



Freedom 40: Reach Retirement in the Next Decade

Description

It's not impossible for Motley Fool investors to start moving up their retirement plans. In fact, there's really no reason why someone couldn't live a retirement lifestyle starting right now. The pandemic led to a wave of work-from-home trends, and companies will have a hard time back-peddalling. And that's what makes this a great time to reconsider your lifestyle choices.

Here, I'm going to go over how you can certainly create income enough to retire in the next decade. Further, that through a few steps of preparation, you could possibly live a retirement lifestyle as early as today.

Be prepared

Before you even consider retirement either today or in the next decade, you need to be prepared. And that means for the worst case scenarios. Having an emergency fund is the best way to do this. To create an emergency fund, experts recommend having around three months worth of your salary on hand. So if you make \$50,000 per year, have about \$12,500 available at all times.

Once you have an emergency fund, the next step is paying down your debt. This can be the really hard part. You may have student loans, your child's education, a mortgage, car payments. All of these must be either paid off, or planned for when considering your early retirement.

Then of course, there's the plan itself for Motley Fool investors. How much do you spend each year? How much will you need to live the lifestyle you want? Are you willing to cut back on anything? How about moving? All of this must be taken into consideration.

Consider your options

A great way to save some cash for retirement is by moving away from the big city. Young people especially continue to be drawn to major urban centres, where there are job opportunities. Yet today that's changing. You can now work from anywhere in the world, and still get a job. What's more, many

remote work options allow you to work at your own schedule. Doesn't a project-based rather than hourly-based salary make more sense anyway?

So let's say you sell your home in Toronto and move to Orillia, for example. The average home price in Toronto is \$1.16 million. In Orillia? About \$800,000. That could give you about \$300,000 of cash to put aside toward your retirement dreams.

Invest!

You knew this was coming. Now that you have a plan and everything set up, you need to invest to make sure cash keeps coming. After all, if you're going to be living the retirement lifestyle, you'll need a passive income stream that will last you decades and decades.

A great place to start is with solid companies that already have decades of growth behind them. If you're just starting out, I'd look at the Big Six Banks. And to keep it really simple, you can invest in **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), Canada's largest bank by market capitalization.

If you had about \$30,000 to invest in Royal Bank today, that would bring in \$966 per year in passive income. Let's say you were then able to put just \$3,000 into your portfolio each year for the next decade. By that time, you'd be making \$7,014 in annual passive income. And this is something you could do right now!

Foolish takeaway

Whether you can afford it now or in a decade, you certainly can live a retirement lifestyle much sooner than 65. All you have to do is prepare, consider your options, and invest to keep cash flowing. You can afford a pay cut if you're working in a smaller city. You can afford to work less hours if you're bringing in that money through investments. As always, do your research and be realistic. But it's certainly something to consider for all Motley Fool investors.

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