

# The Importance of Good Credit Later in Life

Written by Arizona Foothills Magazine

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Retirement is a scary time for a person who has defined her usefulness by going to work and doing a job every day for forty-five years. In order to have enough money to live on for those retirement years, a person will have to unlock [the power of saying "No"](#) to a lot of things that might threaten the nest egg down the road.

But sometimes, life throws a monkey wrench into our plans, forcing us to dip into that nest egg and putting our retirement at risk. These things can't always be helped. If you, or someone you love suffers an injury or illness not covered by insurance, you may have no choice but to dip into those funds that were earmarked for something else.

These are the situations that force us to have to come up with a plan B even when we have done all the right things to prepare for retirement. At such a time, these are the options available to us:

## Borrowing Power

Borrowing power refers to the amount of other people's money you can leverage for your needs at any given time. It should come as no surprise that the amount of borrowing power you have is heavily influenced by how well you have handled credit in the past. Netplaces put it this way:

Lenders desire a steady record of on-time payments for all revolving debt. You'd be surprised how quickly a credit report registers late payments on credit cards, auto loans, and home-equity lines. Even one missed payment can damage your credit score, and correcting wrong information takes time.

There is a good chance that whatever caused you to drain your retirement fund also created a few negative implications on your credit report. At a time like this, the most important thing you can have is a clean credit report.

While it is true that damaged scores and wrong information can be difficult to correct on your own, there are [credit restoration](#) services, like those offered by Lexington Law, that can get you back on your feet much faster.

## Saying "No" to Unnecessary Debt

Protecting your nest egg may not be a simple matter of discipline. Many things happen that are beyond your control. Protecting your borrowing power is a lot more doable, and potentially, a lot more important.

When we are young and feeling invincible, we can easily make the mistake of overextending ourselves. We buy more house than we really need, eat out more often than we know we should, and buy the big-screen HD television when something more reasonable would have suited us just fine.

Even if all that [unnecessary debt](#) does not lead to late payments, it will reduce your borrowing power when you need it the most. You don't want your borrowing power tied up with that luxury SUV when a midsize sedan would have done the trick nicely. Say "No" to unnecessary credit so that you have it when you need it.

## A Marketable Skill

Finally, retirement does not mean you have to stop working. It just means that you get to choose what work you will do, and when you will do it. Retirement is not about rocking chairs and long walks on the beach. You still need to keep your mind and body fit. There is nothing wrong with turning a lifelong hobby into a little extra money during retirement.

The wood carving your father taught you can become a nice, part-time income. You never became a concert pianist. But you can still give private lessons. Freelance writing can be a great retirement income for someone with life-experience.

Borrowing power combined with the ability to make a casual income can help you survive the loss of your retirement savings.