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RRA NEWSLETTER

Semi-Retired Lifestyle & What It Means for Your Retirement

Working during retirement has its pros and cons. Know if it is for you, what to expect, and how to plan for it.

The Semi-Retired Life is on the Rise

Reports from the U.S. Bureau of Labor Statistics predict by 2024 over 13 million Americans will be over age 65. This means more folks are extending their stay in the workforce either part-time or delaying their retirement entirely.

Semi-retirement is when someone chooses to go part-time at their job or leave their full-time job and work doing something less demanding. Even if the job pays less, this step down from working full-time is considered semi-retired and usually eases the transition into full retirement down the road.

Why do people choose semi-retirement?

There are many reasons CPA may choose a semi-retired lifestyle. For many working part-time after retirement is because of financial need. This is especially true for those who only will have 401(k) funds and Social Security benefits. Fortunately, even working part-time qualifies some retirees to delay their Social Security, increasing their benefits if they retire shortly after their full retirement age. Those working in retirement may also qualify to delay or reduce distributions from other retirement accounts and may even continue saving or contributing to their retirement funds.

However, many CPAs report that working in retirement is fulfilling for them and they do it purely out of enjoyment to be social and help provide for their families. The beauty of longer life expectancies has brought on a re-imagined retirement—one where new career adventures begin for CPAs that are fueled from passions or hobbies sometimes outside of their workforce norm.

Retirement is a long chapter of your life that may seem daunting after decades of being a CPA. The work routine and career identity you had for so long may still be calling. For others, it is a time to step partially out of the field and enjoy more time with family and friends and doing hobbies that were put aside while working full-time.





You could consider remote work or meeting new people and learning new things! Or maybe the goal is just to supplement your retirement income streams. Now, consider when you are working in retirement there may be additional tax or Social Security risks involved.

The following are great ways to stay connected to the CPA community:

Consulting

Nearing retirement means that you are typically looking for a part-time gig with likely not as much demand as a full-time job. Fortunately, a lot of businesses, even CPA firms, are always looking for financial professionals with experience. Having the skills from your working years means that you are fit for the job. Plus, consulting gigs are not demanding, offer great flexibility, and create a stable stream of income.

Contract jobs

Want something like a consulting gig, but only seasonally? Contract assignments are an option! These could include only working during the tax season or doing seasonal bookkeeping. Contract jobs are much more common for experienced workers than entry-level positions.

Teaching

If you wish to do something related to the field, but not quite the same, consider teaching. Many four-year universities and community colleges are looking to hire professors. You may even be able to offer training services through businesses. Another great teaching opportunity is tutoring,

and this can be done at a college or even high school level. Luckily, moreover, this can be done in-person or even online. Some virtual services offer great passive income opportunities!

Research

Since you spent most of your life practicing patience and have a sharp eye for detail, those skills would make you a great researcher. Be it with finance or another field, gathering and organizing data is something you could still do, even part-time. Research into your local universities, get in contact with your network, and see if anyone is looking for research help. You might like it!

Grant writing and administration

Putting together grant applications utilizes the skills you have mastered as a CPA. You help write the grant and then if the money is funded you can help manage and track the funds or project. Stepping into grant writing and administrative work uses your knowledge of bookkeeping, tax legislation, and project management. You easily become an asset to their team (and sometimes these are offered as contract gigs)!

Your retirement years do not have to be spent completely giving up what you love, what you have done for so long. There are new ways to keep yourself in the field especially as the digital and virtual world expands!



Things to Consider When Planning for Semi-Retirement

Retiring is tricky enough, and retirement planning is also not a walk in the park. Those who decide on a semi-retired life should be aware of a few things before moving forward.

1 *Working for Your Current (and likely last) Employer:*

Depending on the company, if you reduce your hours, you may still be eligible for your employer's retirement plan and health benefits. For instance, if you are still able to contribute to your 401(k) with your employer match while working 30 hours weekly, you may want to consider this as an option. It is a great way to keep the retirement funds increasing, and it is a great potential way to increase your Social Security benefits since your work history will continue and you are still paying into from each paycheck.

2 *Income Tax*

Semi-retirees often find themselves in a higher tax bracket due to retirement income withdrawals, required minimum distributions, Social Security, and the part-time job income that is flowing in. Reducing your work hours and the withdrawals from your retirement accounts is the best way to combat this higher tax bracket. Depending on where you are financially, a Roth conversion may also be an option.

3 *Social Security Risk*

CPAs who work before full retirement age and receive Social Security benefits are subject to have their benefits reduced monthly. The exemption limit was \$18,960 in 2021 and for 2022 is \$19,560. Making more than the limit means your benefits are reduced by \$1 for every \$2 made over the limit. And once you reach the full retirement age the SSA has calculated, your benefits are reduced by \$1 for every \$3 over \$51,960 in 2022. Please note these limits are predicted to increase for 2023, but announcements for this information are not released until the start of the 4th quarter.

4 *Healthcare Decisions*

Once you are 65 you are eligible for Medicare. However, if you are still working, even part-time and qualify for your employer's healthcare plan, you will have both plans and will need to work out coordination of benefits. Outside of Medicare Part A, there are premiums. For Part B enrollees pay \$170.10 monthly in 2022 with a deductible of \$233. Deciding to delay Medicare Part B may result in a penalty. You may even opt into a MediGap or Medicare Advantage Plan based on your needs. Considering carefully before you enroll into Medicare and semi-retire is crucial. The earlier you investigate Medicare options the better off you will be.

Upcoming September Webinars

9/6/22 – Women, Money, and Power: Take Control of Your Financial Future

9/7/22 – Getting Safely Through Retirement: A New Paradigm in Retirement Planning

9/8/22 – How to Protect Your Retirement Assets Before the Next Crash

9/13/22 – Tax-Free Income for Life: How to Eliminate Risk in Retirement

9/14/22 – Getting Safely Through Retirement: A New Paradigm in Retirement Planning

9/19/22 Roth IRAs: A Great Option for Most Retirees

9/20/22 – Shopping for Long-Term Care Insurance & Your Nursing Home

9/21/22 – Evolving Retirement Law: The Challenges, The Changes, & Your Choices

9/23/22 – The Truth About Reverse Mortgages: Everything You Need to Know

9/26/22 – Take Control of Your Retirement with a Self-Directed Plan

9/28/22 – Getting Safely Through Retirement: A New Paradigm in Retirement Planning

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Your Retirement is at Risk

Longevity is increasing yearly.

Inflation has risen alarmingly.

Taxes are projected to double in the coming years.

We have the solution for CPAs so your retirement is safe.



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