

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 2014, just 4 percent of Americans expect to retire before age 55, compared with 15 percent 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's tied up in long-term investments, or in real-estate property 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

You have a retiree medical plan or insurance through your spouse? Hallelujah! Otherwise, 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

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

A plan for managing at least 3% inflation a year

Retirement calculators online help estimate how big your nest egg should be. Some let you set the level of inflation. Others are fixed, so check their inflation assumptions.

Better yet, consider hiring a fee-only, certified financial planner 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 86, 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 least look into eliminating 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, ambushed by unexpected expenses or surprise cuts in income, had to return to work. Maybe you won't mind working for a customer service call center or in the retail aisles of a big box store, but if you do, have a Plan B—before, not after, retiring.

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

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