

5 Tips for Reducing Debt While Still Investing

This is an extra resource to go along with the original article:

[How to Handle Debt in Retirement](#)

If you decide you want to focus on paying down debt but also want to invest before retirement, here are a few things to consider. Keep in mind that there's no one-size-fits-all strategy, so you should trust your gut when it comes to the right strategy for your and your family.

1

Make Your Minimum Debt Payments

If you have any type of debt, you should at the very least be making the minimum payments on time. Failing to do so could land you in hot water later on, so even if you don't want to pay down debt aggressively, you will still need to budget for the minimum. Set up a realistic timetable for payments and stick to it.

Consolidate High-Interest Debts

If you're having trouble staying on top of your regular payments and it's interfering with saving and investment plans, consider consolidating and negotiating your rates to ease the burden. You may be able to reduce your minimum payments enough to divert money into your portfolio instead.

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Take Advantage of Employer Contributions

You may choose to focus your efforts on paying off debt and creating a cash cushion instead of aggressively investing right away. If this is the case, consider taking advantage of any employer contributions to your retirement account (if applicable) as this will still help you move toward your retirement investing goals while you reduce debt. Remember that any match is free money, so take advantage while you can.

Have a Back-Up Plan

While it's recommended to have a cash cushion of at least 6 months, that may not be possible for everyone, especially if your income is lower or your cost of living is especially high. But either way, you should have a backup plan for emergency situations, including lifestyle adjustments or even a "plan B" saving/spending strategy for lean times.

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Track Spending and Find Ways to Save

If you're not already adhering to a budget or tracking your spending, consider doing so. Finding ways to save – whether it's coupons, discounts, or something else – may free up some unexpected income to put towards more aggressive investing strategies, into your savings, or to pay off more debt.