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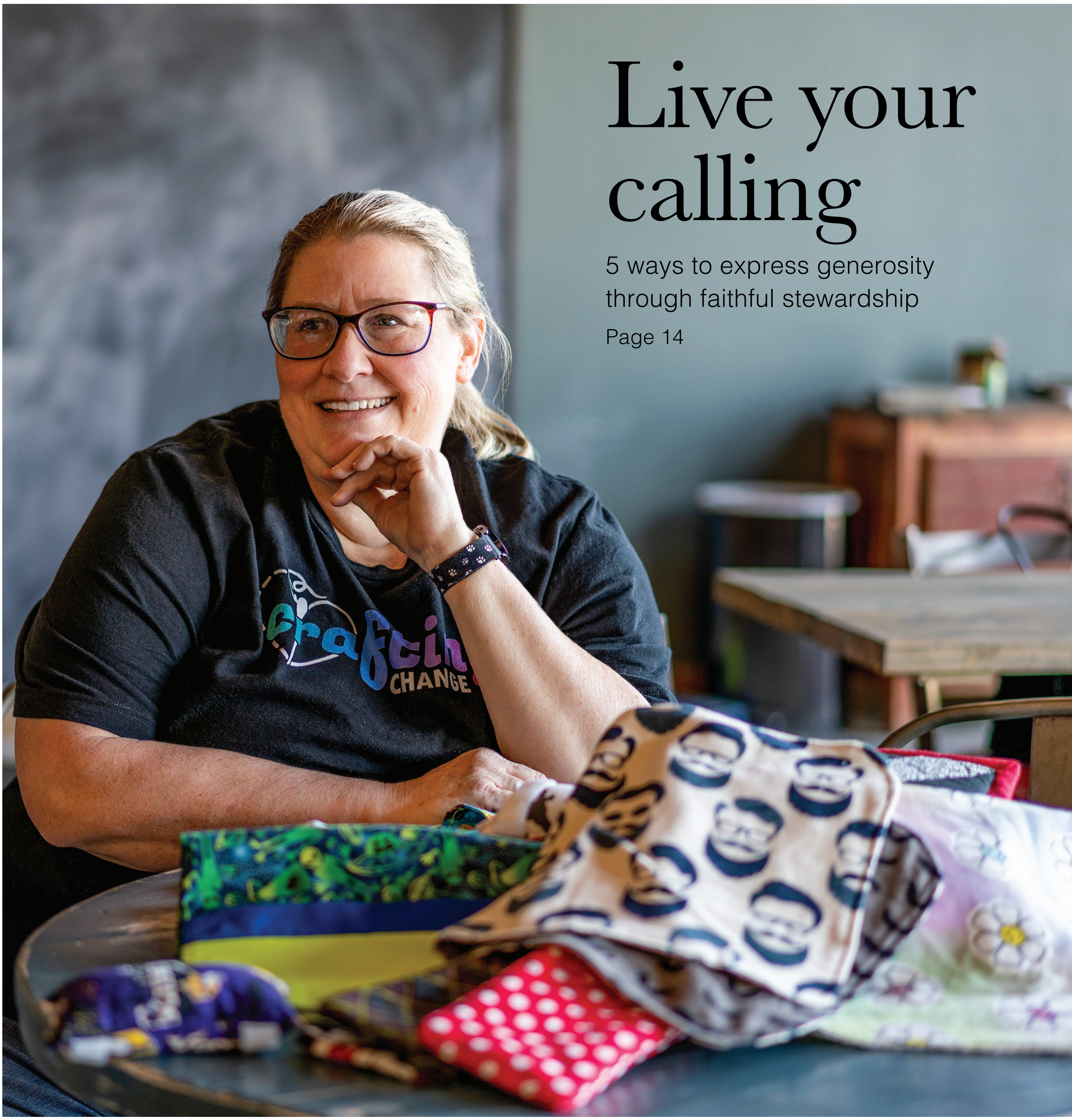

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5 ways to express generosity through faithful stewardship

