

TIPS TO HELP YOU RETIRE EARLY

Use this preparedness checklist



Think you're ready to hop off the hamster wheel? It's getting harder to do. In 2015, 37% of Americans are expected to retire after age 65, compared with 14% in 1995, a [Gallup poll](#) says.

Check your preparedness by seeing if you have the following:

A monthly income stream to cover living expenses and taxes

If your money is tied up in long-term investments, or in real estate in a down market, or in the home you're living in, you might have a nice net worth but a skimpy monthly income stream.

What counts? Reusable income. A few examples: pension or annuity payments, interest income, rent from income property, payments from a housemate or boarder, a weekend job, or earnings from a thriving hobby business. Remember: You may need this income for decades.

Medical insurance you can afford

If you don't already have a retiree medical plan or insurance through your spouse, look at the many options in the Affordable Care Act Health Insurance Marketplace. Those that combine a high-deductible plan with a tax-free health savings account can save on costs, but your individual needs may require a different approach.

Six months' worth of emergency funds

Consider having enough cash to cover expenses for six months. Financial advisors also recommend keeping two to three years' worth of expenses in cash or short-term investments.

A plan for absorbing at least 3% inflation a year

Online retirement calculators help estimate how big your nest egg should be. Some let you set the level of inflation, while others are fixed, so check their inflation assumptions.

Better yet, consider hiring a fee-only, CERTIFIED FINANCIAL PLANNER™ professional to model several scenarios for you with varying assumptions for savings, inflation, expenses, and spending.

Confidence that, if you're taking Social Security early, the smaller benefit won't hurt you later

The median life expectancy for a 65-year-old American woman is 87, according to the Social Security Administration. For men, it's 84. Half will die sooner, half will live longer.

Taking Social Security early means more checks sooner, but smaller checks for life. If you're in reasonably good health, you could live a very long time. One in four of today's 65-year-olds will live past 90, and one in 10 will survive past 95, the Social Security Administration says. Will your nest egg last 35 years?

A plan for \$100,000 or more in out-of-pocket medical expenses in retirement

Even with Medicare and supplemental plans, retirees' out-of-pocket medical costs, including for serious illness and long-term care, can cost hundreds of thousands of dollars over a retirement.

No debt—or minimal debt

Consider paying off your house if possible. At the very least, try to eliminate all consumer debt—credit cards, auto loans, and everything else that funds consumption.

A backup plan, in case you retired too soon

The internet is full of stories about early retirees who, blindsided by expenses or surprise cuts to income, had to return to work. To ensure that you aren't blindsided, have a plan B before and not after retirement.

**Ready to take the plunge?
Contact your [financial advisor](#) today.**

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