How to Make Early Retirement a Reality

We all dream of early retirement. But is it truly possible? Yes, it is! While it may take hard work and a healthy dose of luck, careful financial planning can help turn the dream of early retirement into a reality. We asked CPS IBEW FCU President Adam Conine to help us answer some of our most frequently asked questions when it comes to retiring early.

Can I rely on my defined benefit pension to pay for an early retirement?

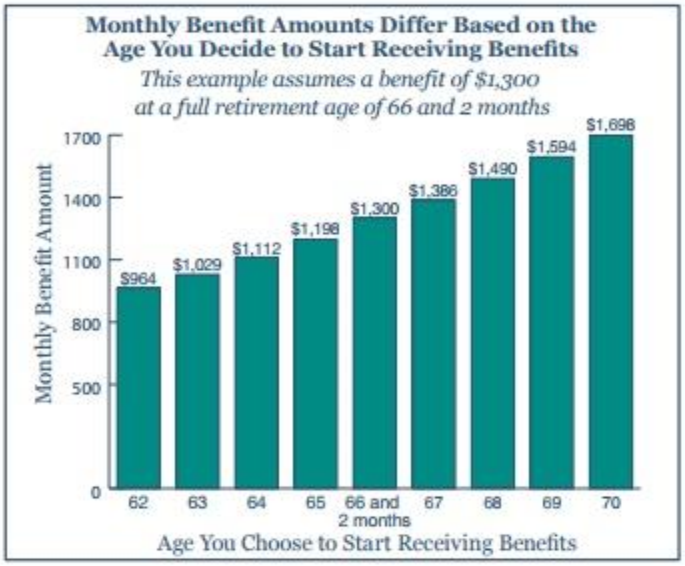
It's possible, but it may be hard to do. Pensions often pay out about 60 to 70 percent of an individual's best five earning years. Social Security benefits may cover the rest, but the benefits don't kick in until at least age 62. In the meantime, your house or other debts may not yet be paid in full and your children may still being be looking to you for college tuition funds. Seek help from your employer's benefits department to be sure you understand your plan and how it works. Check for the availability of deferred compensation savings and other possible features available through your employer, too.

How can I fill in the gap?

Individual Retirement Accounts (IRAs) can help. CPS IBEW FCU offers Roth IRAs and Traditional IRAs, which both provide tax-free earnings and can be withdrawn without penalty as early as age 59 ½. View current rates. In some cases, funds can be withdrawn even earlier for expenses like medical bills, health coverage, disability expenses, or even some annuity payments set up over your lifetime. Educational expenses can also be withdrawn early and can include college tuition for you, a spouse, a child or a grandchild. Even private schooling between grades 1-12 may qualify for early withdrawal. If family-related educational expenses are anticipated to be a large expense during your early retirement years, you may want to consider a separate Educational IRA.

Is there any way to increase my Social Security benefits?

According to the Social Security Administration, you can start your retirement benefits at any point from age 62 to age 70, but your benefit will be higher the longer you delay starting it. Keep in mind that the age you choose sets the base for the benefits you'll get for the rest of your life. So, if you're able, it may be "beneficial" to tap into IRAs and other retirement income first and delay using Social Security benefits as long as possible. Here's an example from [ssa.gov]() on how your Social Security benefit payments could increase the longer you wait to start receiving them:



For more about how you can take advantage of IRAs in early retirement, take a look at CPS IBEW FCU IRA account options and contact us if you have questions. We're here to help!