REACHING THE QUITTING TIPPING POINT

FIVE STEPS TO STOP GRINDING AT YOUR JOB
AND START CLAIMING YOUR FREEDOM

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Introduction:

Quitting Your Career—Starting the Conversation

When I was in my first year of law school, a classmate quit seemingly out of nowhere. She wasn't a likely candidate–she was highly engaged in class, socially active, and studied hard.

Weeks after she left, I asked her what happened. She recounted a night studying late when the thought crept into her mind – should I be doing this? Once that idea sprouted, it was a slippery slope and was all she could think about. Eventually, her conviction reached a tipping point. She pulled the plug on becoming a lawyer despite tens of thousands in tuition, a highly compensated future career, and no idea what was next.

Combating Fears of Quitting with Knowledge

For every person who leaves law school early, there are many who contemplate but do not pull the trigger. Many veteran lawyers (including me!) wish they could go into a time machine and do what my classmate did. It takes a lot of conviction to overcome fears about opportunity cost, an uncertain future, and peer pressure.

And yes, making dramatic changes in your twenties is much less complicated than in your forties or fifties. You may be thinking–this is nice and idealistic, but what about my kids' college, mortgage, car payments, inflation, crazy stock markets, etc.?

Even accounting for these practical concerns, most do not understand what retirement lifestyle their resources afford them… right now. Sadly, many toil for years in careers they dislike, oblivious that they have already hit their retirement goal or can do so with just a few adjustments. Perhaps this strikes a chord with you or someone you know?

As a financial advisor, I find that my most fulfilling conversations are when I can help build a client's conviction to quit when the data, probabilities, and scenarios heavily suggest that the time can be now.

Lack of Perspective Likely Prevents You from Reaching the Quitting Tipping Point

I have spoken to many lawyers and other professionals who share these feelings. Yet, their base expectation is to continue working for the foreseeable future. Why?

They lack perspective on what continuing to work accomplishes. The alternative to working is just theoretical. It's also antithetical to expectations – all their colleagues are plugging away, their vision of retirement is gray hair and grandkids, and they don't even like golf.

In other words, they haven't engaged with the idea of quitting on a practical level. Perhaps this is something you're struggling with as well. You may have thoughts like:

- I'll hold on for a few more years because… well, the money is good, and I've tolerated it for this long, so what's a few more years?
- If I can just make it until 62, then I'll stop and start collecting Social Security.
- What else am I going to do – work at Starbucks?

Your conviction hasn't yet reached the tipping point.

How I Help Clients Retire

My role is to help my clients engage with the financial implications of quitting and come to terms with more uncertainty. If I were working with you, we would start to understand what's possible by asking questions such as:

- What retirement do you want?
- What type of retirement spending can you expect if you retire today? Retire in 3 years?
- What does working more accomplish? Does the improvement in projected retirement lifestyle merit waiting?
- How flexible are your resources and spending in retirement?
- Is it possible to move to a consulting role? Are there others whom you can use as a template?

On one level, the conversation is about whether you have enough money to quit. On another level, the conversation is about how not working would operate –

- We would start you at X thousands of dollars in monthly distributions.
- How flexible will your lifestyle be? If the markets or your life delivers us an unexpectedly bad hand, can you reduce withdrawals or go back to work?
- What's the best way to organize your resources for a world of taking from a nest egg versus adding to it?

Often, once we have reviewed what the financial conditions in retirement are likely to be, clients recognize that retirement is much more practical than they imagined. It is not an exercise in attempting to nail what the future holds. Rather, it's understanding that what the probabilities suggest is reasonable and how much uncertainty is wise to accept.

Let's Talk About What Retirement Is Possible for You

I do not know what happened to my law school friend who quit early. I fully expect that her journey down a different path worked out well. She made the mature decision that the opportunity cost of a legal career was worth sacrificing for a more uncertain, potentially less remunerative future. It was an inspired and practical decision, despite how impractical it seemed at the time.

Perhaps you have built up a nest egg as a result of making good money, dedicated saving, and not having as much time as you wanted to spend it. Rather than counting down the years until 65, you can evaluate your options right now. If you want to learn what options are possible for you, let's talk.

Chapter 1:

You Want a New Life Chapter—but Can You Afford It?

