

7 Signs You're Not Ready to Retire

By Tammy Flanagan

October 18, 2013

If you were one of the many federal employees who weren't able to work during the 16-day government shutdown, you may have given some thought to the question, "Should I stay or should I go?" If you are eligible to retire, did you think that maybe now is the time to call it quits?

How do you know when it's your time to retire? A good place to start is knowing when it's not a good time to move on. I recently read an article by Robert Laura at *Bankrate* called "[7 Signs That It's Not Time To Retire Now.](#)" I've modified his list to fit the unique circumstances facing federal employees:

You're merely eligible. Just because you're eligible for Social Security or retirement benefits under the Federal Employees Retirement System or Civil Service Retirement System doesn't mean you should take them. There'll be a big difference in your retirement income between retiring at the end of 2013 and the end of 2018. By waiting, you'll have five more years of savings in your Thrift Savings Plan, plus the compounded growth of your existing savings. You'll have accrued another 5 percent or 10 percent of your high-three average salary toward your retirement benefit. If you're paying Social Security taxes, you'll contribute more toward your average Social Security earnings, which will boost your benefit. If you are between the ages of 62 and 70, you get an increase in your Social Security benefit for every month you delay receiving your benefit. Use [this calculator](#) to estimate your Social Security benefits.

You plan to work part time. If you will need to work for personal or financial reasons after you retire, be aware that it isn't always easy to find a job that you will be happy with and be able to do it part time. With any luck, early next year the Office of Personnel Management will roll out the option for a phased retirement under CSRS or FERS. Not all employees will be eligible to do this, but for those who love their job but no longer want to do it full time, phased retirement could be the solution. I wrote about phased retirement in two columns earlier this year: [Let the Confusion Begin!](#) and [Phased Retirement: The Bottom Line.](#)

Your spouse doesn't want you to retire. This sign is no different for feds than for private sector employees. As Laura points out, a successful retirement requires approval from your partner, and it's best if you both prepare for the transition. The recent furlough may have been a test for some feds about what it would be like to spend their days with their partners without working.

You don't have a place to go. I can comment on this from personal experience. My husband and I recently moved into an "over 55" community. The majority of the residents are retired. In these types of communities, there are committees for everything, and I think one reason is it makes retirees feel useful. But sometimes they take it to extremes. At one meeting I attended recently, one of the residents presented a 30-page report with addendums and exhibits to outline a problem he is having with foggy windows in his condo. He might need a few more activities to fill his time.

You're counting on stock market investments. It would be wonderful if you could cover your living expenses with your monthly income from Social Security and your federal retirement benefit. (Believe it or not, many federal retirees

do just that.) However, if you do need to withdraw money from the TSP on a monthly basis to supplement your other retirement income, be sure not to take out so much that you deplete your savings too early. A rule of thumb is to keep your withdrawals at 4 percent of the account balance or less per year. You have the option of converting some or all of your TSP to an annuity, but you pay for the security by giving up control of your investment. You also can get a monthly payout directly from your TSP balance that is based on your life expectancy and will adjust every year based on the balance in your account. Both of these options will reduce the risk of depleting your funds. You can [try out various withdrawal options here](#).

You haven't planned for health care costs. While you are enjoying good health, you won't have much to pay out of pocket besides your health insurance premiums. Under the Federal Employees Health Benefits Program, most preventative care is covered 100 percent with no deductible when you use preferred providers or in-network services. However, when it comes to covering a medical emergency or a chronic illness, you may need a nest egg for the expenses you incur even after your health plan has covered its portion of the cost.

You have financial obligations. According to Laura, when it comes to major life decisions like retirement, sometimes the most obvious signs are the flashing red lights of too many financial commitments. So if your kids are in college (or out and still dependent on you), you have credit card debt, your parents haven't retired yet or you've co-signed a loan for someone else's house or car, now is probably not the time to retire.

I have written about the decision to retire in several past columns. Here are a few:

[Waiting Game](#) (May 27, 2011)

[Ready...or Not?](#) (May 20, 2011)

[The Next Adventure](#) (Aug. 20, 2010)

[Taking the Plunge](#) (Aug. 7, 2009)

[When to Go \(FERS Edition\)](#) (April 24, 2009)

[Putting It Off](#) (April 17, 2009)

[Retiring Women](#) (June 15, 2007)

[Should I Stay or Should I Go?](#) (Feb. 23, 2007)

If you want more information, or to ask me questions about retirement readiness, On Dec. 12, in coordination with the National Institute of Transition Planning, I will present a free webinar on the question, "Should I Stay or Should I Go?" It will be available on the [NITP website](#).

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<http://www.govexec.com/pay-benefits/retirement-planning/2013/10/7-signs-youre-not-ready-retire/72176/>