

Saving enough for retirement while carrying and paying off debts can be an uphill battle. For some pre-retirees, debt repayment is the primary focus over savings, leading them to delay or reduce their retirement lifestyle. But if you've been struggling to save, it's never too late (or early) to take steps to encourage you to get back on track.

Mortgage or Retirement First?

The days of mortgage-burning parties are a thing of the past. It's estimated that almost 10 million homeowners aged 65 and older are still paying off their mortgages.

Whether or not it's better to pay down your mortgage as soon as possible depends on your personal circumstances. A financial professional can offer guidance based on your situation, but generally, you should aim to pay down your mortgage by making extra principal payments when possible. Alternatively, you could sell your home and downsize it to a more affordable living space.

Pay Down Consumer Debt

If, for example, your retirement assets are earning less than 6% a year, even a 9% credit card debt can cost you vital cash flow. This is why it's considered important to get serious about credit card debt. With less debt, you'll be able to put more toward your retirement savings, so the sooner you can start, the better.

- Set a monthly target for debt repayment and try budgeting around it. Find ways to stretch essential expenditures and eliminate non-essentials if you can.

- Try decluttering. You may be able to raise more money than you think by selling unwanted or unused stuff in a garage sale or online.
- Save any excess cash flow. Once you reach your debt repayment goal, consider applying that budgeted payment to your savings.

Get to Work

If you can't imagine not working for 20 or more years, you may want to join the growing number of retirees that use retirement as an opportunity to transition to a new career. Some choose to work as a contractor for their current employer, scaling back hours and responsibilities. Others choose to branch out and start their own business or monetize a hobby.

Instead of limiting your retirement to a life of leisure, you can use retirement as a way to trade in the work you had to do for the work you want to do. By taking control of your new working life, you may find a work-life balance that sustains you mentally, physically, and financially.

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