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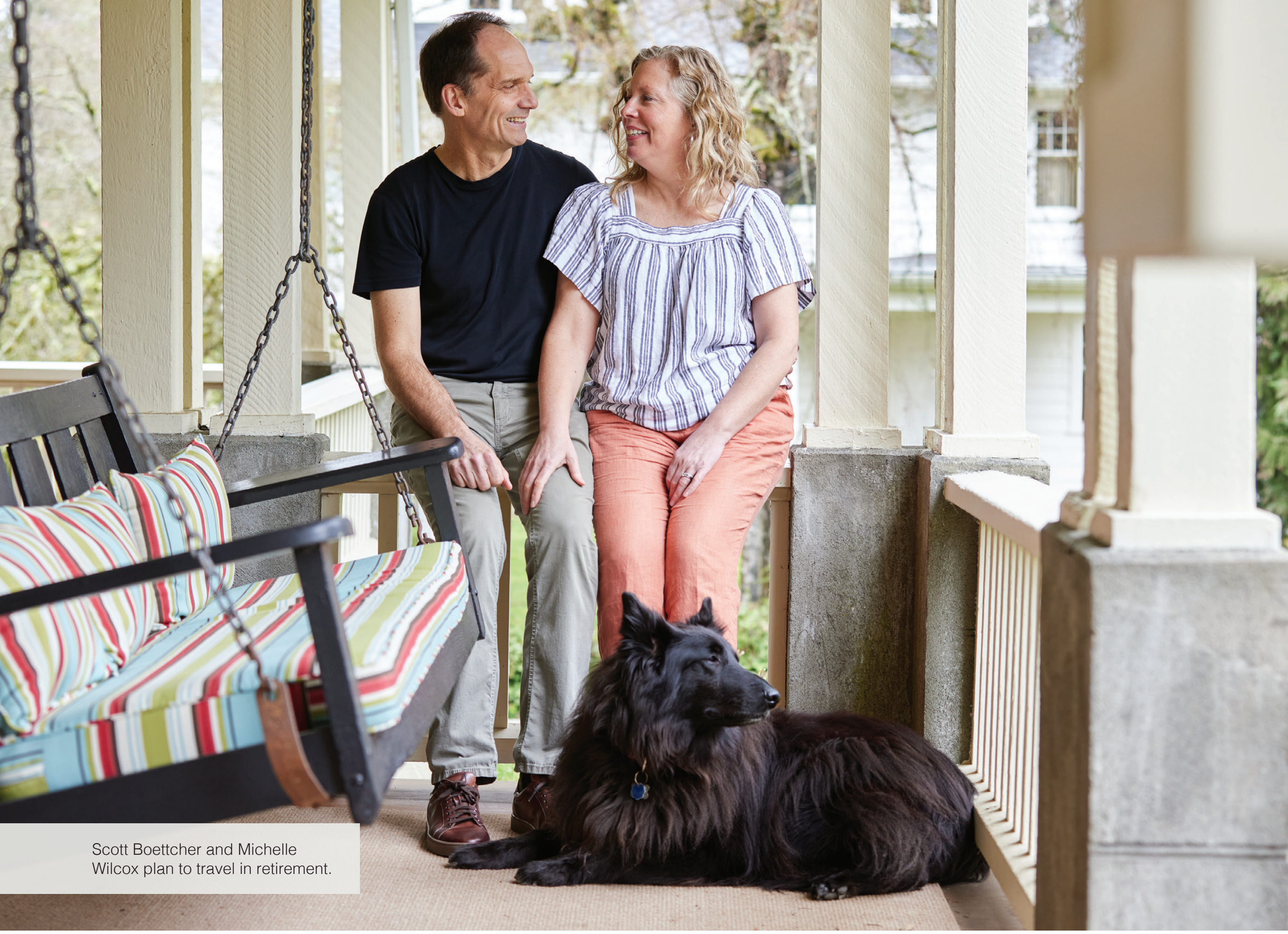

Scott Boettcher and Michelle Wilcox plan to travel in retirement.

Retirement reboot

Early retirement is gaining appeal. Is it right for you?

By Kathleen Childers / Photo by Cindy Apple

For a growing number of Americans, the idea of working until their mid-60s or later and then kicking back in their remaining years simply isn't appealing. They have a different perspective on how they see their working years and so-called retirement years.

"I think retirement is just one of those steps along a person's journey," says Thrivent client Scott Boettcher. He and his wife, Michelle Wilcox, live in Olympia, Washington. Scott, 57, is retiring this summer. Michelle, 55, plans to continue working into her 60s. But Scott won't be idle.

"Retirement's a time where life is changing," he says, "but not stopping. Making money won't be the focus. I just want to do other things." That includes traveling.

Thrivent clients Rich and Tina Kuntze, both 62, retired last year. The Altenburg, Missouri, couple ran a farm, worked full-time and have two adult children with special needs who live with them. They wanted to slow down and have more time to enjoy life, including family and friends.

Others see early retirement as a chance to explore new hobbies, start a business they've been dreaming about, or take a part-time job in an area of interest they've always wanted to dig into but never had the time.

The common thread among people seeking early retirement is to retire at an age when they still have the energy and physical capabilities to do something different with their time.

What does it take to be able to shift retirement to a younger age? It requires an in-depth look into your finances and habits, now and in the future. Here's how to get started.

