Boost Your Retirement Income with These 5 Tips

It's not as dire as it seems if you're short on cash and retired. You can still act on one of these tips.

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It's no secret that most Americans won't be able to replace their pre-retirement income once they hit their Golden Years. Of course, that's not necessarily a bad thing. Many people live within their means and don't need that level of income, while others are easily able to downshift their expectations and live quite happily.

But there are some who, for whatever reason, will find themselves up at night worrying about finances. No one wants to spend their retirement fretting over such things. If you find yourself in this boat, here are five simple suggestions to help you boost your income in retirement.

1) Take a loan against your insurance policy

This won't work for those who have basic term insurance. While some argue that you should never pay for anything other than term insurance, the fact remains that if you have a policy that can accrue investment gains over time (variable universal, for example), you can take a policy out against that loan.

Because you are retired, it's likely that you don't need nearly as much coverage as you did earlier in life: the kids have moved out, the house is paid for, and you're no longer commuting to work every day. That means that you can take out a loan for the cash value of your policy to help pay for odds and ends, and not be too worried about the subsequent decline in your policy.

2) Try a reverse mortgage

This is a somewhat controversial option, as reverse mortgages can be difficult to understand, and easy for predators to exploit. That's why discussing this options with a fiduciary advisor is of the utmost importance.

In essence, a reverse mortgage -- usually available only if your house is paid off in full -- allows you to draw money from the bank against the equity in your house. There are limits on how much you can pull out at once before incurring steep fines, and how much you can pull out in total. And when you pull the money out, interest can compound, quickly rising above the value of your house.

But the catch is that, because you pay insurance for the policy, the bank can't take your house from you until you leave the residence permanently, either by choice or because you pass away. If the balance owed the bank is more than the house itself, neither you nor your heirs will need to pay the difference -- that's why you pay insurance on the policy.

The important thing to remember is that you must stay current on your property tax payments and homeowners insurance, as well as keep the house in a state of livability equal to what it was when you took the policy out.

3) Get a part-time job

Far less controversially, there are many benefits to getting a part-time job. Before entering retirement, most soon-to-be retirees say that they'll miss their steady paycheck the most once they call it quits from the working world.

But when Age Wave and Merrill Lynch asked current retirees what they missed the most, over half said that it was "social connections" or "having purpose and work goals." While getting a part-time job will obviously help boost your retirement income, it could serve an even more important purpose: helping you stay connected and involved in the community around you.

4) Rental income

This is obviously only an option for those who (1) have enough cash to buy a rental property, and (2) have the desire to be a landlord. It's no secret that tenants can present their own brand of headaches. Whether or not that's worth the type of cash flow you can get from owning a rental property is based almost entirely on your personality.

That being said, owning a rental property can be a great way to provide steady income. While downturns in the economy might lower demand during tough times, even if you are only covering your mortgage payments, you are still accumulating equity in a property that you can sell at any time. That's a type of downside protection you can't find on the stock market.

5) Wait to retire

Currently, the full retirement age for Social Security is 66. While you can file starting at age 62, you can wait all the way until age 70. With each year you delay filing for benefits, the amount of your monthly benefit increases by 8%.

When you consider that these increases are inflation-adjusted, and, barring congressional intervention, guaranteed, that's an amazingly generous increase for someone with a less-risky retirement portfolio.

Sure, not all five of these ideas will pertain to you. But if even one works out, it could provide the cushion that makes it easier to sleep at night once you're retired.

URL: http://www.fool.com/retirement/general/2016/05/01/boost-your-retirement-income-with-these-5-tips.aspx?source=eptfxblnk0000004