

The **Military Guide
to Financial
Independence
& Retirement**



Doug Nordman

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The Military Guide to Financial Independence and Retirement

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Dedication

TO MY FATHER ... for asking the questions.

TO MY SPOUSE ... for saying “Nords, you have a book in you,” and
then patiently editing all of it.

TO MY DAUGHTER ... for teaching me more about writing than
I ever learned from my high-school composition classes, and for all the
waves we’ve surfed together. You may think you’re ready for college,
but I wonder if college is ready for you.

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Books don't write themselves, and writers don't write by themselves.

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Thanks to Ken, Arif, and the rest of the veterans, military families, and early retirees on Early-Retirement.org. You volunteered your stories, offered many topics, and then had to read it all more than once. I may have had a book in me, but you guys pulled it out.

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Royalty Donations to Military Charities: The author is donating all of this book's royalties to military charities chosen by the book's contributors. See www.The-Military-Guide.com to learn more about the charities being supported with royalties from this book.

Introduction

“What’s money? A man is a success if he gets up in the morning and goes to bed at night and in between does what he wants to do.”

– Bob Dylan

CONGRATULATIONS! Because of the military’s training and benefits, you and your family can become financially independent. You can accumulate enough wealth to only work when you want to. You can live the way you please.

You don’t have to win a lottery, inherit a fortune, or execute lucrative stock options. You don’t have to be a hyperactive day-trader or even a brilliant investor, and you don’t have to live a life of deprivation. A military pension boosts your success but it’s not essential. Even if you and your family have only completed one enlistment, your skills and discipline will help you build the foundation of a lifetime of retirement and financial security.

When you’re financially independent, you can retire early or work on your own terms until you’re ready for a full retirement. The choice is yours.

But the key to retiring early is to start planning early. This book will show you how.

Why This Book?

“Well, Doug, why are you still working?”

That’s the question my family and I tried to answer as my military career was ending. I retired in June 2002 at the age of 41, after 20 years of service and as the stock market’s bear took a big bite out of our investment portfolio. Everything worked out fine, but the transition had a few speed bumps that we could have avoided with a little more knowledge and better planning.

Life is about not only work, power, and riches beyond our wildest dreams – it’s about earning the financial independence to allow people to choose

what's right for them. I'm grateful to those who showed me how to become financially independent. I'd like to honor them by helping others, so let's answer the above question as it applies to you.

The first step is to get you to the point where you can ask it! Financial independence gives you the choice to keep working, to pursue your own avocation, or to live the way you please. Once you're eligible for the military pension then you can continue with your service, semi-retire to a second career, or enjoy the early-retirement lifestyle. Even if you're not planning to stick around for the military pension there are still many paths to retirement. This book will show you where to find them.

I read as much as I can about financial independence and retirement. (See the Appendices and the Recommended Reading list.) Eighteen months after I retired, I stumbled across the discussion forum at www.Early-Retirement.org. In 2004 it was only a few hundred strong, and I realized that I was one of only two veterans there who had retired from the military without immediately beginning a second career. I started sharing my thoughts. A few thousand posts later, veterans and other posters said, "You should write a book." Today the forum has only a handful of military early retirees among 8,000 members, but over 70 veterans have contributed their stories to our collective wisdom. Learn from us.

As I learned more about retirement, I realized that I'd already missed a wonderful opportunity to prepare for it almost a decade earlier. Although I stayed on active duty until I was eligible for retirement, I could have resigned from active duty for a Reserve career that would have been every bit as fulfilling, rewarding, and profitable, but with much less stress. I was so busy trying to keep up with work that I never noticed the chance to bring my life and my work into balance. I didn't break free of the "fog of work," but Chapter 7 explains how to watch out for this problem and to be ready for your own opportunities.

A retirement forum is a springboard to an entire library of resources. Once you've read the basics, you can dig into the areas that interest you the most. It's not just about achieving retirement – it's also about choosing the lifestyle to get you there, exploring the options, and learning what brings value to your life. The analysis tools are more flexible and powerful every year. The forum will keep tabs on what's new and you'll be able to get answers

to your most obscure questions. Once you achieve your own financial independence and retirement, you can pay it forward to the next group of veterans. You can help write the next edition of early-retirement books!

“Why Plan for the Future? I Could be Killed Tomorrow!”

Of course we hope that never happens. But if good training keeps you alive under the worst possible conditions, then why not apply it to the rest of your life? What about training yourself financially, mentally, and emotionally for retiring when you want to?

This idea is an extension of the lifestyle you’ve lived since the day you joined the service. As unbelievable as it may seem from within the ranks, the U.S. military is one of the world’s best organizations at planning, preparing, and executing. During your service you’ll spend thousands of hours reading professional material, preparing for promotion tests, and conducting exercises. You’ll maximize your combat effectiveness and then train others how to maximize theirs. You’ve worked hard for those skills, and you should be proud of them!