What are your current income and expenses?

To plan for where you want to be financially in retirement, you first need to examine where you are now. Take a deep dive exploration of your current financial situation.

"The review of your current finances allows you to gauge how you're spending and how you're saving," says Thrivent Advice Services Consultant Jennifer Warner. "Out of the current circumstances, you then can begin to set priorities."

Fortunately, this is relatively easy to do. When you have a clear picture of income, expenses, savings and donations, you also can see where you might want to make some changes.

"Many people are surprised with how they're spending their money," says George Burgin, the Boettchers' Thrivent financial advisor in Olympia, Washington.

"But once they have knowledge of their spending habits, they can decide if they want to form new habits that allow them to spend less and save more."

For example, Burgin says, "if you eat out several times a week, you might opt to eat out just one night a week and spend the rest of the nights as family time." That's a win for the budget and the family.

To make this review process go more quickly, Burgin recommends his clients use a budgeting app or website. These tools also let you look at different scenarios if you want to create a new budget going forward.

The FIRE movement

The FIRE movement is like an early retirement plan on steroids. FIRE, which stands for "Financial Independence, Retire Early," is an attitude shift about retirement that's being adopted by some people, mostly in their 30s and 40s.

"I first started hearing about the FIRE movement from my clients a couple of years ago," says George Burgin, a Thrivent financial advisor in Olympia, Washington.

The idea is to save enough money so that you can achieve financial independence and retire at an earlier age, as young as in your 40s. That allows you to pursue things that bring you greater satisfaction and aren't dependent on you making a certain income.

Achieving that kind of financial goal at such a young age sounds amazing, but unless you have a significant income or windfall, it can require substantial sacrifices. People who've been successful love the freedom it gives them. Critics argue that it comes at a price: You're sacrificing a well-rounded and fulfilling life today for one somewhere in the future.

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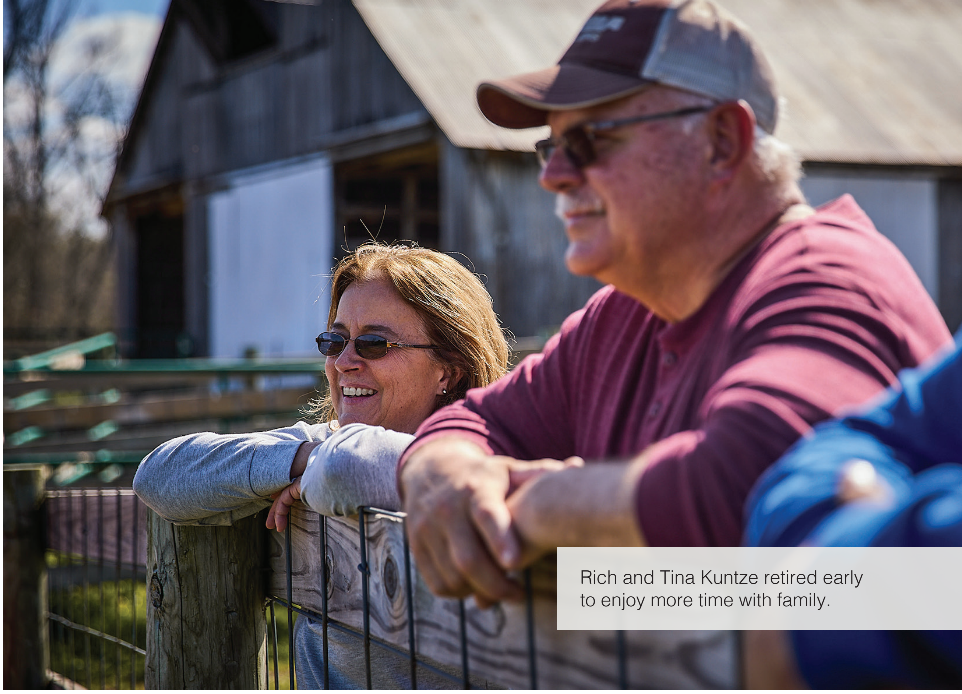
—Scott Boettcher, Thrivent client in Olympia, Washington



Rich and Tina Kuntze retired early to enjoy more time with family.

Photo by Douglas Garfield

What will be your early retirement expenses?
This part of the planning is more challenging because it requires you to be specific in identifying how you want to spend your retirement years as well as what kinds of other expenses you might have. Doing this exercise will help you see how much income you'll need for retirement [more on this in the next section]. While no one can predict five, 10 or 20 years from now with certainty, you at least can try to imagine it.

"You have to think about your future as part of the process," says Warner. "For example, if you want to travel in retirement, you then know that you need to consider the cost of that."

