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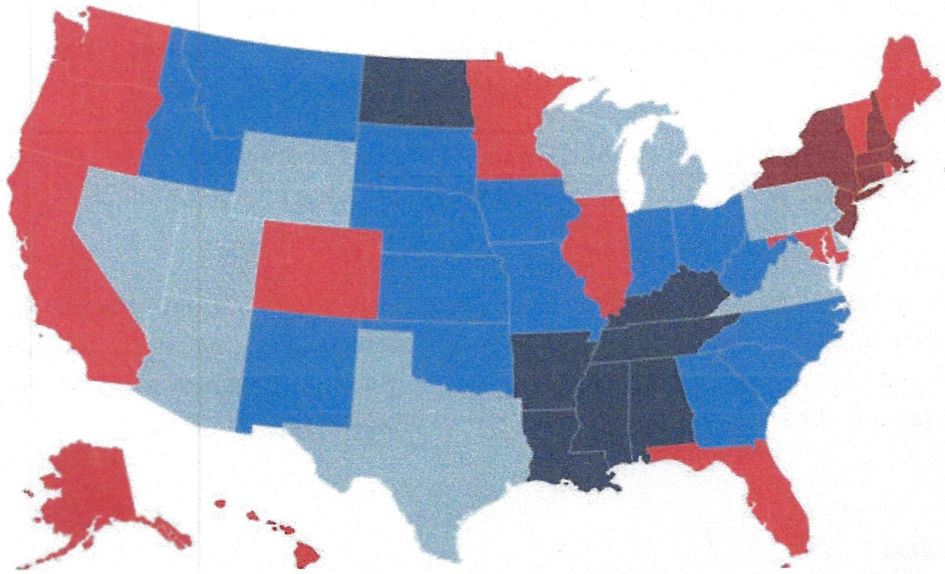

Credit: Investopedia

Key Takeaways

- A single retiree with a paid-off home may need about $572,000 to $909,000 in savings, depending on the state.
- A typical mortgage-free couple could need $700,000 to $1.18 million for a comfortable retirement.
- Even without a mortgage, retirees still face housing costs such as property taxes, insurance, utilities, and fees.

Paying off your mortgage before retirement can feel like clearing one of the biggest hurdles standing between you and financial freedom. Without that monthly payment, the nest egg you need may shrink considerably.

But a paid-off house isn't a free house—property taxes, insurance, utilities, maintenance, and other living expenses don't disappear. Those costs vary widely by location, which is why an Investopedia analysis of federal data finds that where you live can make a major difference in how much you need to retire comfortably.

How Much Mortgage-Free Retirees Need to Save

Note

Almost 80% of U.S. households headed by someone 65 or older own their home, and of those, close to two-thirds own it free and clear.

A single retiree with a paid-off home needs about $693,000 in savings to retire comfortably, according to Investopedia's analysis. Depending on the state, that figure ranges from about $572,000 to $909,000.

Meanwhile, a typical mortgage-free couple needs about $870,000 in savings for a comfortable retirement. Depending on where they choose to live, the estimate ranges from about $700,000 to $1.18 million.

Those mortgage-free estimates are well below the $1.46 million Americans told Northwestern Mutual this year they'd need to retire comfortably. One big reason: Retirees free of a mortgage payment have a significant cost advantage, with median monthly housing costs of $658, versus $1,736 for owners still paying off a mortgage, according to Census data.

Note

Why This Matters to You

One-size-fits-all retirement targets miss how much housing costs change the math. Whether your mortgage is paid off—and where you live—can mean needing to save far less for a comfortable retirement.

The States Where a Paid-Off Home Stretches Retirement Savings Furthest

Investopedia's model estimates the cost of a comfortable year of retirement in each state, including everyday spending and the housing costs homeowners still face after the mortgage is gone.

It then accounts for the national average annual Social Security benefit—$23,704 for singles and $37,713 for couples—with savings covering the remaining gap. Using the 4% rule of thumb for retirement withdrawals, the annual shortfall is divided by 0.04 (or multiplied by 25) to estimate the nest egg required.

Arkansas requires the least savings for a mortgage-free single retiree, at about $572,000. Louisiana, North Dakota, Mississippi, and Tennessee follow, all with estimates below $590,000—and more than $100,000 below the national figure of about $693,000.

Of course, couples generally need larger nest eggs, though the cost-of-living geography is similar. For a couple, the estimated amount for a comfortable retirement ranges from about $700,000 to $1.18 million, depending on the state.

The Costs That Outlive Your Mortgage

Older homeowners without a mortgage still have housing bills to pay, including property taxes, insurance, utilities, and fees. Those costs range from about $398 a month in West Virginia to just over $1,200 in New Jersey, according to Census Bureau data.

Those ongoing costs help explain why mortgage-free retirement is still far more expensive in some states than others. The Northeast dominates the high end: New Jersey has the highest estimated nest egg for a single retiree with a paid-off home, at about $909,000, followed by New York ($840,000), Washington, D.C. ($834,000), Massachusetts ($826,000), Connecticut ($819,000), and New Hampshire ($814,000).

Note

But retiring mortgage-free is becoming less common. In 1980, just 13% of homeowners ages 65 and over still had a mortgage, according to Census data. By 2024, that share had risen to 36%.

According to the Federal Reserve, the mortgage balances among those ages 65 to 79 are bigger, too: median mortgage debt among older owners more than quintupled in inflation-adjusted terms, from $21,000 in 1989 to $110,000 in 2022.

How We Calculated Retirement Costs and Savings Needs

The estimates in this analysis use Investopedia's methodology for calculating a comfortable retirement, combining state-level living costs, the national average for Social Security income, and the 4% withdrawal rule to estimate how much retirees need in savings.

Housing costs reflect what homeowners ages 65 and over without a mortgage pay in each state, including property taxes, insurance, utilities, and fees. That differs from our baseline model, which uses a blend of housing costs for owners and renters.

Finally, the nest egg estimates are based on financial assets and do not include the value of a retiree's home.

For more detail on the assumptions behind these calculations, see our national analyses of retirement costs for couples and single retirees.

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