So why not use those skills to prepare yourself for the rest of your life? Think of all the possibilities and consider what courses of action you’ll need to get there. Don’t let a failure to plan end up being a plan to fail. You took charge of your career, so you can learn how to take charge of yourself and your future. This guide will show you how others have done it so that you can too.

A lifetime of occupational drudgery isn’t much of an alternative to combat. If you blissfully spend your earnings then you will certainly outlive your savings. However by investing a little **today** and for the rest of your career, you’ll give compounding the chance to work its magic. It’s slow, it’s boring, and for the first couple years it’s difficult to see the progress. But saving and investing doesn’t have to crimp your lifestyle. By the time you’ve had enough of working for a paycheck, you may have the financial independence to make your own retirement decision.

Mental preparation for retirement is just as important. Someday you’ll be at a tough spot at your duty station, perhaps fighting with the assignment officer over your next billet, dealing with a family crisis, or facing

a retirement deadline that you haven't really thought about. Maybe you want to stay on active duty, or maybe, like me, it never even occurred to you to stop working before your 65th birthday. Would you like to be in charge of the all-important retirement decision? If you had the choice and the savings, when would **you** like to retire?

Your emotions can make your retirement transition seem effortless, or they can completely derail the process. How do you feel about retiring? Do you want to start a different career, work part-time, volunteer, or pursue your own interests? Do you discuss it with your family, relatives, and friends? Is it the goal that keeps you going to work each morning, or the fantasy you escape to when you're angry, miserable, and frustrated? You can't emotionally prepare for retirement if you've just been passed over for promotion, if you're fighting the chain of command about your next assignment, or if you're burned out and exhausted. You have to think about it every few months and see if it's the lifestyle you want. You'll need to stop fantasizing and start building a new reality.

As long as you're working, it's worth planning for the worst and hoping for the best. Maybe it's been easier to let the military run your career for you, but someday you're going to have to put yourself in charge of living your life the way that feels right. The earlier you start, the more choices you'll be able to make.

How This Book Can Help

This book was written with the help of dozens of veterans from every service at all stages of their lives. They've mercilessly reviewed my writing and offered many useful suggestions. You don't have to make our mistakes or blaze your own trail – read what we've done and choose what works for **you**.

You'll learn how to set yourself on the path to financial independence and talk about the process of deciding when to retire. We'll review all the vocabulary, explain the military pension rules, and discuss the transition. Although it's easiest when you stick around for the full 20 years, we'll also explain how to retire through the Reserves/National Guard. We'll even tell the stories of families who left the military after just 10 years to semi-retire and live their own lives.

We'll show readers who are considering retirement how to leverage their inflation-adjusted pensions and their military health care to enjoy the way of life that they've spent their careers defending. This guide will smooth the transition to retirement and give you a reference manual for the rest of your life. We'll discuss life/work issues and recommend your options. We'll lay out the transition timeline and explain the choices you and your family face. This book is not "just another benefits guide"! After plotting your own course to retirement, you'll be able to consult dozens of other specialized sources that actual retirees have used for achieving their dreams.

We are offering you a bird's-eye view of the retirement landscape without getting down in the mud and slogging through every little detail. Unlike so many other "military retirement" books, this is not a thinly disguised job-search manual. This is a guide to your goals of financial independence and retirement so that you have the **choice** of pursuing a job search. Instead of re-writing the thousands of pages already offered by other experts, we want to give you the information that you can use **now**. You'll have the basics without digging through stacks of research, and the Recommended Reading list will help you decide what little details you want to slog through on your own.

Although the military pension and benefits greatly smooth the transition to early retirement, they're not always necessary. You'll read real-life stories of veterans who have blazed their own trails without government pensions or military health care.

How to Read This Book

Read the chapters in order or skip around to the parts that interest you. Each career is different and families may have different priorities. We'll start out by discussing how to achieve early retirement after a 20-year active-duty career (that's less complicated!), but feel free to jump ahead to Chapter 5 on Reserve pensions – or no pensions at all.

If you're already a veteran, then treat this book like a technical manual. Enjoy confirming what you already know or skip around to the part you need to solve a problem. Even if you're still on active duty and plan to stay past 20 years of service, you may want to pay particular attention to Chapter 5 on the Reserves/National Guard and the examples of those who have already left the service. It's good to know your options!

If you're just beginning a military career, then you may want to read Chapter 7 first. If you're a family member or if your significant other is a veteran, this is the best way to learn all the material you'll need to get started. It may be hard to visualize yourself in a future that could be 20 years away, but every single retiree wishes that they'd started planning earlier than they actually did.

If you've left active duty for the Reserves or National Guard, then jump to Chapter 5. Don't feel left out if you've decided that the military isn't for you. Skip ahead to Chapter 6 to learn other paths to semi-retirement and early retirement. The military may set you on the road to retirement, but you can get to your destination by many different routes.

