



KRASNEY FINANCIAL PRESENTS:

WEEKLY FINANCIAL ARTICLE FOR THE WEEK OF MAY 21, 2007



SHOULD YOU RETIRE EARLY?

IT MAY BE POSSIBLE, BUT IT IS NOT ALWAYS ADVISABLE.

The dream of leaving work in your fifties (or maybe even in your forties) tantalizes many Americans. But if you dream of leaving the 8-to-6 grind behind, you might want to think twice before you make the move. If your heart is set on leaving work early, be sure to ...

Retire with a realistic picture of your income needs. In late 2006, the Center for Retirement Research at Boston College surveyed 400 private sector employers. Those employers estimated that one-fourth of their employees between 50 and 60 years old will lack the financial resources to retire even at the traditional retirement age.

If you're like most Americans, your retirement expenses will be roughly 75-80% of your pre-retirement expenses. So you need to determine if the income derived from your 401(k), 403(b), pension or other sources can generate that. Remember that you can't receive any Social Security benefits before age 62.

Retire with the idea that you'll live to be 100. With recent advances in health care, your income streams may need to last 20, 30, even 40 or 50 years. Any income streams that you have today may soon need to be supplemented or adjusted due to unforeseen needs and inflation.

Many new retirees make the mistake of withdrawing income at too high a rate in the first few years after they leave work – they live on more money than their investments can generate, and their retirement nest egg starts to diminish. Additionally, you may also have to pay for health insurance if you retire before age 65. All of this may point you in the direction of part-time employment rather than total retirement.

Retire with purpose. Leaving work behind can be exhilarating. But after the first few months of fun, there can also be a feeling of "now what?" Any early retirement becomes better with a plan for purposeful and meaningful living, irrespective of your finances.

Please feel free to forward this article to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will contact them and ask for their permission to be added.

5 Cold Hill Road South, Ste 5 Mendham, NJ 07945

Office: (973) 973-543-6660 Fax (973) 543-9033

These views are those of Krasney Financial LLC. and should not be construed as investment advice. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy.

Quote Of The Week

"When ideas fail, words come in very handy."—
Johann Wolfgang von Goethe

Riddle Of The Week

A man came to town with some watermelons. He sold half of them plus half a melon, and found that he had one whole melon left. How many melons did he take to town? (wait for next week's article for the answer)

Notable Numbers

The #1 exporter in the world is Germany, ranked ahead of #2, China and #3, the United States