

# WANT TO RETIRE EARLY?

Use These Eight Steps and Make it Happen



**Degelman Pruden Group**

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If you spend most of your time working for a living, whether it's from home or commuting to the office, then you may long for the days when you can kick up your feet, relax and not have to work out of obligation. Unfortunately for most, many people don't start planning for retirement until late in life and consequently don't practice the good habits that can allow them to retire earlier.

Believe it or not, retiring after 65 or 70 does not necessarily have to be your destiny. This guide will provide eight simple steps that will start you on the path to retiring earlier than you thought possible.

# 1

## CUT BACK ON COSTS

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It may seem obvious, but you must spend less than you earn to retire early. Your regular spending needs to be significantly less than your monthly income.

Spending below your means may sound like a daunting task, but some simple lifestyle changes will help accomplish this goal. Eliminate credit card debt and only use cards to the extent you can pay them off each month. High-interest debt will quickly sink your hopes of retiring early.

Look around for further cost savings in your grocery purchases, luxury subscriptions, unused memberships, and hobbies.

# 2

## REVIEW YOUR HOUSING COSTS

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Conventional practice is that your mortgage should not exceed 32% of your after-tax earnings. This figure is higher than any other expense incurred by most people.

Managing your lifestyle should be a primary goal of someone hoping to retire early.





# 3

## FIND TAX-ADVANTAGED SAVINGS OPPORTUNITIES

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The government has some beneficial savings opportunities for those savvy enough to take advantage of them.

Make full use of accounts that are designed to encourage retirement savings by offering tax benefits. Maximizing these types of accounts will require making sacrifices in other areas of your budget but is essential to retiring early.



# 4

## PLAN AHEAD FOR RETIREMENT COSTS

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When many people think of retiring early, they focus heavily on their current budget. While this is good practice, it's not enough; it's also essential to plan for your post-retirement costs.

While a fixed goal is essential, it is vital to consider the rising costs of healthcare, food, and other goods or services. Do not base long-term budget goals on the current economy or prices; take inflation into account.



# 5

## FIND APPROPRIATE RISK LEVELS

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Anyone hoping to retire early should have a good relationship with their financial advisor. Most “conventional” retirement plans have a set program of adjusting risk over time. Early retirement requires a focused approach to balancing risk and security with your investments.





# 6

## FIND OPPORTUNITIES FOR INCOME AFTER RETIREMENT

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As discussed earlier, the world has quickly become more comfortable with the thought of working from home. The work from home movement has also led to more opportunities for freelance or consulting work.

Laying some groundwork ahead of retirement will allow you to jump right into making a post-retirement income that could significantly buffer your retirement savings. Any time spent searching for these opportunities after retirement means you are drawing down on your limited savings.





# 7

## STAY FOCUSED AND BE WILLING TO CHANGE PLANS

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With an aggressive early retirement plan, you will need to be laser-focused. Keeping tabs on your current budget and your proposed post-retirement budget should be a regular practice.

If you fall behind on your goal for some reason, you must be willing to make changes to catch yourself back up. Sacrifices now are essential to enjoying an early retirement later.



# 8

## THERE WILL BE WORK TO DO AFTER RETIREMENT

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While rest and relaxation are the primary goals after you finally retire early, you must remember that keeping track of your finances will also be a priority.

Early retirement means making your money last longer. Adjust your investments, savings, budget accordingly and protect yourself against risks.

While retiring earlier than most is undoubtedly possible, you will need to make sacrifices now and be diligent to stick with your plan. Once you reach the date you have chosen to retire, you will be thrilled to know your planning was worth all the hard work.





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