If I could guess one thing about you, I'd venture to say that you never thought you'd be the type of person to feel burned out. You've always been a go-getter – driven to succeed in your career and provide for your family. But somehow, despite your best efforts, you've found yourself feeling exhausted and overwhelmed. The long hours, the constant pressure to perform, and the never-ending to-do list have finally taken their toll. You dream of retiring as soon as possible, but the reality of walking away from your secure, highly compensated job might seem scary right now.

You've spent decades following all the necessary steps to build an admirable (and quite lucrative) career. Just the mere thought of starting over is daunting. But the truth is, your career has served you incredibly well up until this point. Now, as you look ahead, you don't want to spend the rest of your days feeling trapped in a job that drains you. Instead, you desire a comfortable life that inspires you, and you don't want to wait until you're old and gray (or at least older and grayer) to do it.

If you're experiencing career burnout and want to retire early, here are five steps you can take right away to start working toward your goals:

Step 1: Evaluate Your Resources.
Before you can begin to plan for retirement, it's important to understand what resources you currently have access to and what will be available to you in the future. This includes your income, savings, assets, and guaranteed income (such as Social Security, pension plans, or annuities). Once you take stock of your current financial standings, your next question should be, "How much more can I reasonably expect to save before I retire?"

It's also important to understand the debts or other liabilities you have. Debts, such as a mortgage, car payment, personal loan, or credit card debt, become drains on your precious resources in retirement. If there are loans (especially those with high-interest rates) you can reasonably pay down before retiring, it may be best to make that a priority.

Beyond the financial impact of debt, debt can also pose an emotional cost. As a financial advisor, I may be able to show you the mathematical argument for investing versus paying off low-interest debt. However, there is an impossible-to-quantify mental benefit from simplifying your life in retirement that should be part of the conversation.

By understanding your financial resources and any potential liabilities, you'll be in a better position to create a realistic plan for retirement.

Step 2: Set Your Retirement Expectations. Put aside the thought for a moment of funding your retirement. Think, instead, about what you want your retirement to actually look like. Do you dream of traveling the world, or are you more interested in staying close to home and enjoying a new hobby? By considering your retirement expectations, you'll be able to create a more tailored and effective plan.

Step 3: Think in Probabilities. Unless you keep a magical crystal ball in your office, it's safe to say no one can predict the future with complete accuracy. Instead of trying to predict exactly what will happen, think instead in terms of probabilities. Doing this can help you better imagine how you might adjust your retirement savings strategy to account for different versions of the future, both positive and negative.

Many factors, such as inflation, market fluctuations, and changes in healthcare and Social Security policies, can have a significant impact on a retiree's financial situation. By thinking in terms of probabilities, retirees can better prepare for a range of potential outcomes and make more informed decisions about how to allocate their resources. Not to mention, it encourages flexibility and adaptability in the face of unexpected events, which is important when you're trying to secure your financial future.

Step 4: Develop a Plan. Once you've evaluated your resources and identified your retirement expectations, it's time to start developing a plan.

Your plan might include:

1. Setting specific financial goals (such as contributing $X each month to your savings account)
2. Optimizing retirement benefits through work
3. Adjusting your portfolio to anticipate taking distributions

While these steps are a good starting point, you'll likely want to work with a financial advisor to create a comprehensive plan that takes into account your specific needs and goals.

Step 5: Measure Your Progress. As you work toward your retirement goals, check in on your progress periodically. Are things looking like they're on track, or do you need to make adjustments? By regularly measuring your progress, you can identify potential issues early on and make the necessary changes to stay on track.

Overall, the key to solving your problem of career burnout and retiring early is to take a proactive approach. By evaluating your resources, considering your retirement expectations, thinking in probabilities, developing a plan, and regularly measuring your progress, you can work toward your goal of achieving the retirement you desire.

Don't get me wrong – it takes self-discipline and commitment to achieve your goals for retirement. To be frank, this isn't going to be a walk in the park. But following these steps helps ensure you're embarking on a journey with a better ending, because you shouldn't wait any longer to live the life you deserve. With the help of this ebook, I know you can make it happen.

Chapter 2:

Why It’s Important to Meet This Problem Head-On

Too many folks lack perspective on what type of retirement their resources can afford them. Their natural and understandable caution leads them to be unduly pessimistic about what an early retirement lifestyle might be. Years later, once they’ve reached a more “normal” retirement age, they realize that the additional years worked did in fact grow their available resources, but they did not translate into a material improvement in their retirement lifestyle.

