



Mitchell Appel
President
Value Line Funds

Dear Fellow Shareholder,

Thank you for choosing Value Line Funds as a part of your diversified investment portfolio. For over half a century, Value Line Funds has championed sound investment principles and helped thousands of investors accomplish their financial goals with our actively managed family of mutual funds.

We hope you enjoy this edition of the [VLFAAlert](#) and thank you for your continued support.

Would You Consider Semi-Retirement?: Challenges and Considerations

An increasing number of older Americans are embracing a gradual transition to retirement—or a different vision of retirement completely—through a middle ground of full-time employment and traditional retirement. Here's a look at what is driving the semi-retirement—or phased retirement—trend, what the financial considerations are, what the challenges and considerations are for both you and for employers, and how such a choice might affect your investment goals and strategies.

Drivers of the Semi-Retirement Trend More than four million Americans turned 65 in 2024—the largest number in U.S. history, and another four million are turning 65 each year between 2025 and 2027.¹ The number of workers 65 and older has grown to 11 million, nearly quadruple the number in the mid-1980s.² In March 2025, the labor force participation rate for individuals aged 65 and older was 23.5%, significantly higher than the long-term average of 16.73%.³ These figures, representing both seniors who choose to keep working and those returning to work, are only expected to increase. Why? Longer lifespans, healthier aging, escalating living costs and changes in work policies, such as more flexible work environments and elimination of mandatory retirement ages, have together led to an evolved view of how to spend one's post-midlife years. An increasingly popular and relevant opportunity, semi-retirement appeals to individuals seeking:

- **Compelling Work-Life Balance** Semi-retirement offers a flexible way to scale back from full-time work and more freely pursue leisure time with family and friends, personal interests, hobbies, volunteer work, travel and more while still earning income—a combination that can improve overall life satisfaction and fulfillment.
- **Built-In Structure and Social Interaction** For some, maintaining a sense of purpose, filling one's hours and feeling connected are difficult after working full-time for so many years. In fact, studies show that nearly one-third of retirees experience some form of depression in the early years of a traditional retirement.⁴ Semi-retirement is a way to keep one's mind active, boost both physical and emotional well-being and stay engaged with others in a productive, contributory and meaningful way.
- **Longer Retirements** As people are generally living longer, retirements can often be 30 years or more. The need to finance more years of retirement has led to a rethinking of how much time a person may want to spend in the workplace and in what way. As the traditional full-stop retirement model may now be neither sustainable nor desirable, semi-retirement can be a preferable and beneficial strategy.

- **Reduced Portfolio Withdrawals** The income from semi-retirement can provide several financial benefits, including a slower drawdown of your retirement nest egg, more preserved savings for longer and more time for those savings to grow through compounding, enhancing the longevity of your retirement funds. For those not yet 70, it also could mean potentially delaying Social Security claims, which can increase future monthly payments.

Financial Challenges and Considerations of Semi-Retirement

- **Income** Before deciding if semi-retirement may be right for you, a good first step is to assess all sources of income—retirement plan, Social Security benefits, investment earnings, pension and any other financial streams—to determine annual income. Then, identify expenses, both non-discretionary, like mortgage, health care premiums, groceries, utilities, etc., and discretionary, like travel and entertainment. Making sure you have an emergency fund for unexpected expenses is also crucial. For those moving from full-time to reduced work hours, expense adjustments may be required. For those moving from traditional retirement, semi-retirement allows for some resumed earnings that can supplement retirement income, reducing the need to draw as significantly from savings—helping you better finance your desired lifestyle and lessen worries about outliving your money.
- **Social Security** Earnings can impact Social Security benefits, especially for those retiring before full retirement age. For 2025, if you are receiving Social Security payments before you have reached full retirement age and your income exceeds \$23,400, the Social Security Administration will reduce your benefits by \$1 for every \$2 earned over the annual income limit. If you reach full retirement age in 2025 (and before your actual retirement age birthday), \$1 of benefits is deducted for every \$3 made above the 2025 annual income limit of \$62,160. Once you reach full retirement age and are over 65, there is no earnings limit.⁵
- **Taxes** It is important to remember that anyone earning income after retirement age will have to pay normal state and federal income taxes on that income earned in addition to Social Security and Medicare taxes.

