



6 Simple Tips to Help You Retire Early

Description

Do you dream of golfing five days a week, pursuing a life of travel, sipping hot coffee and doing crosswords on the dock every morning, or working part time at a job you always wanted to try?

Retirement means different things to different people, but getting there at a reasonable age requires a bit of financial planning. Let's take a look at some of the simple things you can do to escape the daily grind and retire early.

1. Use credit cards wisely

Credit cards are very convenient and even profitable when managed properly. They allow you to use the bank's money for free for up to a month, and many of the cards have great rewards programs that can help pay for vacations.

Having said that, the credit card is also the number one killer of an early-retirement plan if you use it for credit, instead of convenience. The first step to financial freedom is to pay off your credit card balance *in full* every month. If you already have a hefty balance on your card, use your line of credit to pay off the high-interest debt and promise yourself to never carry a credit card balance again.

2. Drive a car you can afford to buy

Car payments are bad news – always! Drive whatever car you can afford to pay for in cash and will allow you to minimize fuel expenses, maintenance costs, and insurance payments. If possible, don't buy a car at all. Ride your bike or take public transportation to work and then rent a car when you need to take a long trip.

3. Use the line of credit for emergencies only

Many people use their line of credit for covering expenses that should be paid for in cash. Vacations, holiday gifts, and rent should not be covered using credit. If you have an emergency and need to tap the credit line, make a plan to pay it off as soon as possible.

4. Pay the mortgage bi-weekly

Early retirement requires us to be debt-free, and having the house paid off is critical for financial freedom. The first thing you should do is have your mortgage payments taken out of your account automatically every two weeks instead of monthly. This one simple change will enable you to pay off the mortgage faster and save you tens or hundreds of thousands of dollars!

5. Maintain a balanced standard of living

Look for ways to reduce unnecessary daily expenses. Take a lunch to work, walk or ride your bike to the office, and buy groceries when they are on sale. Set your monthly budget and stick to it, even as your income increases. These simple steps will allow you make extra payments on the mortgage and begin investing the surplus cash flow.

6. Invest in dividend-paying stocks

Once you have your debt paid off and the mortgage payments maxed out, invest your extra funds in dividend-paying stocks. Companies like **BCE Inc.** ([TSX:BCE](#)) ([NYSE: BCE](#)), **TransCanada Corporation** ([TSX: TRP](#)) ([NYSE: TRP](#)), and **Bank of Montreal** ([TSX: BMO](#)) ([NYSE: BMO](#)) are solid blue-chip companies with a strong history of dividend growth and share-price appreciation.

Compounding is the secret to building an early-retirement portfolio. Hold the stocks in your Tax Free Savings Account (TSFA), invest the dividends in more shares using the company's dividend reinvestment plan (DRIP), and watch your portfolio grow!

Following these simple tips can make daily life more enjoyable and put you on the path to an early retirement. If you are at the point where you are ready to invest in dividend stocks, you might want to take a look at the following free report to discover one more dividend-growth stock that can help you retire early.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:TRP (Tc Energy)
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Date

2025/09/13
Date Created
2014/11/12
Author
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