

15 Reasons Why Early Retirement Is Good For Employees

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Early retirement occurs when an employee decides to retire before the age at which he or she becomes eligible to collect retirement resources such as Social Security, a company pension, or another retirement plan. Many scenarios exist that would allow an employee to retire early. Some of the good reasons for *employee early retirement* are as follows:

1. It is risky to put off retirement entirely

The primary reason to consider retiring early is that you do not know how long you will live or how long you will remain relatively healthy and active. Many people end up retiring early not because they want to but because they have to -- due to a job loss or a health problem or because they had to care for others. For this reason alone, it's worth being more aggressive in saving for retirement, to build a fat nest egg sooner rather than later.

1. You do not like your job

If you do not like your job, it can be well worth retiring from it earlier than planned. That is because not liking your job is an extensive problem, even affecting your physical and mental health. Maranjian (2019) states that somewhere between 20% and 40% of workers are very unhappy with their jobs, according to various studies. Depression, stress, weight gain, and sleeping problems are some of the consequences that have been found to result from not liking one's job,

Health problems can occur if the stress response goes on for too long or becomes chronic, such as when the source of stress is constant, or if the response continues after the danger has subsided. With chronic stress, those same life-saving responses in your body can suppress immune, digestive, sleep, and reproductive systems, which may cause them to stop working normally. People under chronic stress are prone to more frequent and severe viral infections, such as the flu or common cold. On top of all that, unhappiness at work can lead to unhappiness at home, a less happy marriage, and a dysfunctional family life.

It is also worth remembering that retiring from a job you do not like does not necessarily have to mean retiring from work altogether. It might just mean looking for, finding, and switching to a different job, perhaps in a field that you have always wanted to try.

3. You can be very productive in your retirement years

If you are not too interested in retirement because you are imagining being bored and unproductive, know that you can still be very productive while retired. A close look at your savings and retirement goals might make it clear that you cannot quit working completely any time soon. However, you might

be able to retire earlier than you originally planned to if you keep working on a part-time basis.

Look for a job that is less stressful and, ideally, more enjoyable. Generating some extra dollars that way can help your nest egg last longer. You can use your more plentiful free time in retirement to work on improving your health, too. You will have more time to prepare nutritious meals and go for long walks or bike rides or visit the gym regularly. If you can lose any excess weight, you may reduce your odds of developing diabetes or high blood pressure or if you already have various conditions, you may reduce their severity.

You may start sleeping better, too, as you will not have the stress of your old job and may no longer have to wake up early for anything. Here's a bonus: If you are healthier, you may live longer!

4. You can avoid running out of money with annuities

Many people avoid retiring early because they think they should keep stockpiling money lest they run out of it too soon in retirement. One way to prevent that is to spend a chunk of your retirement funds on one or more fixed annuities. Doing so is kind of like buying yourself some dependable pension income, as you can set yourself up to receive monthly checks and even ones that are adjusted for inflation over time.

5. It is not worth delaying Social Security

You may be putting off retirement because you know that for every year beyond your full retirement age (which is 66 or 67 for most people) that you delay starting to collect your benefits, they will increase by about 8%. You may also know that starting to collect early, as early as the age of 62 means your checks will be smaller.

However, if you live to the average life expectancy for someone your age, you will receive about the same amount in lifetime benefits no matter whether you choose to start receiving benefits at the age of 62, full retirement age, at the age of 70, or any age in between. After all, starting to collect early means smaller checks but many more of them. It can still be smart to delay, but that is not the best move for everyone, and for some, starting to collect early may enable them to retire early. For one thing, it might allow them to keep some significant funds invested in stocks for the long run, aiming for growth (Maranjian, 2019).

6. It could be good for your health

We can all easily imagine how leaving behind the office grind and partaking in activities such as sleeping later, getting out in the fresh air and sunshine and no gulping of meals at the desk leads to healthier habits. This is not just supposition. A 2002 study of British civil servants found that retiring at age 60 had no adverse effect on the subjects' physical health overall. Those with higher-level jobs saw an improvement in mental health, possibly because they were no longer subject to work-related stress (and had better pensions than lower-ranked workers). Nevertheless, other studies have suggested that retirement can be hazardous to your health as well (Daugherty, 2019).

7. You will enjoy more time to travel

Now that you are no longer limited to the proverbial two weeks a year vacation you can go to as many places as you like as long as you can afford. Plus, the earlier you retire, the more years you will have before health issues begin to limit your mobility.

8. It is an opportunity to start a new career

If you dream of switching fields or starting your own business, sooner may be better than later. You will be a more desirable job candidate to many employers the more years you have ahead of you. If you want to be your boss, you will have more time to get your new venture off the ground. A business you launch at age 60, for example, could easily keep you intellectually challenged and out of mischief for another 20 years or more.

9. You can afford to do so

Perhaps the biggest reason to consider retiring early is if you can afford to do so. You will probably have to spend a little time reviewing your financial condition to determine how much money you need to retire with and whether you have it. It's smart to estimate how much income you will need in retirement and proceed from there.

10. You can reduce regrets

Many people in retirement regret having devoted so much time and energy to their work and not enough to their loved ones. By retiring early, you will have more time for children and grandchildren, not to mention your significant other. By making more good memories together, you will enrich all their lives.

11. You Only Live Once

This reason is not meant to be morbid, but you only live once. You do not know how long you will be around, so it can be good to stop working once you are financially able to do so, to do things you really want to do. Whether that's spending more time with family, or trying to launch a small business idea you have or tackling a project you have long dreamed of, such as building a boat.

12. Circumstances may require you to retire early

Not everybody retires in their desired fashion. At some point, you may not be able to work. However, when you prepare your life and finances to be able to retire early, you will also be better off in the case that you are forced to retire early. For example, during the recession in 2008, some older workers retired due to job loss and difficulty finding work in a pool of younger workers. Health ailments can also sideline a career, especially for workers in professions that require physical activity. Pursuing early retirement can reduce the hardship if your working years are cut short for reasons outside of your control.

13. Lower consumption and spending

One of the most effective strategies for retiring early is lowering your annual cost of living. A lower cost of living requires a smaller retirement nest egg, enabling you to stop full-time work earlier. A secondary benefit of reducing your costs is becoming more conscious of your consumption and spending decisions. Smarter consumption habits are better for your pocketbook and reduce your global footprint.

14. Address the future today

Stephens (2018) says many people are unprepared for retirement and may need to continue working during their 60s and beyond. A primary reason for being unprepared is a lack of planning and saving in their younger years. By setting a goal to retire early, you begin to analyze your finances and design and implement a plan to get there. The sooner you begin planning and making serious efforts to secure your retirement future, the greater your chances of achieving it. Analyzing your current financial situation and creating a plan is good at any stage of your life, but preparing for retirement gets more difficult the longer you wait to start saving.

15. Failure is not a bad outcome

Even if you fail to reach an accelerated early retirement goal, you will be better off than if you didn't attempt to pursue it at all. Setting an early retirement goal will motivate you to spend more intentionally, earn more, invest more, consume less, and pay closer attention to your finances. These are all good habits whether you can leave the workforce early or not (Stephens, 2018).

The situation of everyone is different, so weigh the above factors and come to your own conclusion as to whether you want to retire early, and whether you can afford to. A little more reading and thought could produce some innovative ways to make it happen earlier, such as renting out a room in your home or moving to a less expensive house or part of the world.

References

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