

Chapter 1

The World of Work After Retirement

In This Chapter

- ▶ Retiring or working
 - ▶ Managing money and health
 - ▶ Exploring work alternatives
 - ▶ Running a business
 - ▶ Expanding your knowledge
 - ▶ Giving back to your community
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As you face the fact that you'll probably be living 20 to 30 or more years in retirement and begin to realize that it's a long time to just play in retirement, you may start wondering whether that's really what you want to do for the rest of your life.

You also may wonder if you truly have the financial resources in place to fund that long of a period without working. Even if you do, you may wonder if you'll need more intellectual stimulation than you currently have planned.

In this chapter, I introduce you to all the challenges you face as you plan your retirement years. You may decide retirement isn't all it's cracked up to be and consider the possibility of returning to work — whether it's because you need the money, you want to do something to give back to your community, or you want to explore options for stimulating yourself intellectually.

Making that Critical Decision — Stay Retired or Go Back to Work

After you get home from your final retirement party and you face a life without having to go into work every day, the initial sense of relief is wonderful.

But, when you continue to do that for weeks or months on end, you may end up deciding this is not how you want to spend the rest of your life.

While you may not want to go back to the daily grind of working 40 to 60 hours a week or more, you may find that you don't have enough money to maintain the lifestyle you've come to know and enjoy. You're now at crossroads to decide whether or not to go back to work, how to go about doing that, and what you want to do.

Needing or wanting to work

Many newly retired people find they must face a difficult truth — their retirement nest egg just won't go as far as they thought it would, especially with healthcare costs rising twice as fast as incomes. That makes things even more difficult when you're on a fixed-income retirement budget with no chance for raises to cover those ever increasing costs. Here are some scenarios of why people need or want to go back to work:

- ✔ Without going back to work at least part-time to supplement your retirement income, you could quickly find that your spending money you thought would be available for entertainment and travel quickly disappears. As healthcare and other costs of living continue to rise during retirement, you could find that you don't even have enough money for the day-to-day basics you need.
- ✔ You've probably read stories in your local paper about seniors eating pet food in order to be able to afford their medicines. While Medicare prescription drug coverage helps to some extent, the infamous Medicare Part D *donut hole*, where all of a sudden seniors find they have no coverage for awhile, is still creating financial crises for many people dependent on a fixed income who can't afford monthly financial surprises.
- ✔ While healthcare expenses can be the biggest problem, people who worked for companies that were sold or went bankrupt can be hard hit too. Many of these people who expected a certain guaranteed pension find they're earning about half what they expected when the company switched to another type of employer-retirement plan, such as a cash-balance plan. Suddenly they find out that they have no choice but to go back to work to pay the bills.
- ✔ Others just have to admit they didn't save enough to keep up the lifestyle they've become accustomed to and want to continue to enjoy. Still others who thought they had equity of \$500,000 to a million dollars in the home they bought 20 to 30 years ago and planned to use that for their retirement portfolio, found it's worth half what they expected as

the housing bubble burst around the U.S. in 2006. I talk more about managing your retirement assets in Chapters 5 and 6.

- ✓ Money is not the only reason people choose to go back to work. Some find they miss the professional camaraderie they enjoyed in the workplace and want to return there to reconnect with their professional network.
- ✓ Some retirees decide they want to go back to school or teach to get the intellectual juices going. Throughout this book you'll find many alternatives you can consider to the traditional retirement of golfing, swimming, card playing, and periodic travel. You can either go back to work, volunteer, or go back to school and still be among the ranks of today's retirees.

Assessing your talents

Suppose you do make the choice that you want to earn some money, but you just can't face going back to the same old grind. You're ready for a complete job change doing anything but what you did before.

Or, you may just want to step out of your comfort zone and look for new and different ways to use your talents, but you've got to figure out what it is you want to do next. In Chapter 3, I introduce you to the resources you can access to assess your talents and determine your next steps.

You can use these tools to gauge your strengths and weaknesses and figure out what you truly enjoy doing and what you hate to do. You can also figure out how you like to work, whether it's alone or in teams and whether you like to work under the direction of someone else or if you prefer to be autonomous.

Figuring out what you want to do

After you've assessed yourself, you then need to figure out the type of job you want to do. In Chapter 4, you can find information about whether or not to seek a job counselor and how to find one.

I also give you pointers about how to set up an effective network to improve your professional contacts and tap into possible work opportunities. If you find you need the support of others, I introduce you to how support groups work and how to find them.

