

Strategies to Retire for Less



MONEY SPROUTS

"Millions of Baby Boomers retire each year from the U.S. labor force. But in the past year the number of retired Boomers increased more than in prior years, according to a Pew Research Center analysis of monthly labor force data. The job losses associated with the COVID-19 recession may be contributing to the jump in Boomer retirements." As a result, many of these retirees will not be as financially prepared as they would like to be. Here are strategies that retirees—or those close to retirement—can use to experience better retirement years with less money.



Choose the right location — If you need to stretch your retirement dollars, move somewhere less expensive. Look at cost of living, income and property tax structures, housing costs, utilities, insurance, healthcare, etc. between your current area and other markets across the U.S. Changing locations can make the difference between enjoying your retirement years and struggling to make ends meet. Many have asked the question, should I sell now while the market is "hot". The answer -

perhaps, but perhaps not. There are both mathematical and emotional components involved in answering that question. Will the market rescind or is a new floor forming? Were you planning to sell your home and move into an apartment or a different area anyway? If you sell now, will that enhance your plan long-term? If you end up renting an apartment while you look for a new home, then will you have actually profited?

Eliminate car payments — According to AAA, the average American spends over \$9,282 per year to own and operate a vehicle. That's almost \$800 every month! As you move closer to retirement, select a vehicle that will last for years to come, buy used, and try to eliminate payments. Also explore which cars are the least expensive to maintain and consider downsizing to one vehicle. Many retirees are also saving thousands each year by moving to areas with less expensive and more efficient public transportation.

Save more now — No matter your age, begin saving more right now. The first step is to max out your retirement plan at work. Talk with your benefit department about the tax advantages of contributing more toward your retirement plan every paycheck. By paying lower taxes this year, you may not even miss the money.



If you are saving the maximum, pay off your mortgage — That may sound like a daunting task. However, there are a few simple strategies you might consider to help accomplish this goal. One of the easiest is to begin now making extra payments toward your mortgage. Be sure to designate that the extra amount should be applied toward the principal. You might also consider moving to a smaller, less expensive home. Many retirees find that putting the kids and grandkids in a local hotel when they visit is more cost effective than maintaining a large home. Another strategy is to purchase a duplex or property that will allow you to rent out part of the space to provide a steady stream of income to help cover the mortgage payment.

Downsize your "toys" — Do you need that boat, ATV, motorcycle, or antique car? If not, sell them and use the proceeds not only to help fund your retirement, but to save money each month on insurance, maintenance, gas, etc. Money-Saving Tip: Have you been collecting something for years? Now may be the time to sell, but don't give these items away at a garage sale. Go online to identify their real value, talk to an expert, or compare prices on sites like eBay or craigslist. One retiree recently sold his Hot Wheels collection for more than \$72,000!

Delay retirement — Put off filing for Social Security benefits until you absolutely need them. While most people today can begin collecting Social Security at age 62, delaying until age 70 will provide greater support during the years you may need extra money the most. [Learn more.](#)

Continue to work — Turn a hobby into a money-making venture, work part-time doing something you really enjoy, or offer your career expertise in the form of consulting or teaching. Even a small amount of extra income can help you enjoy your retirement years more.

Maintain your health — Staying fit and eating healthy are great ways to live longer while lowering your medical and insurance expenses throughout your retirement years. Here's a fun calculator to estimate life expectancy based on health-related behaviors: [LivingTo100.com](#)

Small changes now can reap big rewards as you move toward retirement.

