# Four common reasons clients are forced to retire early

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Due to burnout, caring for grandkids and other reasons, advisors say some Gen X clients are leaving their careers earlier than planned.

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The financial independence, retire early (FIRE) movement may be all the rage for younger generations, but unexpected early retirement is becoming more common for Generation X clients, some advisors say.

Here are four common reasons advisors are seeing clients leave their careers earlier than planned:

## Packaged out

Justine Kelly, personal financial planner at Modern Cents in St. Thomas, Ont., often works with clients who've spent their careers with one employer only to be downsized, restructured or offered buy-out packages in unstable economic conditions.

“They were planning on staying with that company until their planned retirement age but were forced out earlier,” she says.

Some clients may be confident they have enough to retire on even though their retirement date moved up considerably. Step one is a financial plan review, revisiting the what-if scenarios and seeing how the assets line up to manage an earlier retirement.

Ms. Kelly looks at the client’s expenses and, in the case of the buyout, she runs projections to see if the amount is sustainable for a longer period of time. She also considers the tax options available on the buyout.

“If they have a buyout of one to two years’ worth of salary and it’s all paid out in the calendar year, we need to plan so it doesn’t get eaten up by taxes,” she says.

Cody Weber, owner and certified financial planner (CFP) at Basic Financial Services Inc. in St. Catharines, Ont., also works with clients who’ve been downsized. As he crunches the numbers, some may need additional income from a part-time job or to revise their budgets to get by with less.

## Burned out

Hervin Pesa, CFP at Aware Financial Inc. in Calgary, is seeing an increase in people retiring sooner for their mental health.

“Everyone pictures some sort of accident in which you’re no longer able to work and your plan changed,” he says. “But it’s not always a cancer diagnosis. They may be just exhausted.”

Mr. Weber has seen clients who have just had enough of their jobs. After being asked to do more with less and work longer hours on shorter deadlines, the client decides to stop working.

Often, these clients want to figure out the financials later. Thankfully, Mr. Weber says, in most cases, the clients have enough to retire or, as part of his annual review process, they make adjustments to ensure they do have enough.

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## Assisting children or grandchildren

While financially assisting adult kids is typical these days, Ms. Kelly also sees many clients taking on full-time caregiving roles for their grandchildren.

“It’s more common than people realize and it’s not talked about enough,” she says, pointing to cases in which adult children have addiction or mental health issues and can no longer take care of their child. Grandparents step in and have to revamp their idea of retirement completely.

The shift can be a shock, so Ms. Kelly says advisors should give clients time to process the emotional adjustments.

Mr. Weber also sees grandparents taking a more active role. Learning how to communicate and listen empathically about life curveballs is one reason why he decided to certify as a financial life planner.

“Difficult times are very emotional, so just being supportive and someone they can chat with about these changes is helpful,” he says.

The parents may be struggling to afford mortgage payments, food and daycare, or may have lost their job and need full-time childcare from the grandparent. “It puts pressure on the grandparents to set aside their own financial needs,” he says.

Some are happy to do so, but others resent what they call a “forced obligation.” Mr. Weber says it depends on their original retirement vision, which may have included grandparenting responsibilities but not to the same extent.

## Health issues

When a client or their spouse is suddenly diagnosed with a critical illness, priorities can dramatically change. Many focus on accessing better health care or spending more time with their family and close friends, and they aren't as concerned with longevity planning, Ms. Kelly says; they want to spend on things now versus making the money last.

In cases in which the client's health outcome is unknown, Ms. Kelly may advise clients to take government entitlements such as the Canada Pension Plan at age 60 versus waiting to receive a higher payout at 70.

Other clients retire to care for aging parents who require a full-time caregiver. The client may not be able to afford a personal service worker or around-the-clock care, and the parent may be on waitlists for long-term care homes, so they take on the role themselves, Mr. Weber adds.

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