If you're within a year of retirement, pay particular attention to the countdown checklists in Chapters 3 and 4. These checklists have a different goal – you're not going to deploy and you might not even be looking for a job! The retirement transition can be both emotionally and mentally challenging for both you and your loved ones. The more time and discussion everyone has, the more realistic their expectations will be. It helps to start planning and saving early, but it helps even more if everyone close to you discusses the subject and supports your efforts.

For those of you with a more analytical (or engineering) perspective, pay attention to the “touchy-feely” sections about preparing yourself emotionally and mentally as well as financially. Speaking as an engineer, I think you'll be glad you did. Believe it or not, your plans may encounter significant skepticism, concern, and even jealousy. You may not be surprised to hear it from your chain of command, but you'll also get it from your friends, your relatives, and even your family. Although financial planning can seem overwhelming at times, the vast majority of discussions on www.Early-Retirement.org talk about how to deal with other people's expectations. You may have to choose between pleasing yourself and pleasing everyone else.

Read this book and learn from it, but execute your plan as soon as possible. Don't wait until you've learned everything and polished it to perfection. Turn your plan into action **now** and adjust it as your career progresses. One of the most important factors in any investment is giving it the time to grow. Compound interest is one of the world's most powerful financial tools, and it can make your retirement – or break it. You may be able to

catch up if you're starting late or recovering from a financial disaster, but every day of delay will add weeks or even months to your working years. It can seem like an overwhelming challenge to begin saving for a six-figure portfolio, but the trick is to save early and save regularly. Review the financial suggestions in Chapter 7 and get started. Just as there are many paths to retirement, there are many different types of assets and allocations to get you there!

Once you've gone through all the chapters, work through the Appendices and the Recommended Reading list. Internet addresses and books on the list will be updated on the book's website. <http://The-Military-Guide.com>. This book was written as a group effort of the veterans of www.Early-Retirement.org, and that discussion board can be your #1 reference. The threads are never boring and the group will answer your questions.

You should also browse this book every few months to see how it affects you and your planning. You may realize that some advice doesn't apply to you, or you may be mentally ready to glean a few more nuggets. If this helps you reach your goal, please tell us and pay it forward to someone else!

When you've achieved financial independence and your retirement goals, please let me know what to tell the next generation. We always appreciate hearing from a new poster on the discussion board, but feel free to e-mail me. NordsNords@gmail.com. I'm only the **first** author of this book, and with your help we'll publish many more editions.

Plan Your Post-Military Life

WHERE ARE YOU GOING? When you're at 15 years of service, what do you see happening in five years? Will you continue on active duty, will you retire from the military and find a "bridge career,"¹ will you semi-retire and work part-time, or will you retire early and never work for a paycheck again?

These fork-in-the-road questions are the tough issues in any retirement decision. Like all tough questions, the answer is "It depends." That may not be the sound bite you want to hear, but it's the only answer that will help you decide what's best for you.

You'll find your own answer for your own reasons (and perhaps for your family), so your decision may not be the "right" one for anyone else. Allow yourself to make a decision and, while you're pursuing it, give yourself the option to change your plan. The job skills that employers truly care about (your leadership, your management experience, and your ethics) won't go stale. I hope that you'll read this book, talk with your family and other people, and think about your goals. Whatever decision you make should be subject to regular review. Don't lock yourself in!

This chapter will help you sort out your priorities and your feelings. Your top priority for retirement is **financial independence**. If you haven't achieved that by the time you've left the service, you'll need to pursue a paid occupation. You won't have the option to stop working. Your next priority is providing for your spouse and kids (if applicable). **Communication** is still the key to keeping everyone happy, just as it is on active duty. After years of sacrifices and deployments, your family may want you around more often, and your idea of supporting them may be quite different from theirs. A career change is a great time to discuss all your options and to renegotiate the family expectations.

Feelings matter almost as much as the priorities, and those emotions will make a big difference in your performance and your health. Feelings are

much more difficult to evaluate than the mechanics of making the transition. When you're on active duty, your occupation is probably full of mentors and peers who can tell you precisely where you need to go and exactly how to get there. Some of them are worth listening to, and you probably wish you'd ignored others. However, the best career wisdom I've ever heard was similar to the "It depends" answer: "Do it as long as you're having fun." The idea is that **your performance will be at its peak when you're challenged, fulfilled, and happy**. Peak military performance leads to great evaluations, faster promotions, and even better jobs.

On the other hand we've all met the miserable people who tried to do tours that they weren't suited for (despite their best intentions), or those equally miserable folks who stayed too long. Take it one tour at a time and stop when you can't find anything more that you'd enjoy doing. Leaving the military may be hard, and it's harder to contemplate a few months without a paycheck. However, the hardest task of all is the soul-destroying experience of enduring a tour that has no appeal or fulfillment.

