

# 5

## How do I finance the transition to an encore career?

The break between your midlife work and your encore career can last a weekend or several years. Taking time to prepare for the work you want is an investment in yourself. The reward is a job you love.

**So how do you cover the cost of that investment? Savings are a start, but there are alternatives, including:**

**National service.** Federal programs, including the Peace Corps and AmeriCorps VISTA (Volunteers in Service to America), can help you prepare for a new career at a nonprofit organization or government agency. Most service programs offer a modest stipend, health care, and a tuition award.

**Student loans.** Financial counselors suggest seeking federal loans and other federal aid before searching the private loan market. Typically, federal loans offer more favorable rates and terms. To apply, you must fill out a Free Application for Federal Student Aid form at .

**Public Service Loan Forgiveness Program.** The federal government may clear a portion of your federal school loans through this program if you work for 10 years in public safety, health, education, or the nonprofit sector.



**Employer tuition benefits.** Some companies help subsidize encore transitions. For example, IBM's Transition to Teaching defrays employees' costs of schooling and teacher certification up to \$15,000.

**Workforce Investment Act.** This federal law provides for retraining help under certain circumstances to laid-off workers. Find your local one-stop career center—where you can file for such benefits—at [servicelocator.org](http://servicelocator.org).

**Reverse mortgages.** If you are at least 62 and own your home (or have a low mortgage), you may qualify for a reverse

mortgage, which provides you with monthly income by drawing from the equity in your home. Be careful; there are downsides.

**Retirement savings plans.** You may be able to borrow from your 401(k) for education costs, though most financial advisers discourage the practice. Withdrawals from individual retirement accounts before age 59 ½ for education expenses are exempt from the 10-percent early distribution penalty.

If you have time to plan ahead, a 529 college savings plan (named after the federal tax code) may help. They're not just for college kids; you can open one at any age for your own use. The plans allow you to withdraw investments tax-free, as long as you spend the proceeds on higher education expenses.

The longer you plan to stay in your encore career—and the higher the income you expect to earn—the more time and money you can invest in your transition. A financial planner can help you weigh the risks and rewards.

For tips on finding a financial adviser, refer to *The Wall Street Journal's Complete Retirement Guidebook: How to Plan It, Live It and Enjoy It*, by Glenn Ruffenach and Kelly Greene.

**“Workers must understand the connection between remaining in the workforce and their security in retirement. And they must understand this connection well before the cusp of retirement so they can make the investments in skills and relationships that will allow them to extend their careers.”**

*From Working Longer: The Solution to the Retirement Income Challenge* ALICIA H. MUNNELL and STEVEN A. SASS

# \$2,402

**The average published tuition and fees at public, two-year colleges for the 2008–2009 school year.**

*College Board*

## PROFILE Jan Albert



### When the housing market tanked, Jan Albert lost her real estate job but found her calling.

At first, she signed up with California's unemployment program, and with her newfound time, got more involved in taking care of her aging parents.

"Parts of their life were a mess," says Albert, 56, who had earned a bachelor's degree in social work 30 years earlier. "But the more I helped to get things in order, the more I liked it. I found I had a knack and the patience for it."

So, with the help of her unemployment benefits, Albert enrolled in the gerontology program at Coastline Community College in Fountain Valley, California. She had to cover her tuition for the three semesters she attended, around \$900. A government program (funded through the Workforce Investment Act) paid for her books, roughly another \$900.

"To go to community college was a lot less than I thought it would be," Albert says.

Then inspiration struck. Albert and her sister decided to launch a business, 24 Hour Angels, to place caregivers in clients' homes for general assistance, from light housekeeping to help with bathing.

Albert's commitment and persistence has led her to a rewarding encore career.

"I love working with the people," she says. "I like to be on the front lines and finding out what our clients need."

**"I like to be on the front lines and finding out what our clients need."**

JAN ALBERT



### INFORMATION

#### Essential resources

- **Edamerica's Going Back to College Guide** [edamerica.net/planforcollege/goingbacktocollege](http://edamerica.net/planforcollege/goingbacktocollege)
- **FinAid's Guide to Financial Aid for Older and Nontraditional Students** [finaid.org/otheraid/nontraditional.phtml](http://finaid.org/otheraid/nontraditional.phtml)
- **Corporation for National and Community Service, Overview – For Individuals** [nationalservice.gov/for\\_individuals/overview](http://nationalservice.gov/for_individuals/overview)
- **The Reverse Mortgage Book: Everything You Need to Know Explained Simply** Cindy Holcomb
- **The Busy Adult's Guide to Making College Happen! The Step-by-Step Guide to Finding the Time, Money, and Motivation to Complete Your College Degree** Geoffrey Schmidt
- **501 Ways for Adult Students to Pay for College: Going Back to School Without Going Broke** Gen and Kelly Tanabe

# 22%

of graduate students received tuition aid from their employers for the 2007–2008 school year.

U.S. Department of Education