

# How much is **ENOUGH?**



76 *Your Money*

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● Roger Schueller earns about \$370 a week working part-time as a Hollywood extra.

PHOTOGRAPH BY AMANDA FRIEDMAN

# A NEW CAREER

**W**ORKING LONGER may be the key to financial security for many future retirees who haven't saved enough during their working lives. Today, a majority of retirees elect to take social security at 62 rather than their normal retirement age (65 and 8 months for those born in 1941 who retire this year). Early retirees accept a permanent reduction in benefits of 20% or more for the rest of their lives.

Every year you work past age 62 boosts your financial well-being in retirement (see the box below). Not only do you avoid a reduction in social security benefits and increase your annual income, but you also avoid having to touch your retirement accounts, so they can grow tax-deferred for another year. In addition, you shrink the period during which you have to draw down your savings, trimming the size of the nest egg you need in retirement.

Roger Schueller, 61, could be the poster boy for the new face of retirement. After a career of 30-plus years with a telecommunications company,

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**F**igure out your numbers. Use the target retirement calculators at [kiplinger.com/links/retirement](http://kiplinger.com/links/retirement) to estimate:

- ▶ Your retirement target
- ▶ Social security benefits
- ▶ How bigger contributions to retirement accounts add up
- ▶ Which IRA option is best

Schueller accepted an early-buyout package more than two years ago. He took a lump-sum distribution from his pension and, together with the balance in his 401(k), rolled his million-dollar-plus nest egg into an IRA.

Geordie Crossan, president of NBS Financial Services, in Westlake Village, Cal., recommended that Schueller invest in a diversified portfolio of mutual funds, with about 60% of the assets allocated to stocks. That would allow Schueller's investments to continue growing even as he began taking regular distributions. Crossan recommend-

ed the conservative withdrawal rate of 4% to 5% per year.

Too young for social security and limited to withdrawing about \$50,000 a year from his investments, Schueller decided to make up an income shortfall of about \$12,000 a year with a part-time job. What he found instead was a whole new career.

Schueller, who lives in Thousand Oaks, Cal., responded to a newspaper ad looking for Hollywood extras. Initially he worked for free, then for minimum wage. Now, as a member of the Screen Actors Guild, he earns \$122 a day. He generally works three days a week and has appeared in the television dramas *Boston Legal* and *West Wing*, as well as in several movies, including Tom Cruise's latest film, *Mission: Impossible III*.

Best of all, Schueller can work when he wants. He intends to take a break for a long-planned cruise around the Hawaiian Islands with his wife, Marge, 60, who continues to work to bolster her own retirement savings. His advice to retirees in search of employment: "Try something entirely different and have fun doing it." **K**

## IT PAYS TO STAY ON THE JOB

The longer you work, the less you'll need to save

**D**elaying retirement for a few years can boost your social security benefits and reduce the amount you need to save to create sufficient retirement income for life. Consider how a married couple in their early sixties

earning \$77,000 per year—roughly the median pretax income of married households ages 55 to 64 in 2002—can cut their savings needs by 40% if they delay taking retirement for four years, until age 66.

CURRENT SALARY	CURRENT SALARY AFTER TAXES	AGE YOU RETIRE	80% OF AFTER-TAX SALARY	ANNUAL SOCIAL SECURITY PAYMENTS	POTENTIAL INCOME GAP TO BE FUNDED BY ASSETS	ASSETS NEEDED TO PRODUCE INCOME THROUGH ANNUITY
<b>\$77,000</b>	<b>\$58,560</b>	<b>62</b>	<b>\$46,848</b>	<b>\$20,088</b>	<b>\$26,760</b>	<b>\$510,757</b>
<b>\$77,000</b>	<b>\$58,560</b>	<b>66</b>	<b>\$46,848</b>	<b>\$27,648</b>	<b>\$19,200</b>	<b>\$298,380</b>
<b>\$77,000</b>	<b>\$58,560</b>	<b>70</b>	<b>\$46,848</b>	<b>\$38,136</b>	<b>\$8,712</b>	<b>\$117,651</b>

Source: Congressional Budget Office