Some Insights On:
Retirement Planning

5 Things to Do Now that Could Help You Stop Working Sooner

By Susan Gregory Thomas

According to a 2014 Gallup Poll, the average age for an American to retire is 62, though baby boomers, at least, don't expect to call it a workday until 66. That same poll, however, also reported that people under 30 are most likely to plan on retiring before they turn 55—speculating that, perhaps, hope springs eternal among young people.

But it is possible to move your hope closer to reality with clear-sightedness, excellent planning and disciplined saving habits. Here's a list of five potential priorities to check off before you sail away into your new life as a surfer-jock in Chile … or wherever your retirement dream—and plan—leads you.

1. Save for Emergencies First.
Here's a question for anyone willing to relegate Emergency Fund savings to the back burner: What would you do if you were unexpectedly laid-up because of illness, accident, sudden responsibility for a relative or (fill in the blank with your own disaster)? Unless you have some very generous relatives, you'd likely start depleting your savings to stay afloat. If you tap into retirement savings, you'll likely have to pay taxes and/or penalties, and it may mean having to delay your retirement. An Emergency Fund is easily accessible cash that will cover six months' worth of living expenses in case of income-compromising life circumstances.

2. Understand Your Saving Options. If you invest your money in a typical retirement savings fund—such as an IRA—you'll face stiff penalties for withdrawing funds before you're 59 ½. So if you hope to stop working before then, you'll want to consider other investment channels, like opening a regular, taxable investment account to augment your other retirement savings. Best to educate yourself now about what your options are, and start making a plan.

3. Get Your Self-Discipline On. Now. Discipline begets discipline. Learning to save earlier rather than later in life will help you develop habits that will serve you well into retirement, when you're on a fixed income. Another reason? Life tends to get more complex, not less, and as you're faced with greater competition for the dollars in your wallet (from kids, house, car, etc.), saving gets more difficult. Early practice with saving will help you stick to your plans.

The future is a big question mark, so control what you can—now. When it comes to retirement planning, there are lots of variables that are out of your control, like tax-rate changes, market ups and downs and Social Security. The one thing you can control is how much you save.

4. Know What You'll Do, So You Know What You'll Need: What are you going to do with all that free time … for the rest of your life? The clearer the picture you have of what you actually want to do in retirement, the more likely you are to achieve the financial and life goals associated with it. Before you get to the nuts and bolts planning stage of retirement, experts suggest envisioning your future—so start dreaming!

5. Reach Your "Number": There have been many reports on how, nowadays, even the average American needs to save a million dollars to retire. However, that "number"—as total retirement savings are called—is as personal to you as your fingerprint.

For those of you planning to retire early: don't. Beyond the challenge of saving enough money to support several decades of living, there's a growing body of research that suggests there are plenty of good psychological reasons to keep working beyond the typical retirement age. Encore career, anyone?