

Phased Retirement Realities

Today I want to discuss the possibility of phasing into retirement. Many people would like to slowly transition from work to retirement. In fact, according to a recent Transamerica Center for Retirement Studies report, "[Striking Similarities and Disturbing Differences: Employers, Workers, and Retirement Security](#)," 53% of workers surveyed expected to retire after age 65 or don't plan to retire at all. The study also found that 56% of workers plan to work full-time or part-time in retirement.

That same Transamerica study notes that 70% of employers agree with the statement: "many employees at my company plan to continue working either full-time or part-time after they retire."

The majority of employers are aware of their workers plans to phase into retirement. But despite that awareness, as detailed in the report from Transamerica, only 20% of employers are currently offering a formal phased retirement program. In this case, formal means a program with specific provisions and requirements for workers who want to transition into retirement.

Another challenge that workers who want to transition face, is the lack of policies or programs, to facilitate the transition. Transamerica found that only 32% of employers provide flexible schedules. Even fewer, just 31%, have a process in place to transition from a full-time to part-time position. It's clear that most workers will need to take steps themselves to prepare for a phased retirement. Transamerica provided a few recommendations that workers can use to successfully transition into a phased retirement.

Create a budget that includes income, living expenses, paying off debt, and financial goals like building both short-term savings and long-term retirement savings.

Begin saving for retirement as early as possible and then save consistently. It's also beneficial to create an emergency savings fund to avoid taking loans and early withdrawals from retirement accounts.

Participate in employer-sponsored retirement plans, if available. Be sure to take full advantage of employer matches and defer as much as possible. If you're not offered a plan, consider contributing to an IRA or another retirement savings account.

Take proactive steps to stay employed by keeping your job skills up to date. Stay current on employment trends and marketplace needs. You might even consider going back to school to learn new skills or to keep certifications active.

Be sure to have a plan in the event of job loss, or in case retirement comes early, due to unforeseen circumstances. I've found that your retirement timing rarely follows your expectations.

Take good care of yourself and monitor your health. In my experience, healthcare can be one of the largest retirement expenses.

Again, employers are aware that many workers are considering a phased retirement or plan to continue working in retirement. Yet, only 39% of employers surveyed in the Transamerica report, have a formal phased retirement program.

To me, the best thing you can do is work with a financial services professional to formulate a workable plan. Put some of today's suggestions into action, and when your employer creates a formal phased retirement program, you'll already be on solid financial ground.

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Sources:

https://www.transamericacenter.org/docs/default-source/retirement-survey-of-employers/tcrs2018_sr_employer-retirement-research.pdf