For example, perhaps those additional years and savings afforded them nicer vacations. Is that a good trade for more toiling and a shorter retirement? Depends on the person. Many wish they could have those years back instead.

If you're feeling burned out and dream of retiring as soon as possible, you need to face this problem head-on. If you don't, you'll continue to be worn out, and you'll keep putting off the life you really want. You won't know whether it’s possible to achieve this new life chapter, meaning you’ll continue postponing your goals, dreams, hobbies, and passions until "later."

But what does facing this problem head-on entail? Taking proactive steps to address the root causes of your burnout and financial insecurity. In other words, making a plan and taking action to reach your goals.

Chapter 3:

We Understand Your Dilemma

At Burton Enright Welch, we understand that retiring early can be intimidating and stressful. We have over 30 years of experience helping high-achieving professionals strategize their financial resources to transition to a more fulfilling life, often earlier than they thought possible.

This ebook was written by Ben Peters, a financial advisor with a CFP® certification and Juris Doctorate (J.D.). I have seen firsthand the draining effects of high-stress careers. I have helped countless highly successful professionals facing career burnout create a plan for financial freedom, pursue their goals, and experience a more fulfilling life.

In the following pages, we cover the five steps to help you understand how you can trade in exhaustion for independence. We know that taking control of your financial future can be intimidating, but we believe that with the right guidance and support, anyone can create the life they've always dreamed of.

Our team of financial advisors is dedicated to helping you achieve your goals and live the life you deserve. We have the experience, knowledge, and resources to support you in your efforts to overcome career burnout and create the life you've always wanted. When you're ready to take the first steps toward financial freedom, we're here to help.

Chapter 4:

Step 1—Evaluate Your Resources

Evaluating your resources is an important first step in planning for retirement, especially if you're experiencing career burnout and want to retire early. By understanding what resources you have at your disposal, you'll be in a better position to create a realistic plan for retirement and achieve your goals.

To start, gather some key information including:

Your current income: We're talking about your salary, any bonuses or commissions you receive, and any other sources of income you have. Understanding your income will help you determine how much you can realistically save for retirement – as well as start to benchmark what your expenses in retirement may be.

Your savings: Consider what's in your 401(k) or other retirement accounts, any workplace plans including deferred compensation and options, as well as any other savings you have, such as a health savings account (HSA) or investments. Determine how much you have saved, how it's invested, and how much you plan to add over time. This should give you a better sense of how on track you are to meet your retirement goals.

Your debts: Debts can impact your ability to retire. Be sure to consider the interest rates, payment terms, and whether you will need to refinance.

Your assets: In addition to your savings, you'll also want to consider any other non-portfolio assets you have, such as a home, car, or other property.

Retirement is a major life transition that requires careful planning and preparation. One essential aspect of this process is building a budget for retirement. Think about where your money is going now and how your needs may or may not evolve in retirement.

Creating a budget before you retire allows you to plan for the future. As you approach retirement, it is important to consider the potential impact of inflation, market fluctuations, and changes in healthcare and Social Security policies on your finances.

Remember the importance of probabilities? By thinking in terms of probabilities and creating a budget that takes these factors into account, you can better prepare for a range of potential outcomes and, ultimately, make more informed decisions about how to invest your money.

Building a budget helps demystify the "unknown" about preparing for the future. Because of this, it's an effective way to reduce or eliminate any financial stress you may be feeling about your retirement. A budget is useful for identifying and addressing potential financial problems early on, such as high non-discretionary expenses or insufficient savings. Nipping these issues in the bud before you retire helps ensure that you have the resources needed to maintain your lifestyle for decades to come.

Chapter 5:

Step 2—Set Your Retirement Expectations

Setting your retirement expectations is an important step in the process of planning for retirement. By considering what you want your retirement to look like, you'll be able to create a more tailored and effective plan that helps you achieve that vision.

There are a few key things you'll want to consider when setting your retirement expectations:

Your retirement lifestyle: What do you want your retirement to look like? Do you want to jetset first-class across the globe, or perhaps you'd like to stay close to home and enjoy the hobbies you never had time for when working? Do you want to continue working in some capacity, or do you want to fully retire from the workforce? Everyone's vision for retirement is as unique as they are, and you are certainly no exception. By considering your ideal retirement lifestyle, you'll be able to get a better sense of what you need financially in order to retire comfortably.

