

To Retire or Un-retire? Ways to Consider the Question

Add retirement to the long list of things Baby Boomers are changing their minds about.

An April, 2006 study by Zogby International and the MetLife Mature Market Institute found that a significant number of older Americans are revising their ideas about their post-career years. The study found that 78 percent of respondents aged 55-59 are working or looking for work, as are 60 percent of 60-65 year-olds and 37 percent of 66-70 year-olds. Across all three age groups, roughly 15 percent of workers have actually accepted retirement benefits from a previous employer, and then chose to return to work (or are seeking work). Called the “working retired,” these workers represent 11 percent of 55-59 year-olds, 16 percent of 60-65 year-olds and 19 percent of 66-70 year-olds.

A decision to return to work isn't necessarily a negative. It's not always a sign that older Americans are having trouble making ends meet. Some work simply because they want to change careers for a new challenge.

Yet delaying retirement or returning to the workforce from retirement is a decision that should be made after a thorough financial review.

According to MetLife, most older employees expect to stop working for pay at the age of 70. The best time to talk about working in retirement is at least five years before you retire. If you're working with a good advisor, they'll force you to answer key questions about the retirement you want to have. You might discover that working in retirement is something you want to avoid at all costs, and you'll have to accelerate your savings and investments to avoid it. Here are some critical points to consider in a working retirement:

Making working retirement a variable in your planning: If you're in your early 50s and reviewing your retirement planning so far, it makes sense to ask yourself under what conditions you'd return to the workplace. Maybe you want to take a year off after you retire from your current job and then you'll go back into another career. You obviously need to know based on current projections how much money you're likely to gather from savings and other retirement resources. Then you need to consider how much money you'd be satisfied making in your post-retirement working life and for how many years you'll earn that income.

Check what returning to work will do to your pension: Early retirement transitions can have some adverse effects particularly where pensions are involved. Get some advice [here](#).

Back to school? You need to plan: Seniors may get early-bird specials at restaurants, but colleges aren't giving away free tuition. And if you haven't had to put your own kid through school, you'll be shocked at how much college costs have risen in the past 30-plus years. If you're investigating post-retirement employers, see if you can qualify for educational benefits to back up any out-of-pocket costs. Also, some colleges do offer discounted tuition or free classes for seniors.

Talk to a tax professional before you make a move: Tax issues shouldn't determine your ambitions and goals, but it's important to consider the impact work-related income will have on your retirement. Many retirees find that it doesn't take much post-retirement income to tip them into a higher bracket. Look for ways to control the taxes you'll ultimately pay, including continued participation in qualified plans, and IRAs, and other tax-favored accumulation vehicles. And don't forget to discuss your Social Security options.

Consider insurance issues: If a retiree returning to the workforce is already receiving Medicare or covered by a "Medigap" policy, they may be able to lower their costs or improve their coverage by accepting group coverage as primary underwriter of their medical expenses. Since people over age 55 are generally the greatest users of the healthcare system, coverage issues are particularly important to run by a financial expert.

Keep saving: If you return to the workplace, see what you can do to take advantage of your new employer's 401(k) plan or any other tax-advantaged retirement savings benefit, particularly if an employer matches your contribution. Don't miss a chance to enhance your retirement savings.