Even outside the military, it's tough to keep your financial and family priorities if you're not having fun. You have to pay attention to your own feelings as you go through your military retirement transition. You'll only succeed at your goals if they make you feel curious, happy, and maybe even excited about chasing them. If you're grimly clenching your jaw and preparing to gut it out for another five years, you may not be making the right choice. You may even be risking your mental, emotional, and physical health.

Watch out for another unhappy situation: **burnout**. It's extremely difficult to make good choices when you're exhausted, frustrated, and miserable. If you feel that retiring is the only way to get out of a terrible job, you may need to reconsider where you're going. Many people pursue a fantasy retirement because they can't imagine putting up with work any longer. When they retire, though, they may find that they haven't developed a lifestyle (or the savings!) to enjoy their new free time. If you have the chance to catch up on sleep, clear your head, and think about all the issues, then you may decide that what you really need is a different assignment or a career change. Don't keep working because you can't imagine what else you could do with yourself, but don't retire just because you're positive that work can't get any worse. You have to move toward a **goal**, not just run away from bad situations.

I've heard from many unhappy people in the military, so let me emphasize the illusion of a fantasy retirement. When you're chronically overworked, overstressed, and suffering low morale, making a retirement decision is an overwhelming impossibility. You can't make good decisions during burn-out. Instead of risking your finances and your lifestyle, find a way to get some time off. It's hard to get two straight weeks of leave to contemplate your future, especially if you're transferring between duty stations, but **you have to find the time**. Don't use that precious leave to clean the house, finish the yard work, or take the big family vacation. You're going to focus your efforts (and your family's discussion) on getting ready for retirement with maybe a bridge career. Catch up on your sleep, spend a couple days winding down, and let the fog clear from your thinking. By the end of the first week, you should be ready to start talking about the issues and considering your decision.

The Biggest Obstacles Confronting All Retirees: Health Care and Inflation

All retirees have to accumulate the resources to last for the rest of their lives, but early retirees (before age 65) have two daunting challenges: paying for health care and contending with decades of inflation as they age.

Health insurance is largely a workplace benefit, and many workers feel "locked into" their jobs by it. Health insurance can be hundreds of dollars per month without an employer's subsidy, and can be expensive. The American health care system is the main reason that traditional retirees stay in the workforce until age 65, when Medicare starts to cover many of their health expenses. Even after age 65, retirees still have to contend with rising insurance premiums, higher prescription medication costs, and long-term care concerns.

Inflation is far more insidious. While a health crisis can wipe out a retiree's finances, inflation is at least as deadly because it's hard to notice the corrosive long-term effects. At just 4% a year, a decade of inflation can raise retiree expenses by nearly 50%. Retirees in their 60s may only have to contend with two or three decades of inflation, but retirees in their 40s will have to survive four or five decades of inflation that could easily triple their expenses.

The Biggest Benefits of a Military Retirement: TRICARE and an Inflation-Fighting Pension

The federal government has given military veterans some of the world's best tools for meeting retirement challenges.

It may seem unbelievable but it's a fact: TRICARE, while admittedly beset by flaws and perennial budget challenges, is among the nation's premier affordable health care systems. TRICARE covers far more for active-duty veterans (and their families) than civilian health insurance – while frequently charging far less. Unfortunately, many veterans don't learn this fact until they leave the service, while others with pre-existing conditions may feel locked into military or civil service in order to be able to afford their health care costs. In 2009, an active-duty retiree paid less than \$40/month for comprehensive TRICARE family coverage that, for civilian retirees, would cost hundreds or even thousands of dollars.

As good a financial deal as TRICARE may be, the military pension is even better! Military veterans are among the last of the world's occupations to earn a **defined-benefit pension** in an era when employers are moving toward defined-contribution 401(k)s. Despite the risks that we bear to qualify for that government pension, it's paid by one of the world's best-funded institutions with the power to tax its citizens for more revenue and to print its own money.

Not only is the federal government likely to pay military pensions long after corporate pensions hit the skids, but also that pension includes a **cost of living adjustment (COLA)** for inflation. This is extremely rare in the business world. Military pensions (as well as Social Security) rise each year by the inflation rate measured in the Consumer Price Index (CPI). That index may have its own flaws and detractors, but there is no better measure of the nation's inflation. You may experience a personal inflation rate that's smaller (or perhaps bigger) than the CPI, but veterans' pensions will keep up with inflation far better than any other system.

We don't have to depend on the government's marketing. Anyone can buy a CPI-adjusted COLA pension from an insurance company in the form of an annuity. However, these annuities are expensive, difficult to find, filled with restrictions and exceptions, and only backed by the company's ability to pay. You might spend over a million dollars to deliver the value of your military COLA pension.

So where are all the military retirees? And if the military's pension and health care benefits solve the biggest challenges, then why are military early retirees so hard to find?

Where are All the Retirees? How do We Ask for Their Advice?