The Boettchers' plans for traveling in retirement included purchasing a specialty van. This summer, they will order one.

Many of the expenses you have at the start of retirement likely will shift as the years go by. "People tend to travel in the early years, but later years they tend to slow down. If you have a mortgage when you retire early," says Warner, "it might go away eventually. Health care costs, however, could increase later in retirement, especially if you have health issues."

You'll also need to pay for the cost of health insurance if you're not employed in retirement, as you must be at least 65 years old to be eligible for Medicare. For many people, this means buying insurance on the open marketplace, and when you include higher deductibles, that can be very expensive, says Boone Jackson, a Thrivent financial advisor in St. Charles, Missouri. He tells his clients retiring early to plan on budgeting up to $10,000 per year per person for healthcare, including insurance premiums.

You also might need to pay for other benefits your employer currently provides, such as life insurance, says Jackson.

Once expenses are identified, Jackson has clients break down their projected expenses into three categories, which then helps him understand what income could be required to meet those expenses:

- **Needs:** These are expenses you'll always have, like the cost of a home (utilities, insurance and maintenance at a minimum), a vehicle, food and so on.
- **Wants:** What specifically do you want to do in retirement and how much money will that require?
- **Wishes:** If you could have them, what are the things that would make your life wonderful in retirement?

How can you create income to meet your early retirement needs?
With expenses identified as best you can, the next step is to determine how you'll fund your early retirement years. As you consider potential sources of income, keep in mind the following:

- In most cases, you're not eligible for Social Security until age 62.
- Retirement plans can have penalties if you withdraw from them before a certain age (typically 59½).
- You might be able to start payments from a pension plan, but the benefit amount could be lower than if you waited until you're 65.

Because you can't immediately rely on Social Security and retirement funds for income when you retire early, you need to get creative. Here are some ways to do that:

Cut expenses. Revisit your current expenses and look for ways to free up more money that you can put away in savings. Years ago, the Boettchers chose to live modestly in planning for their early retirement. With six kids, family was always a priority. They didn't take extravagant vacations and drove old cars.

Yet they provided well for each of their children (the youngest is now in college) while also saving for retirement.

"Michelle and I aren't lavish people," says Scott. "We try to make do with what we have. When I wanted to be able to stand while I work at my computer, I set an Igloo cooler on my desk. It works great!"

Max out savings contributions. This includes making sure you get the maximum from your employer's retirement plan contributions as well as putting the maximum amount into your plan that's legally allowed.

Bring in more income. The Boettchers purchased rental property before Scott retired to create additional income. The Kuntzes both started part-time jobs once they retired. "It provides some income and keeps us busy," says Tina.

Grow your savings. Work with financial professionals to determine what options you might have for making investments that are focused on growth while also considering tax implications.

The Kuntzes worked with three Thrivent financial advisors from the Cross Rivers Financial team: Carol Grebing-Duggan, their primary financial advisor; Jackson, who focused on their current and future income and expenses (through dedicated planning for a fee) and Tim Gerler, who concentrated on their investments.

"We started with an analysis of where they were on their 401(k) work retirement plans," says Gerler. "Then we looked at their retirement needs and together decided to create an IRA to help provide their needed income in retirement."

The Boettchers worked with Burgin and decided to invest in preferred stocks to create an income stream.

"Other ways to potentially create income," says Warner, "include investing money in mutual funds, brokerage accounts and annuities."

Look for income where you might not expect it. "The Kuntzes really didn't think they could retire early when we first started talking," says Jackson. "They were working full-time and living on land that Rich purchased from his parents. They were farming it on the side. They never thought they were going to sell it, but they were getting tired of farming and no one in their family was able to take over. We brainstormed about what would happen if they were more strategic about the land, and that's when they decided to sell some of it."

Doing so allowed them to build a new house on the property they retained and retire early.

"It was an emotional decision to sell the farm, but they came to the consensus of what was right for their family and their future," Grebing-Duggan says. "They're doing the things they want to do and love to do, including giving back to their community."

Early retirement is possible, but it takes planning.

"The sooner you start," says Burgin, "the more likely you are to achieve it." ■

Kathleen Childers is a writer in Minnesota.

How Thrivent can help

Thrivent financial advisors have a variety of resources, including the interactive MoneyGuidePro® financial advice tool, which takes information from your unique scenario to give recommendations that can help you reach your retirement goals. Call your Thrivent financial advisor or find a financial advisor at local.thrivent.com.

If you are looking for help with your finances, consider Money Canvas™, a free one-on-one coaching program offered by Thrivent to help people see their money in a new way and build healthier budgeting, spending and saving habits. Get more information at thrivent.com/moneycanvas.