

Looking Ahead to the Final Stretch

Retirement planning is a job for the young, says journalist and retirement specialist Emily Brandon '04.

Interview by Karen McCally '02 (PhD)

I've been at U.S. News & World Report for 10 years, on the retirement beat the whole time. I started writing about retirement in my previous job, at *Consumer Reports*. I wrote about how to make decisions about your health care coverage, and it was right about the time Medicare Part D, the prescription drug benefit, which offers a variety of plans to choose among, was added to Medicare.

As someone relatively young when I started this beat, the most valuable thing I've learned is just how important it is to start saving early. It's very difficult to save when you're in your 20s. You have a lot of competing priorities and a limited salary. But if you can set aside even a small amount, just a few dollars a week, or have it withheld from your paycheck and placed into a 401(k), you'll really thank yourself later on. You'll get a tax break for your savings, and that small amount will accumulate to a very large amount by the time you're ready to retire.

The shift from pensions to 401(k)s and IRAs represents a sea change in how people plan for retirement, and the planning is much harder without a pension. You need to fund these accounts yourself, manage them, control the


fees that you pay in them, and also make sure that money lasts the rest of your life, even though you don't know how long that will be.

A 401(k) has the benefit, often, of employer contributions as well as a tax break. But you need to watch out for penalties. 401(k)s have penalties if you withdraw money from the account too early, and a penalty as well if you don't start taking money out of the account after age 70-and-a-half.

As you near retirement age, it's particularly important to maximize your Social Security benefit and sign up for Medicare on time. For most people, Social Security is the only source of income that's guaranteed to continue for the rest of their lives. Just a single extra year of work [past age 65] not only boosts the amount of your payments, but also gives you more time to accumulate retirement savings, and a shorter period of retirement to pay for. As for Medicare, if you don't sign up when you're first eligible to do so—just before you turn 65—you will likely end up paying higher premiums for the rest of your life.

Retirement doesn't have to be all-or-nothing. More people are working past traditional retirement age both by choice and because they have to. Of those people, many are negotiating reduced work schedules, and a few companies even have formal, phased retirement programs. People are also moving into part-time jobs at places they enjoy, such as golf clubs, museums, or libraries.

People are also taking mini-retirements. People who feel overworked might need a significant vacation, perhaps a few months or even a year to rest and recharge. But after that, they might be ready to return to work in some other capacity. Some people also call it a trial retirement or an extended vacation.

Retirees are also ideal entrepreneurs. Often they're people who have spent decades in a given industry, and so they know what innovations are needed better than anyone else. And they have the knowledge and the contacts and the logistical capabilities to pull it off. 

Emily Brandon '04

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On the benefits of the retirement beat: "My parents are in their mid-60s, right at the age when they've had to make all kinds of decisions about Social Security and Medicare. For Medicare especially, it's really important to sign up correctly, and very difficult to do it correctly. It's been really great to be able to help them through the process."