Your financial goals: You'll also want to consider any specific financial goals you have for retirement.

Do you want to pay off all your debts before you retire?

Being debt-free in retirement is an admirable goal, but one that may not be the most efficient financially. Say, for example, you have a low mortgage interest rate and you itemize deductions on your tax return. In that case, you may be much better off with portfolio assets compounding, even at a modest rate of return, than paying off debt early.

Do you want to leave a financial legacy for your family?

Some would spend their last dime on their last day if they knew when that would be. Perhaps they didn't receive an inheritance, and they don't find it necessary or desirable to leave one to their kids. There are also those who want to leave their family an inheritance and/or gift during their lifetimes – while they're still around to enjoy it, or when their less-established family members could use the money the most.

Do you want to frontload retirement spending?

For those with active hobbies and/or the travel bug, it may be best to plan for higher spending early in retirement. It makes sense, since those are the years when you're likely to have the energy to enjoy an active lifestyle the most. Herein lies a tradeoff to analyze – how does additional travel early in retirement impact spending later in retirement?

Your income needs: Of course, you'll need to figure out how much income you'll need to maintain your desired lifestyle in retirement. This will dictate what your portfolio withdrawal rate will be, which will in turn prescribe a portfolio asset allocation.

Many are overly focused on portfolio income powering distributions. A total return approach that includes drawing from portfolio growth will provide a more tax-efficient, diversified, lower-risk, and flexible approach.

Your savings and investments: Carefully consider your savings and investments. More specifically:

- How much do you have saved for retirement?
- Do you anticipate additional income or financial windfalls in retirement (e.g., self-employment savings or inheritance)?
- What portfolio growth rate do you need to power long-term spending needs?
- How should you organize your portfolio with that growth target in mind?
- How much of your portfolio should be in cash and conservative investments to fund near-term distributions?

Use the answers to these questions to set your retirement expectations.

Chapter 6:

Step 3—Think in Probabilities

Thinking in probabilities is an important skill to have when planning for retirement. While it's impossible to predict the future with complete accuracy, thinking in terms of probabilities can help you be better prepared for the unexpected.

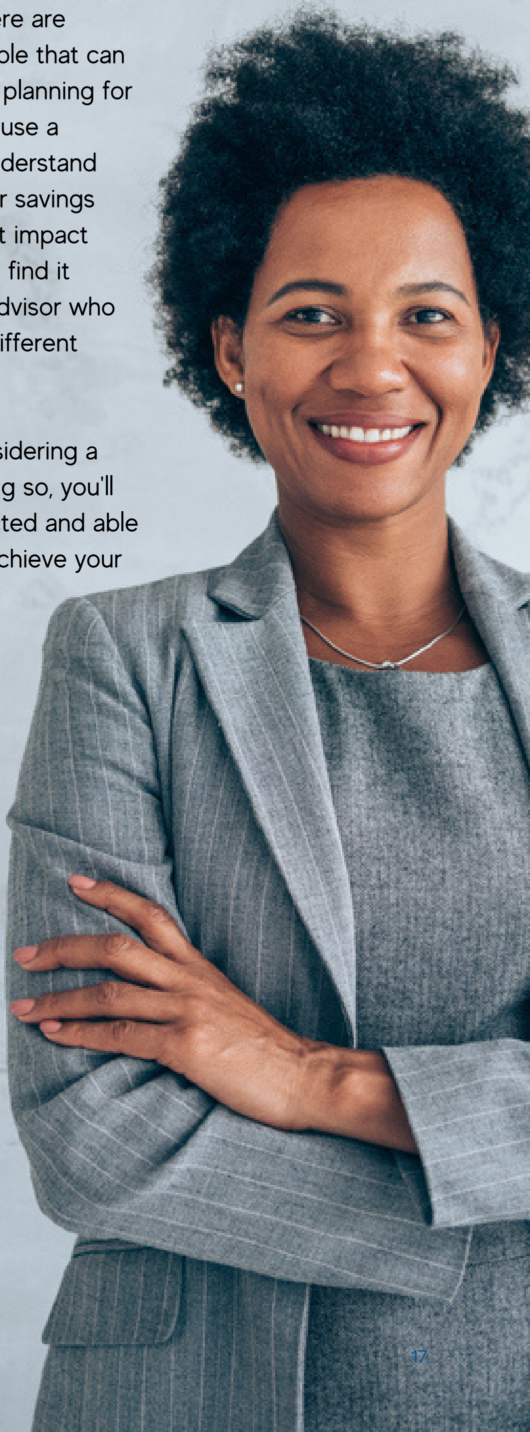
So, how can you think in probabilities when planning for retirement? Here are a few key strategies:

Consider a range of outcomes: Instead of trying to predict exactly what will happen, consider a range of possible outcomes. For example, there's always a chance that you'll need to retire earlier or later than planned, or that you'll experience unexpected expenses or changes in your income. Identifying these potential outcomes means you're better prepared for the unexpected and can adjust your plans accordingly.

