Planning Your Retirement

Five Tips For Financial Stability In Retirement Years

(NAPS)—Most people have a vision of their golden years that includes a comfortable retirement in which they can spend their time doing the things they enjoy. That dream doesn't require a substantial amount of wealth, but it is a lot more attainable if you have some financial stability.

Unfortunately, just 17 percent of older Americans are "financially healthy" and four in five low- and moderate-income Americans over the age of 50 are struggling with at least some aspect of their financial lives, according to a 2019 study funded by AARP Foundation.

Here are five tips for increasing financial stability during your retirement years:

1. Stay out of debt. Debt can be destabilizing because it robs seniors of some of their free cash flow and reduces the amount of money they can spend each month. Credit card spending is especially dangerous for retirees, so consider a pay-as-you-go habit for new purchases.

2. Be a smart investor. Whether you have a small retirement savings or a large investment portfolio, a diversified low-cost investment strategy can deliver additional income for spending and help you stay ahead of inflation. Choose a mix of stocks, bonds and cash that helps you sleep soundly at night, according to The Vanguard Group.

3. Consider downsizing. Many retirees are hesitant to move out of the home where they raised their children, which is understandable for both emotional and practical reasons. But it might improve your financial stability to sell your current home and buy a less expensive one for retirement, pocketing the difference and investing it wisely.

4. Delay Social Security. For retirees who have not yet signed up to collect their Social Security benefits, it may be advisable to delay that start date as long as possible. This may sound counterintuitive if you are searching for financial stability, but research has found that most seniors will benefit from the higher payouts they will receive by deferring to age 70, if possible.

A few simple steps can help you have more of the green stuff in your golden years.

5. Increase cash flow. One way to raise the amount of cash available for funding your retirement is to work part-time, an option that is more available to seniors than ever before. Another possibility is to unlock cash tied up in assets that you might not even realize can be sold. For example, a life insurance policy is considered your personal property and—as such—you have the right to sell that policy anytime you like. When a consumer sells a policy in a "life settlement" transaction, the policy owner gets a cash payment and the purchaser of the policy assumes all future premium payments, then receives the death benefit when the original policyholder passes away. Candidates for life settlements are typically aged 70 years or older, with a life insurance policy that has a death benefit of at least $100,000.

A comfortable retirement is possible without an enormous nest egg, but it is very difficult without at least some degree of financial stability. By staying out of debt, practicing smart personal finance and maximizing cash flow, the vision you had of your golden years could be within reach.

To learn more about how to generate cash from a life settlement, visit www.LISA.org or call the LISA office at (202) 580-6188.