(continued on back)

- **Health Care** For those not yet on Medicare, semi-retirement may require adjustments to and/or private payment of health insurance coverage, as some may no longer qualify for employer-sponsored plans.
- **Employee Benefits** Working part-time may allow you to continue contributing to retirement plans and potentially receiving employer matches. But often, many employee benefits, including health care, paid time off and retirement plan contributions, are tied to full time work. So, semi-retirement may lead to a loss of those benefits. For those who have been self-employed or moving back into the workforce from full retirement, there is no adjustment to be considered.
- **Financial Goals** It is important to assess or re-assess long-term financial needs and determine if semi-retirement fits with those goals. Perhaps working during retirement is a way to offset some of the financial stress of living on a budget. Perhaps semi-retirement can be a way to become debt-free. Perhaps earnings can be allocated strictly for discretionary spending, a way to check off some of those bucket list items without tapping into savings.

Employer-Employee Approaches to Semi-Retirement

- **For the Employee** For those seeking a phased retirement from their current full-time employer, some common arrangements

may include reduced hours, job sharing, changing roles, or mentoring younger or less experienced staff. For those traditionally retired and returning to the workforce, semi-retirement could look like consulting, freelancing, teaching, contract work, starting a business, taking an alternative career path or pursuing a passion project. Drawbacks may include work-related costs, such as commuting. Semi-retirement can be custom-tailored to fit your preferences and circumstances, so think about your ideal scenario and then communicate that vision with potential employers, with a focus on why such an arrangement would be mutually beneficial.

- **For the Employer** Welcoming semi-retirees enables employers to retain valuable talent, expertise and experience, facilitate knowledge and skills transfer, and increase employee satisfaction and loyalty. Supporting semi-retirees may also allow for reduced expenses, as retaining or hiring experienced employees, even part-time, is generally more cost effective than recruiting, hiring and training new employees. At the same time, embracing semi-retirees can potentially complicate the workplace, as employers may need to redistribute responsibilities, restructure work, create new policies and adjust some administrative matters. Demonstrating full engagement and commitment, albeit doing so with fewer hours, can go a long way to countering any perceived downsides.

How the Value Line Funds Can Help

Fewer than one in four currently employed workers envision they will immediately stop working either when they reach a specific age or when they have saved a specific amount of money.⁶ If you are one of those individuals, then traditional retirement should be your focus. But if you are among the majority who view your golden years differently, if you are still healthy, get satisfaction out of what you are good at, enjoy collaborating with others and would welcome some extra income, then semi-retirement might be a good lifestyle choice.

No matter your path, retirement requires careful and ongoing planning, monitoring of near-term and long-term financial goals and prudent investment diversification. The Value Line Funds have built their legacy by helping to secure investors' financial futures since 1950—based on solid fundamentals, sound investment principles and the power of disciplined and rigorous analytics relied on and trusted by generations of shareholders.

Value Line Equity Funds

Mid Cap Focused (VLIFX/VLMIX)
Larger Companies Focused (VALLX/VLLIX)
Small Cap Opportunities (VLEOX/VLEIX)
Select Growth (VALSX/VILSX)

Value Line Hybrid Funds

Asset Allocation (VLAAX/VLAIX)
Capital Appreciation (VALIX/VLIIX)

Value Line Fixed Income Fund

Core Bond (VAGIX)

Diversification does not ensure a profit or guarantee against a loss. Past performance is no guarantee of future results. You should carefully consider investment objectives, risks, charges and expenses of Value Line Mutual Funds before investing. This and other information can be found in the fund's prospectus, which can be obtained from your investment representative or by calling 800.243.2729. Please read it carefully before you invest or send money.

¹Kiplinger's, February 14, 2025; NPR, September 26, 2024. ²Pew Research Center, December 14, 2023. ³Federal Reserve Bank of St. Louis, April 4, 2025.

⁴National Institutes of Health, July 2022. ⁵Social Security Administration 2025. ⁶Transamerica Retirement Survey, August 2024.

Check out our News & Commentary at [vlfunds.com](https://www.vlfunds.com) for the latest on the Value Line Funds.

For more mutual fund information, visit our website at www.vlfunds.com

Value Line Mutual Funds are distributed by EULAV Securities LLC.

Value Line and Value Line Logo are trademarks or registered trademarks of Value Line Inc. and/or its affiliates in the United States and other countries. Used by permission.