Use scenarios to test your plan: Once you've identified some probabilities, use scenarios to "stress test" your retirement plan. For example, what would happen if you experienced a drop in income, or if you had to retire earlier than expected due to health issues? Test your plan against different scenarios to identify potential risks and make the necessary adjustments.

Use tools and resources to help you think in probabilities: Don't worry, this isn't something you have to do all on your own. There are plenty of tools and resources available that can help you think in probabilities when planning for retirement. For example, you might use a retirement calculator to help you understand how different variables, such as your savings rate or your expected returns, might impact your retirement plans. You may also find it worthwhile to speak to a financial advisor who can help you identify and address different scenarios.

The key here? Be proactive by considering a range of possible outcomes. In doing so, you'll be better prepared for the unexpected and able to adjust your plans as needed to achieve your retirement goals.



Chapter 7:

Step 4—Develop a Plan

Developing a plan allows you to set specific goals and take the necessary steps to achieve them, helping you retire comfortably and on your own terms.

So, how can you develop a plan for retirement? Here are a few key steps you can follow:

Set specific goals: Your goals might include financial goals, such as saving a certain amount of money each month, or lifestyle goals, such as traveling or pursuing hobbies. Setting specific goals is key to establishing a clear roadmap for reaching retirement.

Consider your resources: This includes your current income, savings, and any other assets you have, as well as any debts or liabilities you need to take into account.

Identify potential risks: You should take a proactive stance in protecting your future retirement income by identifying potential risks now. Think about risks related to your health, your job, or the economy.

Work with a financial advisor: Depending on your specific needs and goals, you may want to work with a financial advisor to develop a more comprehensive plan. A financial advisor can help you understand your financial resources and consider different scenarios to create a tailored plan.

Review and update your plan regularly: As your circumstances or goals change, you may need to make adjustments to your plan. By reviewing and updating your plan regularly, you'll be able to stay on track and achieve your retirement goals.

Overall, the takeaway here is to be proactive and take a holistic approach to preparing for retirement. By setting specific goals, considering your resources, identifying potential risks, and working with a financial advisor, you'll be able to create a plan that helps you retire comfortably on your own terms.

Chapter 8:

Step 5—Measure Your Progress

Measuring your progress regularly is a necessary step in identifying any potential issues early on and course correcting as needed.

