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Want a Happy Retirement?

5 rules cheapskates follow for a comfortable, stress-free life.

by [Jeff Yeager](#), [AARP](#), April 1, 2013

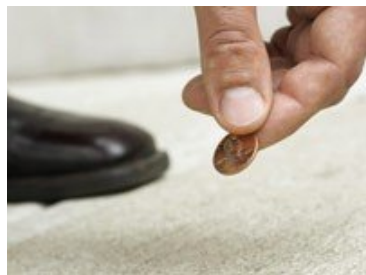
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The latest "[Retirement Confidence Survey](#)" released by the Employee Benefit Research Institute might be better titled the "Retirement *Uncertainty* Survey." Almost half of the workers surveyed said they have little or no confidence about [having](#)

[enough money to retire](#) comfortably.

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[Personal debt](#), [declining savings levels](#), concerns over rising [health care costs](#) and possible job loss were among the chief worries of those surveyed. But what really jumped out at me was that less than half of the respondents said they had attempted to figure out how much they'll need to save for retirement.



Cheapskates recognize that even the smallest act of frugality helps to instill and reinforce an "ethic of thrift."

— Roy Hsu/Age Fotostock

In my new book, *How to Retire the Cheapskate Way: The Ultimate Cheapskate's Guide to a Better, Earlier, Happier Retirement*, I encourage you to become the CFO — Chief Frugal Officer — of your household. Fully understanding and controlling your spending is as important when planning for retirement as smart investing. You need to figure out exactly where your money goes today and where it will be spent when you're retired.

Here are five key principles for [how to retire the cheapskate way](#).

1: Live not just within your means, but consistently below your means throughout your working years.

Spending less than you earn sounds simple enough, but it's quite rare. A 2012 survey by the American Payroll Association found that more than two-thirds of Americans report living paycheck to paycheck.

Cheapskates frequently adopt what I call a "permanent standard of living." They decide at a relatively young age that they're content with the lifestyle they're leading. So, even when they make more money, they refuse to increase their spending. Avoiding this "lifestyle creep" allows them to live marginally below their means. Financial security and the peace of mind that comes with it are the trade-off for not always driving a new car or constantly hopping from one house to a larger, more-expensive home.

By adopting this approach, frugal folks are able to set aside greater savings for retirement throughout their income-earning years. So, later in life, they won't need to gamble on risky investments in an attempt to make up for lost time. By living below their means, cheapskates have been test-driving their retirement budgets and lifestyles for years. Once retired, their spending and lifestyles typically change very little.

2: Retire your debt before you retire.

Cheapskates are hard-liners when it comes to debt. With few exceptions, they live by the old school saying, "If you can't afford to pay for it now, you simply can't afford it." They avoid debt like the plague, and when they do take on debt — most commonly in the form of a home mortgage — they place the highest financial priority on paying it off as quickly as possible. With the average American estimated to spend more than \$600,000 on interest in their life, cheapskates accrue huge savings by avoiding debt and banking what they would otherwise pay in interest.

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Catch the latest episode of *The Cheap Life* starring Jeff Yeager, AARP's Ultimate Cheapskate. [Watch](#)

When it comes to retirement, cheapskates believe that — almost by definition — you're not ready to retire until you've retired any personal debt, including paying off your home mortgage. In fact, they feel so strongly about it that they advocate selling off assets or postponing retirement in order to retire debt-free.

Next page: [Simple-sizing your life reduces stress. »](#)

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Alyne talks with Jan Cullinane, author of the book *The Single Woman's Guide to Retirement*, a book endorsed by AARP.

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