Have you ever noticed that the people in your command can help you with just about anything? No matter how obscure your question, there's always someone who knows the answers or can find somebody else who does. While the "soldier network" is great for career or lifestyle advice on active duty, it's not so good for asking questions about retirement. Everyone knows a retired veteran but the details seem a little vague. The retired people must have better things to do with their time because they hardly ever drop by the office. How are they doing? What problems did they have with the transition process? What should we watch out for? Were they ready for retirement? Did they have to get a job, or did they already have enough money to do whatever they wanted to? If they're not working, then what do they **do** all day?

A 2004 study of the U.S. military concluded that only about 15% of the nation's veterans remained on duty for at least 20 years.² The number of retired veterans in that 15% who become early retirees (no longer working for pay) is even smaller. After several years of searching, I have only met a handful of people who completely retired after a 20-year career. There are no Department of Defense studies and there is very little other information on the phenomenon. One survey conducted by Russ Graves, a retired officer at Texas A&M University, concluded that 85% of retired officers immediately returned to civilian work after the military.³ In the more senior ranks, the percentages were even higher!

Semi-retirement and bridge careers are far more common (and more achievable). While a veteran can usually return to full-time employment, if they're financially independent then they can seek employment on their own terms. It may be entrepreneurial, part-time, seasonal, or one contract at a time – but **financial independence** is the key to having the choice.

Whether they're retired early, semi-retired, or working in a bridge career, the retirees are out there. They found a way to do it, and you can too! So let's figure out where they're hiding and get their advice.

One option for finding military retirees is developing your own **network**. As you read shipmates' retirement announcements or sit through their ceremonies, ask if you can contact them in a few months. You want to learn what retirement surprises they encountered and they'll be happy to share their new lifestyle. They may have embarked on a bridge career, but you'll gain their perspective on how their military pension and health care benefits have eased their transition.

The **Retired Activities Office** (or Retirement Service Office) at your local base is another option. Their mission is to help retirees solve problems. They also coordinate volunteer efforts, so the staff has a long list of retiree contacts and they'll be happy to pass along your questions.

By far the best place to find military retirees is on **Internet discussion boards**. A huge veteran's network has grown over the last decade to share information on benefits, reunions, and memories. While enjoying tracking down old wingmen, find out if they've retired early or if they're in a bridge career. Veterans will also post on Internet early-retirement discussion boards. See the Recommended Reading section for the largest boards and their website addresses.

What They Don't Tell You at the Military's Transition Assistance Programs

When I was thinking about retirement, I was frustrated by the military's transition assistance programs.

First, I had to attend the class before my retirement request could be approved. Second, it was inconvenient. During a very busy workweek, at the cusp of a crucial life decision, I was expected to sit in a crowded classroom for presentations on veteran's benefits. Finally, I wasn't comfortable thinking about the next step. I wanted leisure time to rest, recuperate, and think. I didn't want to cram everything into a three-day seminar.

Then I realized that we'd been learning a little about our health care benefits and our pension, but most of the talks were about starting a bridge career! The "retirement transition" was from a military career to a civilian career. We'd heard all the right phrases: "Build your network." "Target your company." "Dress for success." "May I present my card?" It dawned on me that I'd already had a career for the last couple of decades, thank you, and I didn't really want another one. Why was I still working?

The transition counselors can't help with this question. Most of the veterans attending the class are leaving the service before they're eligible for a military retirement. Even among the military retirees, most haven't become financially independent and aren't ready to handle the concept of a bridge career. Complete early retirement seems like a fantasy, not a plan, and almost no one wants to discuss it during the transition process.

Nearly a decade later, though, I appreciate the military's transition programs for what they can't do as well as for what they can do. Human beings tend to resist change, and leaving the military is perhaps the biggest life change since we entered the military. The transition process forces us to focus our attention on something that we might wish to avoid. Our government and the taxpayers don't want to see homeless veterans sleeping under highway overpasses, either, so vocational assistance can make everyone feel that we're equipped to handle our new lives.

Finally, the **most important benefit** of the transition programs is to prod you to take charge of your life. You can contemplate your new life – and determine whether your finances will support it. You can be responsible for your own entertainment. You can start a bridge career if you want to, or you can take some time off. Sitting in that transition classroom will make you realize that you have to do it for yourself instead of letting your chain of command take care of you for the rest of your life.

DON'T EXPECT the military's transition programs to answer all your questions. You may be subject to seemingly pointless activities or even criticism. One retiring officer was required to participate in "dress for success" day and was not amused to be tactfully informed that her business attire exposed excess cleavage. You may even be chastised for not taking the career search seriously enough. You should bring your own list of benefits questions to work on, your own medical issues to research, and maybe even your own resume to update. Don't expect the seminar agenda to walk you through the steps that are important to you. You might even need to keep your head down, stay quiet, and avoid eye contact.

Which do You Want? An Occupation, a Bridge Career, or an Avocation?

