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## **Paths to Retirement**

In a recent survey conducted by the Vanguard Center for Retirement Research, a majority of respondents expected that employment would be a big part of their early retirement.

That is why many retirees or pre-retirees have or plan to “downshift” from a traditional full-time employment position to a part-time one. As baby boomers in particular near retirement, there is an interest in retirement as a time of relaxation, enjoyment and reinvention. With longer life expectancies and time in retirement, there is a recognition that retirement, especially in the early years, may not be a period of full time leisure.

The Vanguard study found that there were six distinct paths that emerged as individuals transitioned from work to retirement. Three quarters of older Americans were on one of the three main paths: 35% left full time work in their sixties and continued with some type of self employment or part-time job. Financial necessity was cited as an important reason for continuing to work.

Almost 30% left the full-time workforce in their 50’s and did not work again. This group fit the traditional view of retirement. Adequate financial resources were critical in making this transition.

Another 12% retired in their 50’s and took on full or part time work in a new career. This group continued to work for enjoyment, to stay active and to have discretionary income.

The remaining respondents followed three other paths according to the Vanguard study. 10% followed the never retire path who never plan to stop working. Another 5% retired but returned to work for financial and psychological reasons.

Finally, 9% of the respondents retired at a time that was pegged to their spouse’s retirement.

This study shows the changing landscape of retirement and how we may be defining and re-defining retirement in the future. This will become a bigger factor as the baby boomers move into retirement.

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