Managing Your Money and Your Health

Managing your retirement savings and pensions, especially after paying the ever-increasing costs of healthcare, can require a difficult balancing act. You certainly don't want to run out of money during retirement, so you want to be sure that the amount you take out each year leaves you with enough in your portfolio for your future needs as well.

If you've never managed a large investment portfolio before retirement, when you get a sizeable lump sum from rolling out your employer-sponsored retirement savings, you'll be faced with a daunting task of what to do with all that money.

You also could be faced with decisions about how to get and pay for health insurance, if you retire before you're eligible for Medicare.

Taking inventory on what you have

Your first step should be to take an inventory of what you do own in retirement savings and what cash flow you can expect from pensions. Then you need to learn rules that govern how and when you can start to use that money.

You also need to learn how to invest those assets wisely, so they'll continue to grow at an appropriate rate and help you to extend the life of your portfolio throughout your retirement years. I discuss how to do all that in Chapter 5. You'll find that your strategies for managing your portfolio will change as you age.

Keeping yourself solvent

Once you understand how to manage the funds, you then will need to develop withdrawal strategies for each type of retirement asset you have, whether it's an annuity, IRA, or traditional pension. You find the key things you need to consider in Chapter 6.

Another new set of rules you need to learn in retirement are the tax rules for your pension funds and retirement savings. I give you an overview of these critical rules and how to deal with them in Chapter 6.

Sorting out the rules of Social Security and work

If you do go back to work and have already started to collect from Social Security, the rules governing that can be a maze of confusion. You can work and collect your Social Security benefits after you've reached your full retirement age (which was 65 but is gradually increasing to 67) without facing a reduction in your benefits.

But, if you started collecting Social Security early before you reached full retirement age and then decide to go back to work, you will face a partial reduction in your Social Security benefits. I talk about all this and what you need to do in Chapter 7.

Completing your tax returns when you work and collect Social Security can be a bit more complicated. In some cases, your Social Security benefits may be taxed and in other situations they may not be, it all depends on how much income you have and how that income is derived. You can find more information on these tax issues in Chapter 7.

All the news is not bad though; you can improve your Social Security benefits for the rest of your life if you go back to work and replace some low-dollar earning years with years that you earn more money. That's because Social Security calculates benefits based on your highest 35 years of earnings. So, for example, if you stopped working for 10 to 20 years to raise a family, all those zero-dollar-earning years can get replaced with higher earnings as you work after retirement.

You can decide not to collect Social Security at all when you first retire even if you're eligible. If you're too young, you may not yet be eligible to apply for Social Security. Most people must wait at least until the age of 62. There are some exceptions to the rule, but that impacts very few and I won't go into those details here.

You do get a benefit for waiting though. If you delay collecting Social Security past full retirement age, your lifetime monthly benefit will go up every month until age 70. So if you plan to work until 70 and you'd like to increase your potential Social Security payment, you may want to delay collecting benefits until age 70, but don't wait any longer.

Your benefits won't increase any higher after age 70, except for cost of living adjustments. I discuss all these rules about delaying Social Security in Chapter 8.

Staying healthy with and without Medicare

Your health insurance will vary dramatically depending on whether or not you qualify for Medicare and have retiree health coverage through your former employer. If you're not eligible for Medicare, individual health insurance for many people age 50 or older will likely be more than \$600 to \$700. You can double those estimates if you and your spouse both need individual plans.

Many people 50 years and older have difficulty even getting individual health coverage because of their preexisting conditions. Even arthritis, which afflicts more than 50 percent of people over age 50, can result in a denial of coverage or a rider that won't cover anything the insurance deems related to arthritis. You can forget any coverage for joint-related medical needs.

Access to affordable group health insurance sends more people back to work after retirement than any other single issue. Some people I know who even have retiree group health coverage from their former employer find premiums and other out-of-pocket expenses they must pay skyrocketing, driving them back to work. Those who do not have access to group healthcare tend to look for a job that includes health insurance benefits.

Even friends who do have Medicare are finding that the premiums for Part B and D plus the required out-of-pocket expenses that are still required are eroding their monthly retirement income. They, too, have sought either part-time jobs or started a small home-based business to supplement their income primarily to pay medical-related expenses.

I talk about healthcare issues for people under age 65 in Chapter 9 and focus on Medicare and related issues for people 65 and older in Chapter 10.

Going Job Hunting

If you're going back to work after a long stint at the same company for most of your life, you probably haven't had to build a resume and look for a job in a very long time. The job market definitely changed dramatically and job-seeking skills are very different than ones you used many years ago.

