

ARE YOU PSYCHOLOGICALLY READY TO RETIRE EARLY?

The thought of early retirement probably sounds wonderful, doesn't it? Especially if you've had another harried day at the office or a grinding day of physical labor. Endless sunny days of golf, travel, gardening, reading, visiting the kids and grandkids. But early retirement may not be all that it's cracked up to be, caution many financial planners. And it's not the money they're talking about; it's the whole psychology of early retirement.

Let's assume, for the moment, that you have sufficient and reasonably dependable financial resources to see you through an early retirement. (Roughly half of all workers retire by age 62, according to the Social Security Administration.) Building sufficient financial resources to retire early is no easy task, but properly planned, many people can do it.

An equally challenging question – one that's often overlooked – is whether you are psychologically ready to retire early. Here are some of the major psychological issues to consider before taking the plunge.

Boredom. Perhaps the number one complaint in retirement. Daily rounds of golf can get old quickly, particularly if all your regular golfing buddies still hold jobs. Boredom can be a problem in retirement at any age, but it is especially a challenge in early retirement because you're looking at potentially many more years to fill with something meaningful. A good indication that this might be a problem is if you don't currently have outside interests, if work is your life.

Lack of job stress. Lack of job stress sounds like a benefit of retirement, and for many it is. But while someone age 65 or 70 might be ready for a less hectic life, that's not necessarily the case for someone who's 50 or 55 and at the peak of their career.

Lack of social contact. Work is a major source of social contact. Losing touch with co-workers can be difficult under normal retirement circumstances, but early retirement exacerbates the problem.

Differing retirement dates. It's common with early retirement for only one person in a marriage to be retiring early. The other may not have that luxury, or may not want to. That can cause friction. The working spouse may expect the retired spouse to keep house, or

may resent watching the spouse sleep in while he or she trudges off to work. The retired spouse may be antsy to travel or move, but the working spouse can't. The friction is most common when the husband retires before the wife retires, according to a Cornell University study.

Forced early retirement. In a sluggish economy, many people are being laid off, and some are taking early retirement packages. The problem here is, up to this point they may not have thought about or planned for retiring early. The early retirement package may sound good, but it takes time to adjust to the idea of sudden, early retirement.

Worries about money. Ideally, you've determined, perhaps with the help of a financial planner, that you have enough money for early retirement. Still, it's not uncommon to worry financially at times, particularly if there are unexpected expenses or a bear market. The worry can be worse for early retirees because they're funding a longer retirement period – perhaps 10 or 15 years longer. And it can be emotionally deflating to be forced back to work.

How do you avoid or minimize these psychological hurdles of early retirement? Here are several ideas from CERTIFIED FINANCIAL PLANNER™ professionals:

- Be *certain* you are in good financial shape.
- Prepare for early retirement starting now, regardless of your age. Envision what you truly want to do and how you'll handle these psychological hurdles. And you'll need to start planning as soon as possible to make it work financially.
- Don't retire *from* work, retire *to* something. Simply quitting work may not necessarily create a fulfilling, enjoyable retirement.
- "Practice" your retirement before you retire – hobbies, vacation spots and the other aspects of your vision. Be flexible before settling on long-term commitments such as buying a home in a new location.
- Talk it over carefully with your spouse, so you both agree on expectations such as travel and housework.
- Consider semi-retirement. Work part time or only a few months out of the year in a job you like but that is perhaps less stressful. This provides a great psychological transition into full retirement, as well as financial benefits.

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