The biggest difference among those terms is that occupations are the series of activities that form careers and avocations. We've all had jobs that have given us a life lesson, even if our only learning was a strong desire not to repeat that job. Many of us started our first jobs to pay the bills or to get the experience to step up to better jobs. For some workers, jobs aren't a reason to live – only a means to some other end.

Careers are occupations with training and experience. Remember the Navy's old recruiting slogan, "It's not a job, it's an adventure!"? Anyone can find a job to pay the bills, but those who join the service want something more. A career offers greater challenges and more rewards than a job. A bridge career, which we'll discuss in more detail shortly, bridges the gap between your military career and full retirement.

Avocations are the best of all: your life's pursuit of happiness. They're all the military slogans that we know so well. They're the fascinating missions you can't believe you're paid for and the challenges that you'd tackle for fun. When you've reached 20 years of service, you know that you've had a career. However, when you wish that you were able to keep going beyond 40 years, it's an avocation. Many lawyers, doctors, and investors practice their craft until they're no longer physically or mentally capable.

Early retirees claim that early retirement is their avocation.

Veterans may have an additional avocation: a commitment to service. After decades of completing missions and saving lives, it's very difficult to walk away from a lifestyle that protects our society. It's also very difficult to stop taking care of others. People's needs may be very important to the happiness of veterans who have been taking care of their troops and keeping others safe.

If service is so important to you that you're willing to subject yourself to employment, then you could continue your avocation with a paycheck. You should also consider the alternatives of volunteer service or nonprofit work. Whether you serve your commitment through a bridge career or through volunteering during retirement, you can enjoy the knowledge that you've found your true avocation under all the workplace distractions.

Bridge Careers

The idea of a “bridge career” comes from Marc Freedman, the author of *Prime Time* and *Encore*. A firm believer in working, Freedman can’t even conceive of retiring if one enjoys the challenges and the success of working. With many civilians leaving their careers in their 50s or even their 40s, he advocates a second career to bridge the years and take willing workers into their 70s.

For most retired military, finances are the reason for a bridge career: you need the money to build up your investment portfolio and to reach financial independence (FI). Even when you’re FI, though, there’s a world of fulfilling (paid) employment and volunteer work to explore. One well-known example is the military’s “Troops to Teachers” program (<http://www.proudtoserveagain.com>), and industry is following the lead of the educators. AARP works with large corporations like Wal-Mart and Home Depot to offer flexible hours, seasonal work, and even different locations as you travel around the country.

Another bridge career option is semi-retirement. Bob Clyatt, the groundbreaking author of *Work Less, Live More*, uses occasional employment for both his lifestyle and his finances. You may turn your passion into a paying hobby (as he has) or work seasonally in a specialty or new skill. It may be as straightforward as working holiday retail or preparing tax returns. It could be as complicated as offering contract support for military exercises or developing your own business. No matter how hard you choose to work at it, semi-retirement affords you the option of working to carry your portfolio through rough markets or to save up for special expenses.

“BOXKICKER” WRITES online about retiring from active duty as an E-7: “After 20+ years of the hustle and bustle of military life, I have really enjoyed the almost stress-free lifestyle of having my hair long, waking up when I want, and playing golf when I want. I am 40 years old and I don’t want to burn my bridges too soon. I really could do this forever and not be bored at all, but will my finances be enough forever?”

continued

I'm three credit hours short of a bachelor's degree and I have 35 months of GI Bill remaining for more degrees or training. I want to get a master's degree in sports management just to learn about something I enjoy...SPORTS! I would love to work for a pro, college, or high school team. Even working in a community center running their recreation programs would be fun! My ultimate job would be to work as a golf course manager.

My pension is \$1,880/month with a COLA. I'm currently working 20-30 hours a week at the local military base golf course for \$7.50/hour. I umpire/referee local high school sports for \$25-\$55/game. I made \$2,200 in six weeks during baseball season and \$600 in four weeks of basketball. I rent a home with my fiancée and her three teenagers, who she's raising on her income (and child support). I have two car payments and no other debt. I only have \$45K in my TSP account and less than \$10K in my IRA.

I really enjoy being semi-retired, but sometimes I wonder if this will run out. Should I get another job to stay marketable in case I need to go to work?

I wish I could just keep working at the golf course and going to school. It is fun, and doesn't even feel like work. I am really content where I am. Working in the corporate world doesn't interest me at all. I am not a cubicle kind of guy, nor do I want to travel to far-off lands. I had enough of that on active duty.

I live a pretty frugal lifestyle and I enjoy it. I am a homebody. If I can play golf, I am happy! It would always be nice to have some savings built up, but I really don't want to bend over backwards and WORK to get it. I enjoy being retired military and having a steady pension with inexpensive health care insurance."