As you look for a job today, you'll find that most companies prefer contact electronically, either by e-mail or by filling out an application online or both. You won't find many situations where telephone contact is encouraged early in the application process unless you find the opening through a friend who can give you contact information for the hiring manager.

Yes, it's true, networking is still the best way to get a job, but you'll still need to conform to the new resume rules and deal with what can sometimes be tough interview questions directed primarily at older workers. I talk about rebuilding your job search skills in Chapter 11.

I talk about difficult interview questions you may be asked and how to answer them in Chapter 12. Finally, in Chapter 13 you can read a discussion of the myths you'll need to combat during your job search. I give you some ammunition for detecting and responding to them as well, if they crop up during your job search.

Working Less Than Full Time

You don't have to go back to work full-time after retirement. More and more companies are adopting flexible hiring policies. You can usually find what you'd probably think of as traditional part-time work, but you may find the hours more flexible. You also could search for telecommuting jobs that will let you work primarily from your home.

If you don't want to guarantee your time year-round to a company, you will find temporary agencies that focus on serving the 50-plus age group. They can find you assignments that range from a few weeks to a few months.

You can find more details about flexible work alternatives in Chapter 14. You may also want to review the top ten companies to work for in Chapter 21, to get an idea of what some of the top companies offer older workers in benefits and flexibility to keep them happy and working.

In the 1980s and early 1990s many companies downsized and laid off older workers offering sizeable retirement packages to lure them to leave, you won't find that as common today. Many companies face a different problem — brain drain. They don't know how they'll be able to find enough qualified workers to replace those Baby Boomers who will be retiring.

Revisiting Your Past or Starting Your Own Business

Often after retiring, people realize they want to work for their company again or maybe even start their own business. In either case, you can find several opportunities to fit the bill.

Working for your company — again

Even if you've left your company, you may want to revisit working for them again either in a part-time position, as an independent contractor, or as a consultant. More and more companies are starting to offer phased retirement programs that let you cut back your hours and collect a partial retirement pension.

Others are allowing their workers to leave and roll out their 401(k) or other employer-based retirement savings. Once they've formally left and gotten their money, companies rehire them when they are ready to come back to work. This helps the worker, who can afford to cut back hours because he can then supplement his part-time income by withdrawing funds from the rolled-out pension plan. I talk about going back to work for your old company in Chapter 15.

If you were a high-level executive with a unique set of skills, you may be able to set up a consulting contract with a guaranteed income in exchange for a minimum number of work hours. I discuss various consulting arrangements you may want to consider with your former employer in Chapter 16.

If you can't work something out with your former employer, or you just don't want to go back there, you can also consider consulting in your former industry. I talk more about how to do that in Chapter 17.

Following your dream of owning your own business

Another option you have may be to take this time to follow a life-long dream of being your own boss and running your own company. You can do that in three different ways — start a business from scratch, buy an existing business, or buy a franchise (a business in a box). I discuss the pros and cons of each of these options in Chapter 18. In Chapter 22, I review the top ten skills you need to run a business.

Many retirees I know have chosen to run a one- or two-person (usually husband and wife) business from their home. Others have turned a hobby into a business.

For example, some who enjoy painting, now work as painting contractors in the area. A former business owner who ran a new-home construction company, now runs a new-home construction inspection company from his home. He gets most of his clients through referrals of other people who bought homes in the area.

Many of my friends who run home-based businesses are not looking to earn big bucks. They just want to supplement their income, primarily to pay healthcare premiums and out-of-pocket expenses and to have some additional money for more entertainment and travel expenses. They don't want to work the hours or endure the stresses of managing a larger company.

Expanding Your Horizons

If you don't need to make money, but want to do something more stimulating than the traditional retirement activities of playing golf, cards, or mahjong or going swimming, you may want to consider going back to school. Some retirees decide they want to complete a traditional degree program, but others just take courses for the joy of learning.

In Chapter 19, I explore all the educational options people aged 50 and older can consider, both in this country and globally. You'll find you can often combine an educational program with an enjoyable vacation trip.

If you don't need the money, but would like to work and help others, you can consider volunteering your time. Myriad volunteer options are available for seniors right in their own community, or they can travel and volunteer around the world. In Chapter 20, I explore some excellent volunteer opportunities both in the U.S. and around the globe.

Now for the best stuff: In the Part of Tens section you can find the best companies to work for, key skills you'll need if you want to start your own business, and the top ten volunteer opportunities you may want to explore. Whatever you decide to do in retirement, always remember that it should be something you enjoy doing!

