

Plan



Do You Plan to Work After You “Retire?”

These days, many people are working past traditional retirement age. Some work because they don’t want to retire; others work because they simply need the income. According to the Bureau of Labor Statistics, approximately 6.2 million people age 65 or older are currently in the workforce — roughly a 121% increase since 1985.

If retirement at age 65 isn’t on *your* horizon, here are some things to think about.

More Time for Growth

Remaining on the job longer gives you additional savings opportunities both in your employer’s retirement plan (if available) and outside a plan in an individual retirement account or another type of account. Working past retirement age also means that your tax-deferred retirement savings will have an opportunity to continue growing tax-deferred. But you generally will have to start taking distributions from your tax-deferred accounts after you reach age 70½.

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Effect on Social Security

Once you’ve reached your Social Security full retirement age, you won’t lose benefits by continuing to work, thanks to a

change in the tax law in 2000. And delaying benefits until after your full retirement age means your monthly payments will be larger when you start collecting. After you reach age 70, however, there is no further increase in monthly benefits for delaying.

Employee Benefits

Here’s another advantage to working longer: Any benefits you receive from your employer, such as health care coverage, should continue as long as you’re working. That’s an extremely helpful benefit and one that’s potentially very valuable given how expensive health care coverage can be.

Your Options

Would you prefer to work full-time or part-time? Given a choice, would you prefer to stay with your current employer, change jobs, or perhaps start your own business? Each option has its own advantages.

As mentioned, staying put may allow you to postpone taking taxable distributions from your employer’s retirement plan. You’ll also be working in a familiar



environment at a job you may know well. And don't discount the social benefits that many people derive from work.

On the other hand, owning your own business permits you to set up and contribute to your own tax-deferred retirement plan and gives you some tax breaks on supplemental health insurance. And there are various tax write-offs for

business auto use and for entertainment expenses related to your business.

There's also the freedom that comes with being your own boss. Still, working for yourself can be far from easy since it has its own set of responsibilities and challenges. Thinking through all your options can help you settle on the course of action that's right for you.

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