

The Best Way to Attack Debt and Gain Financial Freedom

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Debt is a problem all demographics of Americans struggle with. The total amount of consumer debt in the US is [nearly \\$2.4 trillion](#).

Younger generations have bright futures to think about, but if you're over 50, there's a reality to face:

How are you going to stop accruing debt and start saving retirement?

As a long-term financial advisor, here's my best advice on how to attack debt and finally gain your financial freedom.

Pay Yourself First

"Pay yourself first" needs to become your personal motto. Figure out what specific savings contribution you need to make from each paycheck to work towards financial freedom. Once you have a number, set it up to automatically deduct from your

paycheck before you start spending that money on anything else.

Some advisors call this the "anti-budget," because you don't have to create and stick to a budget to succeed. You've already removed money from the equation. Now you just need to make the month work with what you have.

Target Your Expenses

Did you know that the average American [has credit card debt](#), no matter the economy? That's because it's now a cultural norm to rely on debt for major expenses, regardless of whether or not we can afford it.

Simply put, eliminating debt boils down rejecting the idea that you should regularly spend beyond your means to live comfortably in the US.

If you're a late-career corporate worker, living within your means definitely doesn't mean converting to a life of austerity. No, all you need to do is start rethinking your "given" expenses.

- **Your location**

For most people, their two biggest expenses are local taxes and housing costs. Both of these are determined by where you live. Do you really need your 3-bedroom house or can you downsize pre-retirement? Have you considered moving to a more affordable city (or country)?

- **Monthly bills**

Do you need cable, or can you make due with online streaming services? Can you switch to a different family plan to save money on your cell phone bill? Can you cancel your gym membership and start jogging outside instead?



- **Transportation expenses**

Do you really need to take that gas-guzzler to work or can you get by with public transportation? What about your extra car, motorcycle, or boat? You should also think about the maintenance cost of all these vehicles. Is it worth it?

- **Vacation time**

Vacation is a tough one to give up, but you can think of it as an opportunity. Take the extra time to work on something productive, like building an extra stream of income to build your disaster fund.

The Debit Card Diet

Once you've made serious efforts to reign in your spending and live within your means, the second part becomes a lot easier:

Draw a line in the sand. No more credit cards.

I call this the "Debit Card Diet." Teach yourself to live only off your debit card and you can limit your access to more debt.

You probably have a lot of reasons why you should keep a credit card, even if you don't need it. For one, credit cards have better fraud protection than debit cards.

I know a lot of people keep a credit card in case of "an emergency." But if you and your financial advisor work together to build your disaster fund, then that's going to be your emergency money. Keeping an empty credit line open for "just in case" is way too tempting.

But what about your credit score?

You only need a credit score if you need credit. And you're leaving that all behind you, right? I know plenty of professionals who have no credit and do just fine. In fact, they're a lot better off.

The Bottom Line

There are plenty of financial advice experts out there who suggest a different strategy. There's Dave Ramsay with his "Debt snowball" method, Suze Orman, Ric Edelman, and many others who specialize in eliminating debt.

I think it's worthwhile to read up on their methods, but I also think it's difficult to give advice on eliminating debt in a vacuum. For one, you need to balance your efforts with building a disaster fund to protect you and your family.

So find a financial advisor who appreciates your needs to hammer out an attack plan that works for you.

My Retirement Rehab can help. Join us free below and get advice on your specific situation.



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