Career Surveys and Assessment Tests

The military's transition process has many tools beyond the classroom briefs. Surveys and assessments are excellent ways to figure out if another career is in the cards. Not only do the tools help explain military skills in civilian terms, but they also let veterans brainstorm other occupa-

tions, bridge careers, and avocations. This is the chance to discover what you want to do when you grow up. If you're excited by the possibilities then you're probably not yet ready for early retirement. However if you're bored and frustrated by the discovery process then you have a very significant indicator that you may be ready to consider early retirement. One of the best ways to learn about early retirement is to take a three-month vacation, but it's difficult to get a leave of absence from the military. Without a few months' time off, the transition tools may be your best indicator of whether you're ready to take matters into your own hands.

ONE MILITARY base filled a conference room with transition planners and computer guides. A nuclear engineering officer, a self-taught expert on finding another job, had finished researching all the options and understood the strengths and weaknesses of each tool. After many nights and weekends of flipping paperwork or clicking through the software, the "career interest surveys" and the "self-assessment guides" claimed that he'd make an excellent mid-level manager or a nuclear engineer – golly, maybe both! This was not the hoped-for fresh start. There probably wouldn't be deployments or midwatches, but the uniform would be office attire and there would still be the occasional weekend duty. He'd had enough of that and was ready for a change.

Objections to Early Retirement

The military's retirement system has a number of advantages for retirees, but if so few veterans seek early retirement then you may rightfully hesitate. What are you missing?

One element is the approval of society. Test this yourself by telling a few shipmates, neighbors, or relatives that you're considering early retirement. You won't get congratulatory handshakes or backslaps. Instead, you're fantasizing! They haven't even attempted your planning or your hard work for this goal. They may have also decided that early retirement is out of their reach, and they may not be happy to hear that you're doing it when they're not. It's far more likely that their "helpful comments" could derail your early-retirement goal.

Before you tackle the objections, consider how you'll picture yourself for the next few decades. This is your chance to enjoy your freedom and to develop your maximum personal potential. You should feel as excited about the next phase of your life as you were when you joined the military! What's your personal philosophy about continuing to work? How will you describe yourself? Are you an entrepreneur? A private investor? A surfer? All of the above? Are you taking a few years off to explore your options, or are you going back to school? Are you going to travel the world or be an at-home parent? You may be able to say, "I'm a retired aviator," but who are you and what are you doing **now**? More importantly, are you planning to be this way until you die, or will you take it one decade at a time?

Once you think about the big picture, you're ready to tackle these "objections":

*"You're too young to be put out to pasture.
You have so much ahead of you!"*

Yes, you're young if you're retiring before age 65, and one aphorism claims that youth is wasted on the young. Do you really want to "save" retirement for old age, or would you rather learn more about it while you're young? A few months of early retirement will help you recover from a career of chronic fatigue and decide what you want to do with the rest of your life. Corporate dominance and riches beyond your wildest dreams may not be your goal, but perhaps you'll discover another way to serve humanity. You'll still have things that you'll want to see and do before you're too old to be capable of achieving them. Travel and triathlons do not improve with age.

*"Can't you find a **real** job?"*

Absolutely, and your military record stands on its own merits. You have the skills that employers will compete for, but a better question is whether you **want** a "real" job. Do you still care about trying to work your way to the top of yet another chain of command? The military is certainly different from most people's concept of a real job, and you can seek more alternatives. If you're financially independent, you can pursue your goals without having to take jobs that don't interest you. You can also eliminate many of the irritants that accompany conventional occupations – commuting, office attire, department meetings, working lunches, late hours, and working weekends.

The best benefit of early retirement is gaining the time to pursue an activity other than a “real job.” You can volunteer, go to school, learn a new avocation, spend more time with family, travel, entertain yourself, or choose among hundreds of other activities. This is a rare opportunity to figure out what you’d like to do with the rest of your life. It doesn’t have to involve a paycheck.

“Who wants to spend all day golfing?”

This question claims that you’ll run out of things to do and get bored. If golf is a fascinating activity that keeps you busy most of the week, then enjoy yourself! You can also pick up spare change from tournaments (and your over-optimistic golfing buddies). But like any hobby you should only golf if you enjoy it, and you shouldn’t get tired of it. The solution is to brainstorm your interests and to figure out what you want to do with your time. The Recommended Reading section lists several guides to help you rediscover having fun.

“You’ll lose all your friends!”

That may be the case. Military retirement will certainly help you tell the difference between your real friends and your co-workers. If people are put off by your early retirement instead of being happy for you, then perhaps they’re not such good friends after all.

Most retirees keep in touch with only one or two of their former co-workers. You’ll find new interests to share beyond office talk. You’ll have plenty of new free time to spend with family, relatives, neighbors, and old shipmates. Your schedule may be wide open, too, and you’ll be the person they can count on to be available next Tuesday afternoon.

You probably moved around a lot in your military career and you eventually made new friends. Now in early retirement, as you spend more time on activities that you enjoy, you’ll still find new friends.

“You’re going to retire NOW, in the middle of all this?!? But you’re up for promotion next year and the team needs you!!”