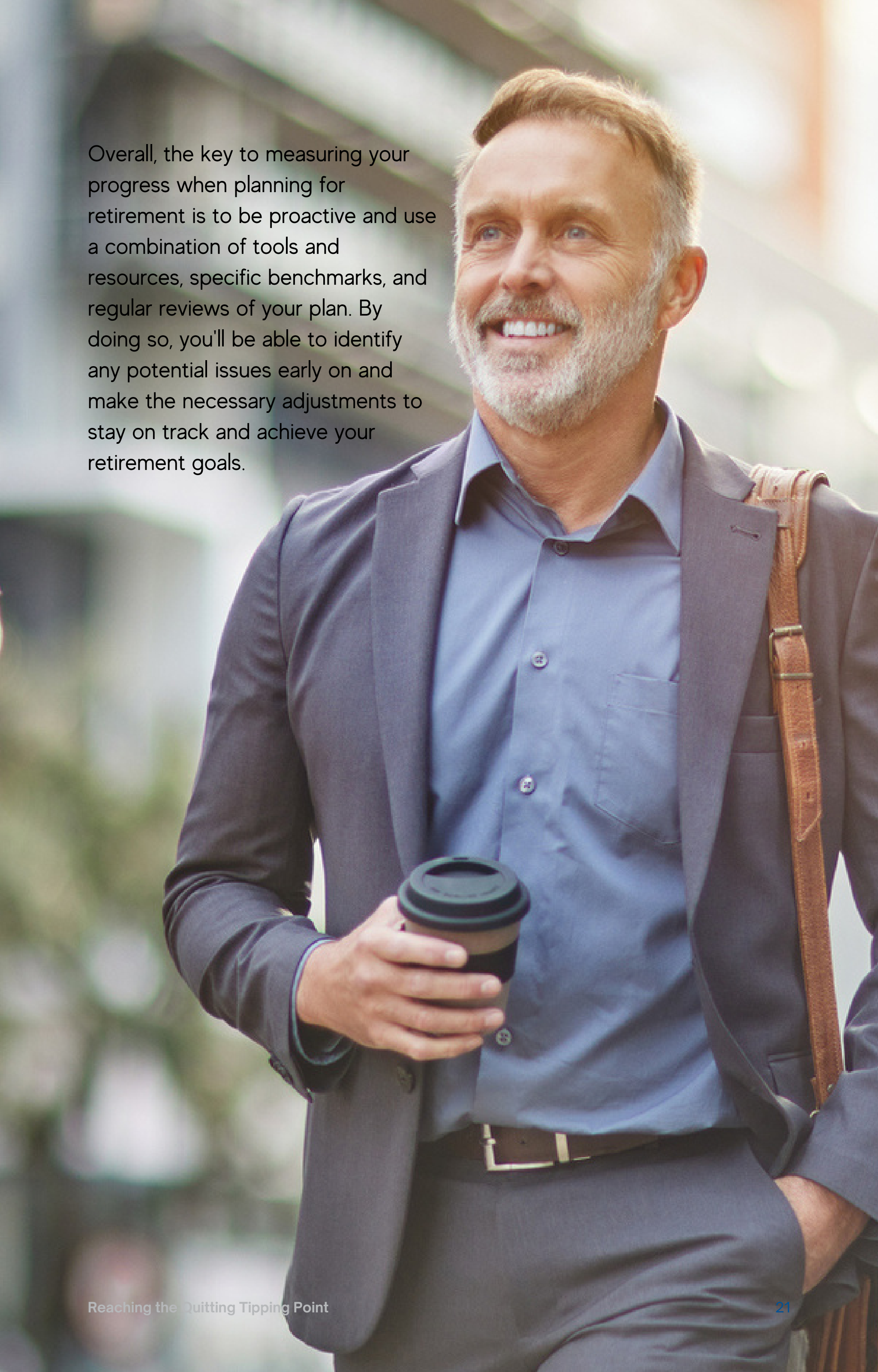
So, how can you measure your progress when planning for retirement? Here are a few key strategies:

Set specific benchmarks: To measure your progress and keep yourself accountable, try setting some specific benchmarks. For example, you might have a goal of saving so much money per month or paying off debt in a certain time period. Setting specific benchmarks gives you something to measure and track relative to your long-term goals.

Review your plan regularly: As your circumstances or goals change, you may need to make adjustments to your plan. But unless you're revisiting your plan regularly, those changes may go unaccounted for.

Celebrate your successes: Finally, don't forget to celebrate your successes as you work toward retirement. Whether you're meeting your savings goals or making progress on paying off debt, it's important to take the time to recognize and celebrate your achievements. This will help you stay motivated to continue working hard to build your dream retirement.

Overall, the key to measuring your progress when planning for retirement is to be proactive and use a combination of tools and resources, specific benchmarks, and regular reviews of your plan. By doing so, you'll be able to identify any potential issues early on and make the necessary adjustments to stay on track and achieve your retirement goals.



Chapter 9:

What's Holding You Back?

Retirement is one of the most difficult, and loaded, decisions many people make. Those instincts that drove high-achieving professionals' success – diligence, goal-oriented, strategic thinking – are the same instincts that cause paralysis when it comes to retirement. For most, retirement is a giant question mark, and there's no solving for all the uncertainty that surrounds what a multi-decade retirement will be like.

Yet from a financial perspective, there are issues that can be approached with a diligent, goal-oriented, and strategic approach. Here are a few examples.

"Shouldn't I wait to retire until I can claim Social Security?"
Many use qualifying for Social Security as their trigger to retire. To some, that means age 62, which is the earliest age you can file. For others, that means around 67, which is the "Full Retirement Age" benefit.

