

How to Pay Off Debt in Retirement

Tip #1 Target high-interest debt first

Pay down debt in this order:



High-interest debt
(the average credit card rate is 15.79%)



Longer-term, lower-interest debt
(such as car loans)



Mortgage debt
(30-year fixed loan rate averages 4.4%)

Tip #2 Make cuts

If you have significant debt, you may need to liquefy some assets, downsize to a smaller home or forego that second car.



Tip #4 Don't burn your retirement savings



Avoid withdrawing funds from a traditional IRA before age 59½. You will pay the IRS a hefty penalty—and you won't have that savings down the road when you might depend on it.

Tip #3 Go back to work

If returning to the work force is an option and fits in with your long-term plans, it can be a great way to earn some extra income and pay down debt faster. More Americans age 65 and older—**roughly 19 percent, nearly 9 million people**—are working than at **any time** since the turn of the century, according to a 2016 Pew Research Center analysis of government data.

Tip #5 Beware of quick fixes and scams



Avoid shortcuts that can put you at risk:

- Debt reduction companies charge high fees to consolidate debt.
- Refinancing can lengthen the duration of your loan.
- Reverse mortgages could be a suitable solution, but make sure you're dealing with a reputable source.