(Thanks to SamClem on www.Early-Retirement.org for this one!)

You may feel that you're letting down your boss (who recommended you for schools or special recognition) or your wingmen (who would be even more overworked without you), or you may feel like a quitter. You may have been recently promoted with even greater career potential. Maybe you really should stick around for a few more years?

These self-doubt questions are natural, and the chain of command may even try to use them to change your mind. No one enjoys personnel changes, and it's easier for them to hold on to you than to train your replacement – if they can even find your replacement.

Don't get distracted by these red herrings. The **real** question is what's best for you and your family. Every promotion already recognizes your **potential** to do the more demanding work, but it's your decision to continue to live up to that standard. Your chain of command would eventually be reluctant to have your service if your heart was no longer in it. Your family has sacrificed a lot to support you to this point and they may feel that they've supported you and the military for long enough. How much longer will they put up with your duty?

Your co-workers, if they're truly your friends, would much rather see you escape from the asylum than continue to suffer with your fellow inmates. (You'll always be able to get together to commiserate over a frosty beverage or two.) As for the rest of your peers, they're tired of competing with you for the next promotion – they'll be happy that you've made room for them to advance!

“You'll lose all your contacts, and you won't be able to get a job!”

The implicit concern of this statement is that a valuable asset is wasted. Those contacts helped start a career and helped you figure out how to get things done. A database shouldn't be discarded!

If you feel that you can't give up your contacts then you may be more interested in a bridge career. Those contacts provided crucial steps to your military retirement, but eventually you'll have to become a mentor emeritus or even disengage from the network. If they're really your friends, however, then you'll still socialize even when you're not talking about work. Besides, now they can use your advice on the retirement process.

Although you're leaving "your" network, you're also developing a new network of different contacts. You may be volunteering, traveling, or finding new local activities. You'll meet new people and you'll have the time to get to know them. Best of all, your true friends from your working days will still be with you.

STORY 1: One financially independent veteran says, "The hard part I'm finding is the pressure/temptation to take a government or contractor job while the 'iron is hot' – while my connections and experience are current." This struggle is especially difficult if a military retirement is forced by high-year tenure, a family situation, or some other ultimatum. If this issue is one of your top retirement concerns, it may be best to continue work, even part-time, until you feel more comfortable about your decision.

STORY 2: SamClem retired from the military after 21 years. He kept working for his family's goals of paying their kid's college tuition and building a safety net of additional savings for more travel and luxuries. His potential was directly related to the skills and contacts he made during his final tour of duty, and his job opportunity would disappear after a few months. He was offered plenty of jobs, but if he waited too long, the only remaining work would be for lower pay. Although their calculations show that they're financially independent, he plans to work for only a few more years to gain the peace of mind to last a lifetime.

STORY 3: Deserat, a Reservist, was activated by her service. She took a leave of absence from her civilian career, moved to another country, and did a totally different job for nearly four years. When she returned to her civilian job, turnover was low and over 80% of her co-workers were still there. Her network was intact, but she returned with a better perspective, more skills, and a new set of active-duty contacts to add to her old network. She was much more effective at her civilian career, with the credibility and the pay to reflect that.

“You’ll be so bored.”

It’s quite possible. Retirement means that you’re responsible for your own entertainment. (Don’t expect your spouse to volunteer for this duty!) However, it also means that you get to change the channel and try something different.

As a kid you had interests, hobbies, and activities that kept you busy from sunup to sundown. Some days were probably so busy that you couldn’t find the time for unpleasant things like household chores or part-time jobs. You had no trouble pursuing your own path. Now it’s time to return to that halcyon era!

Many retirees still make lists of goals and things “To Do.” You can be extremely specific (“run a half-marathon by June 30th”) or more general (“short-term goal: run a 10K”), and you’re the only scorekeeper. Most retirees also discover that their goals are too aggressive and their deadlines are too soon, so they relax a bit and move in smaller increments over longer times.

During the first few months of retirement you’ll have plenty of problems to solve and activities to complete. Eventually, though, the major decisions are made, the lists settle down, and you’ll be crossing off those goals. If you’ve discovered a bunch of new interests and hobbies, then you’ll continue this cycle indefinitely. If nothing new has captured your interest, look at the books and websites on the Recommended Reading list. One or more of them will start your brainstorming and you’ll soon fill up your own list.

“Your spouse [significant other, kids, relatives] will never allow it!”

I hope that you’ve discussed retirement with your family and reached a consensus before telling anyone else. Communicating will make or break your plan, and early retirement is an emotionally loaded subject that takes time to accept. Share your FI (Financial Independence) numbers so that everyone understands the situation (and maybe catches your mistakes). Reassure younger children that you have enough savings and that everyone will help keep an eye on the budget. You also have to reassure your loved ones that you’ll be capable of figuring out your own entertainment. Your spouse may have married you for better or worse, but not necessarily for lunch!