There is beauty in the straightforwardness of this approach. Yet, many people should ignore these dates. Because Social Security substantially increases benefits if you delay filing, there is a big incentive to wait, often until age 70, which is the latest age to file.

For those with the resources to retire and not claim Social Security, delaying and eventually claiming a larger benefit better protects against two risks – longevity and inflation.

If you predecease expectations, then you likely have plenty of resources. For most folks who have saved for retirement, the big risk is living far beyond expectations. There, a larger Social Security benefit helps protect against resource strain.

Social Security's cost-of-living adjustment (COLA) compounds on the graduated payment you receive by delaying. For most, Social Security is the most ironclad retirement resource to protect against inflation.

Yes, there is plenty of talk about Social Security's solvency, which will likely lead to future tweaks. Those adjustments are unlikely to seriously impair the benefit of delaying nor Social Security's value as a COLA-adjusted cash flow.

In sum, waiting for Social Security to start before retiring places undue emphasis on eligibility and ignores how to maximize Social Security as a resource.

"What if I retire and the market crashes?"
This is a tough, yet legitimate concern. I have clients who diligently planned for retirement and then retired in 2000 or 2007, right before large market downturns.

Unfortunately, there is no way around this potential. Over a multi-decade retirement, multiple significant bear markets are highly likely.

For some unlucky retirees, one will happen at the onset of retirement. This is worrisome on two fronts. One, retirees are taking distributions from a declining portfolio, forcing sales of depressed assets. Two, this is the point the portfolio has the longest distance to stretch (until you pass), so declines have an outsized impact on the projected sustainability of distributions.

While there are no perfect solutions, we can simulate this bad timing scenario in advance. Doing so shows us how your portfolio may fair during a Great Recession-like market, if it were to hit right after retirement.

It also suggests what distribution adjustments may be necessary. Often, my clients and I determine that perhaps an adjustment would be advisable, but it's an accommodable and temporary one.

There are no guarantees in retiring. The bad timing risk cannot be eliminated. However, it can be simulated and put in the proper context ahead of time.

"How do I get health insurance in early retirement?"
Similar to Social Security, many people use Medicare's age 65 start date as their green light to retire.

Health insurance before Medicare starts at age 65 is a major concern. COBRA coverage through old employers is eye-poppingly expensive. Not to mention, many people have long relationships with medical providers and don't want to contemplate having to give that up with a change of insurance.

The Affordable Care Act subsidizes insurance for those with low income. Many clients are surprised how affordable insurance is. And by running a tax-efficient portfolio and managing the taxation of withdrawals, we can keep income low.

"Can I withdraw from my IRA if I retire early?"
Generally, you cannot withdraw from an IRA (or 401(k)) pre-59.5 without penalties, in addition to taxes. However, there are exceptions to this rule.

The first rule for withdrawing money from an IRA penalty-free before age 59.5 is that the withdrawal must be for a qualified purpose. These include certain medical expenses, higher education expenses, buying a first-time home, and certain disabilities or death.

Another way to avoid penalties when withdrawing money from an IRA before age 59.5 is to use the 72(t) rule. This rule is also known as the Substantially Equal Periodic Payment (SEPP) rule. The 72(t) rule allows individuals to withdraw money over a period of five years or until the individual reaches age 59.5, whichever is longer. To qualify for the 72(t) rule, the payments must be made at least annually and cannot be altered during the payment period. The payments must also be computed using one of the three methods specified by the IRS: the Required Minimum Distribution (RMD) method, the Amortization method, or the Annuitization method.

Alternatively, if you leave your money in a 401(k), you may be able to take distributions after age 55 and pre-59.5 without incurring a penalty under certain circumstances. Under a provision known as the Rule of 55, individuals who separate from service from the employer that sponsors their 401(k) plan after age 55 are able to take penalty-free withdrawals from their 401(k) plan. You will have to check your company's 401(k) plan document to understand what types of withdrawals are allowed. Some plans only allow for one-time or annual withdrawals, which may or may not work with a retirement spending plan.

When it comes to making retirement decisions, it's normal to have concerns and objections.

Here are a few common objections and our responses to help you overcome them:

"I've never made more money than I'm making right now. Maybe I should keep going."
It's understandable to want to capitalize on high earnings, but it's important to consider whether the trade-off of time and energy is worth it. That thinking will perpetuate itself if you continue to chase higher earnings, and at some point, you will have enough. Maybe that's now. This ebook's steps can help you determine whether that time truly is now.

