In this paper we consider a general consumption, portfolio and retirement optimization problem in which a working investor has borrowing constraints. Closed-form solutions are obtained for the utility maximization problems, and numerical procedures are given for the general utility function under borrowing constraints. Moreover we apply the results to the special utility function, the constant relative risk aversion (CRRA) utility function, and its numerical results suggest that the restriction to borrow future labor income makes the investor retire in a lower critical wealth level than in the case of no borrowing constraints.

Keywords: Borrowing constraints, general utility function, consumption, portfolio selection, retirement, disutility, labor income

JEL classification: D91, E21, G11