

I Want to Stay Busy During Retirement. Can I Work Still?

Are you retired but interested in going back to work? Unless you've developed some hobbies or have significant interests outside your career, retirement can be a lonely place. Suddenly, many of your social contacts are gone. Mental and intellectual pursuits could be missing. The routines of your life have been turned upside down. Perhaps retirement doesn't seem like what you expected. Or maybe some extra cash would come in handy. Before you jump back into the job market, you should think about what type of job you want and the effect of working after you start drawing Social Security.

Work with a financial advisor about the advisability of starting to draw a salary after you've already retired.

If you do return to the job market after retirement, you won't be alone. Nearly 19%, or 9 million, Americans ages 65 and over are working part- or full-time, according to a recent Pew Research Center analysis.

Why Go Back to Work After Retirement?

The current generation that is retiring is the baby boom generation, individuals born between 1946 and 1964. More than 10,000 per day are retiring and it's leaving a hole in the workforce. The pandemic is also contributing to the loss of people in the workforce. Companies in the U.S. from small businesses to very large conglomerates are hiring or trying to. There are many retirees who want to go back to work. Some just want a part-time job. Others want an encore career.

In other words, there are a number of reasons to consider working in retirement.

The Employee Benefit Research Institute (EBRI) surveyed a group of individuals and found that it's not all about the money, although 84% of the people they surveyed wanted to go back to work for the extra money and 64% to fund essential expenses. The baby boom generation relied on their company's pension plan, which was often a defined benefit plan, plus Social Security. But, things change with time and inflation erodes our purchasing power. Defined benefit dollars don't buy as much now as the boomers thought they would and the average monthly Social Security benefit of only around \$1,500 although the 2022 cost of living adjustment is scheduled to be 5.9%. The survey showed that about 21% of the people wanted to go back to work to delay claiming their Social Security benefits.

Social Security and Medicare Considerations

Your Social Security and Medicare benefits should be part of your retirement planning. You can work and still draw Social Security, but you have to be careful. You should check with the Social Security Administration (SSA) to find out what your full retirement age is. For example, if you were born in 1952, your full retirement age is 66. If you go back to work before your full retirement age, you can make \$18,960 per year without losing benefits. If you go back to work when you are 66 or older, you can make \$50,520 per year. These figures are subject to change on a year-by-year basis. That's quite a discrepancy.

If you go back to work before your retirement age, the SSA will deduct \$1 from your benefits for every \$2 you make over the limit. Starting the year you reach full retirement age, your benefits will no longer be reduced and you will get those benefits back. However, if you wait to return to work until after your

full retirement age, the SSA will deduct \$1 from your benefits for every \$3 you make over the limit. Anything you earn when you go back to work will also be subject to social security tax. Remember that Social Security benefits are based on your highest 35 years of income.

If you return to work and your company offers health savings accounts, you cannot contribute to it if you are enrolled in Medicare. You will need to check and see if the new company's health insurance plan is compatible with Medicare.

Jobs for Retirees

Here are some encore career ideas for the retiree:

- **Freelance/consulting:** Some retirees go back to their old companies in consulting or freelance roles. Companies are usually glad to have help that is familiar with the company and at a lower cost. Retirees often start their own freelance or consulting company and share their expertise in their field with a variety of client
- **Start a Business:** An offshoot of this idea is starting your own business. Maybe you were in sales and there is a product you like to sell. You could buy a business or even buy an up-and-coming franchise. You could start your own business as a handyman if you like to help people and work with your hands.
- **Brand Ambassador:** Do you really like a particular brand of product or service. Companies will pay you to promote their brand.
- **Tutor:** Share your knowledge with both traditional and adult students.
- **Guest Service Representative:** Do you like people? Hotels, salons and spas will pay you to show their guests around and talk to them in a knowledgeable way.
- **Social Media Expert:** Promoting a company takes a lot of time and skill. Are you skilled in social media? Companies will pay you to handle their social media needs.

The Bottom Line

Don't let your retirement keep you from realizing that during your working years you developed valuable skills and acquired marketable knowledge. After you retire, you finally have the chance to use those skills and knowledge in a way that is fulfilling to you. But keep your overall retirement plan in mind: Don't make a mistake with Medicare or Social Security. If you have a 401(k), schedule withdrawals carefully. If you feel like you need help with your retirement plan, talk to a financial advisor.

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