
  It may be obvious, but the earlier you retire, the less time you’ll have to save, and the more years you’ll be living off your retirement savings. The average American can expect to live past age 78.* With future medical advances likely, it’s not unreasonable to assume that life expectancy will continue to increase. Is your nest egg large enough to fund 20 or more years of retirement?

- **When will you begin receiving Social Security benefits?**
  
  You can receive Social Security retirement benefits as early as age 62. However, your benefit may be 25% to 30% less than if you waited until full retirement age (66 to 67, depending on the year you were born).

- **How will retirement affect your IRAs and employer retirement plans?**
  
  The longer you delay retirement, the longer you can build up tax-deferred funds in traditional IRAs and potentially tax-free funds in Roth IRAs. Remember that you need taxable compensation to contribute to an IRA.
  
  You’ll also have a longer period of time to contribute to employer-sponsored plans like 401(k)s — and to receive any employer match or other contributions. (If you retire early, you may forfeit any employer contributions in which you’re not fully vested.)

- **Will you need health insurance?**
  
  Keep in mind that Medicare generally doesn’t start until you’re 65. Does your employer provide post-retirement medical benefits? Are you eligible for the coverage if you retire early? If not, you may have to look into COBRA or an individual policy from a private insurer or the health insurance marketplace — which could be an expensive proposition.

- **Is phasing into retirement right for you?**
  
  Retirement need not be an all-or-nothing affair. If you’re not quite ready, financially or psychologically, for full retirement, consider downshifting from full-time to part-time employment. This will allow you to retain a source of income and remain active and productive.

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