4 Steps to Follow If Confronted With An Unexpected Early Retirement

Early retirement is a concept that, at one point in your working life, may have seemed like a dream. Yet many Americans who have retired early have done so not by choice, but because of circumstances out of their control.

For some people, it may be an injury or an accident that has short-circuited their ability to keep working. For others, perhaps the economic conditions have required their employer to reduce its workforce or close entirely.

If any of these describe your situation, you may be confronted with the urgent need to get your retirement finances in order. Here are four steps you should consider as you prepare for the onset of retirement:

#1 – Assess all of your available assets
A starting point is to take inventory of all available assets. This will help you determine whether you really have enough money on hand to meet your income needs – not just for the immediate future, but throughout your retirement. If you have accounts with different financial institutions or retirement plans with previous employers, you may want to consolidate them with a single provider.

#2 – Determine if you still need or want to work
As you review your assets, consider whether starting to tap into your retirement savings today will put an undue strain on your long-term financial security. If that's the case, you may need to continue to generate income through work. That could come through employment full-time, part-time or potentially by becoming a consultant. An added consideration is whether you are really ready to retire. If not, it is time to explore your options for ongoing work, perhaps with the help of a professional career consultant.

#3 – Check into your health care options
If you are 65 or older, you have the option to enroll in Medicare. If not, you'll need to consider other options. See if your employer will consider extending health care coverage for a period of time, or you have an option to pay to maintain that coverage. Alternatively, if you are married, you may be able to be added to your spouse's coverage. If those choices aren't available, you can look into an individual health care policy, utilizing the Affordable Care Act Marketplace.

#4 – Position your investments properly
As you enter retirement, make sure your savings are appropriately invested. You may need to reduce your risk profile. If you are invested too aggressively, a sudden downturn in the markets could result in a major setback for your nest egg that may be difficult to overcome. Stocks should continue to be part of your asset mix. Keep in mind that money needed as income for the next two-to-three years should be held in relatively safe investments like cash or short-term bonds.

The transition to retirement is one of the most important financial periods of your life. Be sure to call on the help of your financial advisor to guide you through this time.

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