"If I quit, I can't go back."
While it's true that you may never resume your current earnings if you quit, keep in mind that you will never gain your time back either. It might take some soul-searching to understand which is more important to you and whether you have the financial resources to support your decision.

"I don't have a pension or Social Security. It makes me nervous to just spend from savings."
While it's true that not everyone has a pension or Social Security to rely on in retirement, it is possible to build your own pension using time-tested investment strategies and a rules-based approach to taking distributions. A financial advisor can provide specifics so that you feel more confident than trying to build a retirement income strategy all on your own.

"What if I retire and the market crashes?"
This is a tough, legitimate concern. Unfortunately, there is no way to completely eliminate the risk of retiring during a market downturn. Over a multi-decade retirement, multiple significant bear markets are highly likely. Bad timing risk cannot be eliminated, but it can be simulated and put in proper context ahead of time. By working with a financial advisor and creating a diversified investment portfolio, you can minimize the impact of market downturns on your retirement savings.

Ultimately, retirement is a personal decision that requires careful planning and consideration. By working through your objections and seeking the guidance of a financial advisor, you can make an informed decision that's right for you.

“What if I miss working?”
You might! And if you do and retirement isn’t all that it’s cracked up to be, perhaps you’ll go back to work. Retirement is not an irrevocable decision.

“Could I become a consultant? How does that even work?”
You’ve spent decades in your profession building expertise, a reputation, and a wide and influential network.

Many people don't even contemplate this as a viable option. In reality, for most it's startingly simple, such as establishing an LLC. Or, perhaps it's as simple as just billing people for work and keeping track of your invoices and expenses.

An under-discussed advantage of consulting is how powerful retirement plans are for individuals. Many who are self-employed open a SEP IRA, which allows them to contribute about 20% of their income with a maximum $66,000 contribution in 2023.

There are two other retirement savings vehicles that may be more attractive for solopreneurs or consultants. A solo 401(k) allows those over age 50 to contribute $73,500 in 2023. You can contribute 100% of your income for the first $30,000 and then about 20% of income to reach the $73,500 max.

A defined benefit plan is an even more powerful tool for very high earners. If consulting income is $150,000 or greater, much of that income can be deferred into a defined benefit plan. Defined benefit plans are complicated to set up and administer, so it's not an easy decision. But for the right person, they are a very attractive option.

"I'm making more money than ever now. Why shouldn't I keep going a few more years?"

You've endured this many years/decades to reach your peak earning years. Why kill the golden goose?

On a year-by-year basis, this is tempting logic. But add it up, and the logic has no end that adds to the portfolio but subtracts from your retirement window.

During the financial planning process, we try to measure the practical value of additional years of work. What marginal expected retirement spending do additional years of work and saving generate? Typically, the number is quite marginal.

Chapter 10:

How We Can Help You Claim Your Financial Freedom

Success looks like a lot of different things when working with a financial advisor to implement a solution. For some people, it might mean finally feeling confident and secure in their financial future, knowing that they have a plan in place to achieve their goals. For others, it might mean feeling empowered to make informed decisions about their money and feeling like they have more control over their financial lives.

There are a few key ways that a financial advisor can help you achieve success in your financial journey. First and foremost, they can help you remove the stress of continuing indefinitely at a job that has burned you out. They're available to help you set a career "expiration date" and work with you to create a plan to transition to a more fulfilling career path.

A financial advisor can also help you take full advantage of your financial resources, including your compensation and benefits, to achieve your goals. They can help you navigate your options, while maximizing your resources to achieve your goals for retirement.

Financial advisors are also great for taking the mystery out of how much money you need to retire. They can provide you with numbers and action steps to help you understand exactly how much you need to save and invest to meet your ideal timeline toward retirement. They can also help you remove the worry from your transition by building a pension and rules-based approach to distributions, helping you establish a steady stream of income once you leave the workforce.

Finally, a financial advisor can design a tailored portfolio to deliver the long-term, after-tax returns you need for retirement. They'll work with you to understand your risk tolerance and investment goals.

Take the First Step

Schedule a Call

Are you ready to stop feeling trapped by your job and putting off the life you really want? Take the first step to claiming your financial freedom and writing a new life chapter. Schedule an introductory call today to start transitioning to a more fulfilling life, perhaps earlier than you expected.

Schedule an introductory call: www.bewinvest.com/contact

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