

Retire Early? Yes You Can

About 90% of the workforce would love to go into early retirement while they still feel they have some energy left in them to accomplish the things they do not have time to do now.

One way to achieve this is to start early and invest in an IRA or a 401k. But with today's economy you should save every penny that you earn, and you can never guarantee that the place you work for is going to stay in business for your entire working career.

Because there are no guarantees, you need to start saving for early retirement now if that's what you really want, but it will come with a price. If most of your traditional retirement plans are aimed to give you the maximum amount in your account when you reach retirement age, and would penalize you heavily for early withdrawal, then they are not for people who would want early retirement.

What you should have instead is a savings account. With a savings account you have the choice to withdraw the money whenever you want, put in as much or as little as you want and since you are already taxed on that money you won't pay any further taxes except for the interest.

The disadvantage to this type of account is that the interest rates aren't that great and you need to have self control, in other words, when you deposit the money into the account you must not touch it. You need to keep reminding yourself that this money is for early retirement and you cannot retire early if you cannot leave the money alone until the right time.

You can, however, spend the money if you plan on investing in bonds or stocks, because the money you are expending may yield a higher interest rate, giving you a better return for your money than a regular savings account.

The Secret of Early RetirementThe big secret to early retirement is to assess your life right now and determine how much you really need for your present lifestyle. Let's assume you earn \$3,000 a month. Take that amount and subtract all of your bills, including utilities, rent or mortgage, vehicle payments, insurance, water, cable and waste removal. Now take your miscellaneous expenses like clothing, dining out and entertainment # anything that can be classified as a luxury. Now get that total and subtract it from the new net income. What you may have left over is very little.

This is the difficult part where self control comes into play as you will have to decide what expenses you can do without and take that money and invest it into your account and not touch it, ever, until early retirement time.

It would be ideal if you can invest half of your net pay, but a lot of times that is not practical, so try to invest as close to half as possible. You can achieve this by eliminating your credit cards and pay cash or write a check for what you need and save yourself from paying that absurd interest.

How badly you want early retirement and what you are willing to do for it now is the real secret.