

MONEY WISE

VALUING PEOPLE. VALUING MONEY.
MANAGING IN TOUGH TIMES INITIATIVE



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THIS MONTH'S TOPIC: LIVING ON A RETIREMENT BUDGET

Are you considering retirement? Years of hard work have paid off and now is your time to enjoy the fruits of your labor. While it may be tempting to plan an exotic vacation, buy your dream car, or spoil your grandchildren with an endless stream of gifts, it is important to be mindful of your retirement budget. Doing so will ensure that you are able to meet all of your retirement goals without worrying about money later on in your retirement. Below are some things to keep in mind when planning your retirement budget:

- **Start early.** Don't wait until you have officially retired to start thinking about your retirement budget. Ideally, you should begin planning your budget as soon as you have a retirement date in mind. One of the easiest ways to get into financial trouble during your retirement is to overspend during your first few years of retirement with the thought that you will be able to correct your spending later on.

- **Basic living expenses.** Your mortgage and other outstanding debts such as student loan debt have most likely been paid off by the time you retire. However, there are many expenses that remain. When you are establishing your budget, plan for utilities, grocery bills, and other routine expenses unique to your household. You will also need to include other expenses such as insurance premiums and property





taxes. The easiest way to include all of your living expenses in your budget is to track your monthly expenses for a few months before writing your budget so that you are aware of where and how you are spending money. Remember to include even the smallest of expenses in your budget!

- **Health care costs.** Retirement is the time in your life when you will most likely use health care services the most. It is a good idea to familiarize yourself with your insurance policy to determine deductibles, out-of-pocket costs, and other expenses that you may encounter. Be sure that you have set aside money in your budget to cover these costs.
- **Unexpected expenses.** Unfortunately, unexpected expenses will follow you well into your retirement. It is a good idea to set aside a portion of money in your retirement budget to deal with costly home, auto, and other miscellaneous repairs.
- **Recreational costs.** Retirement is your time to do what you want, when you want. Budgeting for recreational costs including vacations, tickets to concerts and shows, and memberships to recreational clubs is critical to guaranteeing that you will be able to enjoy

retirement without worrying about your financial status. Also, if you are volunteer minded, be on the lookout for volunteer opportunities in your community. Volunteering is a great way to take in shows, sporting events, and other great local activities without having to spend a dime.

- **Make your retirement a team effort.** Include your family in the budgeting process. While it is not necessary to share details of your budget, it is a good idea to explain to your children and grandchildren that you are living on a fixed budget each month. This conversation is a great way to foster support for your retirement spending.

Whether you are retired or planning to retire, budgeting will help you make the most of your money. Living on a budget requires discipline but is well worth it!

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