



Retire 5 Years Earlier With 6 Simple Steps

Description

A comfortable retirement is the goal of many. However, some people strive for early retirement. The goal is ambitious, although retiring five years earlier than the [average retirement age](#) is not impossible. With the right steps, retirement could be closer than you think.

Here are six simple steps you can apply toward early retirement.

Figure out a retirement budget

There's no magic number, but the amount you would need in retirement is high. Do not push it if your money is not enough to retire early. Otherwise, you can exhaust your fund in a few short years. Start calculating your daily living expenses and assess how much you might be spending annually to live comfortably.

Overcome obstacles

Straighten out your finances and pay down all debts, including full payment of your mortgage. Any financial liabilities will prevent you from saving money. Likewise, dive into your spending habits to see which ones need curtailment.

Set a time frame

There has to be a specific time frame within which you can achieve your retirement fund goal. When everything is set, you need to work doubly hard to make it. You can start saving small then increase it as much as you can as you build your nest egg.

Grow your money

You can't hope to retire early if your money can't compound or grow exponentially. With less time to

save than usual, invest in [assets that can produce significant passive income](#) for years or indefinitely.

As an example, an investment portfolio that includes shares of **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), or Scotiabank, should help achieve your goal. Scotiabank has returned 1,014.57% to shareholders over the last 20 years. A \$10,000 investment compounded to \$111,366.67 with dividend reinvestment.

Remember that there are no risk-free investments. With this \$90.76 billion bank, you're banking on its dividend track record of 188 years. At present, the bank stock yields 4.82%, with a payout ratio of 52.25%.

By investing \$50,000 every year for 10 years, the \$2,410 you'll earn should compound. You'll have a little over million dollars in total retirement fund in 20 years. Your income from Scotiabank can possibly increase further should the bank raise dividend down the road.

Throughout most of its storied existence, Scotiabank has been consistently paying dividends. There were instances in the past where the yield grew, despite cyclical downtrends or market corrections and even during recessions.

Scotiabank continues to grow its international presence, particularly in emerging markets in Latin America and the Caribbean. These markets plus the core markets should help the bank grow annually by 4.72% over the next five years.

Sacrifice and discipline

Early retirement is for people who are willing to make lots of sacrifices. The situation also calls for the discipline to keep finances in check while performing rigid savings. Plug the loopholes and check if there are other extra expenses you left out.

Add more reliable assets

Not everyone can retire early. You must have a continuous inflow of money to live through a premature retirement. But if you can add more reliable assets like Scotiabank, you can have a hefty nest egg much sooner than the average retirement age.

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