Thinking About Retiring Early? Things to Consider Before You Do
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For many Americans the thought of early retirement can be very appealing. For those that enjoy their career, having the flexibility to spend more time with family, travel, play golf or enjoy other activities during "normal' work hours can lead workers to contemplate early retirement.

If you're confident that you have the resources to live your desired lifestyle and are considering taking the next steps, here are a few points to consider as you make your early retirement plans.

1. **Do I have enough savings:** This is the first question many people ask when contemplating early retirement. Not only do you need to plan until some other form of retirement income begins, but for the rest of your life. There are many factors that go into this planning, including income needs, projected investment growth, inflation, healthcare costs, and longevity.

   This is where the expertise of a financial planner can be invaluable in compiling your data and providing advice on the feasibility of your retirement plan.

2. **Outspending your plan**: We know what they say about the best laid plans, and it can be true with retirement spending. The rule is that you should set a goal that's about 80% of your pre-retirement income to live a similar lifestyle. This doesn't exactly hold true for everyone, and with the excitement of retirement comes the freedom to get out and explore. If exploring means traveling to far off destinations, that may exceed the 80% rule. You'll want to be realistic with your spending and incorporate these types of costs into your plan. Even if it's not travel, finding ways to occupy your time in many instances can come at a cost.

   Having a plan that you can stick with is crucial to having a successful retirement. It's a good idea to review your plan quarterly to be sure you're staying on track.

3. **Healthcare:** This tends to be one of the biggest factors in early retirement. Regardless if you retire early or after Medicare eligibility, healthcare is typically one of the most expensive costs in retirement. When retiring early and no longer covered by an employer plan, finding a suitable

replacement until age 65 can be costly. COBRA is a short-term option, but more people are relying on the insurance marketplace in their state to find a solution.

After comparing all the available options and choosing the best one for your situation, be sure to have this plan in place to coincide with your retirement date. If this task ends up on a "to-do" list for after retirement, you run the risk of an unforeseen medical expense during this lapse in coverage.

4. **Rising Costs:** To explain this in the simplest terms, a bag of apples that you buy today will likely cost more in 10 or 20 years. Although we haven't been experiencing the inflation rates of the 1970s, even 2% inflation erodes buying power over time. It's important to include proper assumptions for inflation in your retirement spending plan.

   When you begin thinking of your monthly or annual expenses, be sure to plan for a realistic inflation rate, so you have enough to buy that bag of apples later in your retirement.

   If the time comes when you think you may be ready for early retirement, the most important step is making a plan. Whether this is something you want to tackle on your own or with the help of a professional, a financial plan is critical in determining if your plan will be successful.

   A Certified Financial Planner™ Professional can help you not only with the initial planning of your retirement, but with all the steps along the way and can be a resource throughout your entire retirement.

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