
4 Ways to Achieve Financial Independence and Retire at 60

### Description

The FIRE movement advocates aggressive saving and investing, so you can retire sometime in your 30s or 40s. It incorporates two goals into one. Financial independence refers to the status you'll have when you have enough wealth to retire comfortably. Early retirement is when you stop working earlier than the usual statutory age.



The FIRE approach isn't the traditional retirement timeline. Most people dream of early retirement. However, the goal is extremely difficult, unless you can sock away between 50% and 70% of your income. While you'll have more time on your hands if successful, you must consider the unpredictability of the future.

In the current environment, you must think twice before you decide to shorten your retirement timeline. Investing is also a must in your financial independence journey. You might not retire early, but you have ways to retire at 60 successfully.

## 1. Review your overall cash flow

Create a budget to help you understand how to manage your money well. Give every dollar a role and make every dollar count. If you're strict on the budget, you can assess which spending you can cut some more to free up cash for savings.

## 2. Prioritize debt repayment

Debt is an obstacle to financial freedom. List all your outstanding debts and craft a repayment plan. You can start paying off loans with the highest interest. It should give you a sense of accomplishment every time to zero out a debt. More importantly, don't accumulate new debt, as it will set you back your timeline.

## 3. Build your savings

Make it a habit to save money whenever possible. It doesn't mean following the FIRE method, but setting a fixed goal or where your after-tax money goes. Some people use the 20/30/50 rule, where you spend 50% on needs, 30% on wants, and allocate 20% for savings.

## 4. Let your money work

Once you have accumulated savings, let the money work for you. Long-term investing is a proven strategy to build wealth over time. Investment accounts like the Tax-Free Savings (TFSA) and Registered Retirement Savings Plan (RRSP) should be part of your financial plan. It would help if you could maximize the contributions every year.

## Unanimous investment choice

**Enbridge** (TSX:ENB)(NYSE:ENB) is the unanimous choice of TFSA and RRSP investors. The top-tier energy stock has an excellent dividend track record and pays a very high dividend. At $49.48 per share, the dividend yield is 6.76%. Assuming you contribute $6,000 to your TFSA every year and reinvest the dividend, your money would compound to nearly $580,000 in 30 years.



This computation assumes that Enbridge has maintained the dividend yield. By then, your annual tax-free dividend would be $39,178.86. Furthermore, you can opt to claim your Canada Pension Plan (CPP) at 60, too. You'll have more retirement income when you start Old Age Security (OAS) payments at 65.

Enbridge displayed strong operational performance in Q1 2021, because of its resilient demand-pull franchises, investment-grade customers, and ongoing recovery of global economic activity. The dividends of this $100.22 billion energy infrastructure company should be sustainable, as it derives revenue from highly contracted and utility cash flows.

## Slow burn

Besides the extreme saving strategy, the FIRE approach requires a drastic lifestyle change. Why give yourself undue stress when a slow burn gets you to your destination? Moreover, you'll have the confidence to retire at 60.

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1. Dividend Stocks
2. Energy Stocks
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2. TSX:ENB (Enbridge Inc.)

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