

Delaying Retirement due to recession

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[/EINPresswire.com/](https://EINPresswire.com/) -- Unlike younger workers, near-retirees don't have as much time to ride out the ups and downs of the market, making it more difficult to recover from any losses in their [retirement](#) plan. For this reason, some people may choose to postpone retirement. The hope is that by working for a few more years, they could try to make up for those losses.

Financial Advisors should be leveraged and may be able to run some numbers to determine how changing ones

retirement date could help bolster retirement planning. One important question to ask is how delaying retirement could help raise or stabilize monthly income in retirement. For answers, we turned to Managing Director, [James Lukezic](#) of [Old Slip Capital](#) Partners, a leading authority in Qualified Plan Governance for Corporations throughout the US. Lukezic states, "Many times we find participants of Qualified Plans or even folks with individual IRA's experience heavy losses in market down turns because they haven't taken the time to understand their risk tolerance vs their time horizon to retirement. Generally, within 7 years of your target retirement age you should slowly start decreasing your exposure to equities and begin decreasing risk in your portfolio, as of late we favor Municipal bonds vs Corporates for the first time in over a decade for those entering retirement as an example".

Retirement-timing risk

While delaying retirement has its potential benefits, it may not always be an option during a recession when companies are likely shedding jobs to help cut costs – sometimes forcing older workers to retire earlier than they planned.

Retiring before being financially ready to do so and in the midst of a recession could put a lot of strain on retirement planning.

This type of retirement-timing risk is commonly referred to as a "sequence-of-returns risk," and it's something that should be considered while consulting financial professionals. Financial Advisors can assess risks and help decide if adjustments are required and help plan accordingly



(e.g., spending goals or withdrawal rates). They can also review strategies to ensure retirement plans are appropriately diversified and rebalanced so that risk is mitigated, and if nearing retirement, de-risking while considering other investments, as Mr. James Lukezic explains above.

Parting thoughts

Like many things in life, the timing and duration of a recession are mostly out of our control. The special challenges we've highlighted for those retiring in a recession may seem daunting, but by knowing what to look out for, it may help to mentally and financially prepare for these potential bumps in the road. And remember, navigating with the help of a financial advisor can help guide planning and offer a sense of control and clarity over ones retirement plan.

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