

Tips for Creating a Retirement Budget

Today we are going to discuss some tips for creating a retirement budget. Over and over, we hear about income in retirement, creating a personal pension and other ways financial services professionals look to cover the “income gap.” However, how many times do they provide you with tips to create an accurate retirement budget? Today, we’re going to do just that. Here are some tips from Maurie Backman and The Motley Fool in an article entitled “[4 Tips for Creating a Retirement Budget](#).” Let talk about the four tips mentioned in the article and expand on each of them.

The first tip mentioned in the article is “Understand your healthcare costs.” For many retirees, healthcare is going to be a major expense. When you combine Medicare premiums, Medicare gap coverage, long-term-care insurance, prescriptions and more, healthcare can become a large part of your budget. To reach an estimate of your monthly costs, you can add the costs you already know, like fixed monthly costs of premiums and other anticipated amounts. Depending on your individual situation, you may consider increasing your monthly contributions to a Health Savings Account if you have years left before you retire.

The second tip involves your home. Now, some retirees decide to downsize or move to a home with less maintenance. However, if you stay in your home or even if you move to a smaller home, you will need to budget for potential maintenance and repairs. How old is your furnace? The roof? Homes and appliances all have a limited life span. The article suggests that you estimate potential costs for repair and replacement. Also, you may be handy now, but odds are you might have to avoid making certain repairs in the future.

Next is to assume you will spend more than you think on leisure. You’ve been working your entire life for this opportunity and it’s natural to want to do the things you’ve been waiting to do. However, unless your hobbies are all low-cost by nature, you are likely to incur costs. Greens fees for golf, airline tickets for travel, cooking classes — whatever it may be, you need to budget for the expenses. Unless you want to play Monopoly every day.

The final tip involves taxes. As we mentioned about property taxes, taxes have a way of increasing over time. Withdrawals from your retirement savings accounts may be taxed. Even your Social Security benefits could be taxed, depending on your income. Make sure when you are creating a budget to include taxes as part of the equation.

Remember your first paycheck from your first job? If you’re anything like me, you probably spent some time calculating your hourly wage by the number of hours you worked and began to imagine what you could do with that money. However, when my first check arrived, the shock arrived as well. In my daydreams and calculations, I hadn’t planned on federal and state income tax, Social Security contributions and other deductions. Save yourself the rude awakening by budgeting for those deductions.

Creating a budget for retirement income and expenses can help provide peace of mind and help you prepare for the future. It may also be a valuable opportunity to meet with your financial services professional and review your budget, savings and long-term goals. At Strategic Wealth two tools that we use to evaluate the retirement journey are the Color of Money Risk Analysis and the Social Security Maximization Report. For more information on these visit <https://strategicwealthadvisorsgroup.com> and request more information.

Disclosure:

All written content on this site is for information purposes only. Opinions expressed herein are solely those of Strategic Wealth Advisors Group, Inc. and our editorial staff. Material presented is believed to be from reliable sources; however, we make no representations as to its accuracy or completeness. All information and ideas should be discussed in detail with your individual adviser prior to implementation. Fee-based financial planning and investment advisory services are offered by Strategic Wealth Advisors Group, Inc. a Registered Investment Advisor in the State of Michigan. Insurance products and services are offered through Strategic Insurance Group, Inc. Strategic Wealth Advisors Group, Inc. and Strategic Insurance Group, Inc., are affiliated companies. The presence of this web site shall in no way be construed or interpreted as a solicitation to sell or offer to sell investment advisory services to any residents of any State other than the State of Michigan or where otherwise legally permitted. Strategic Wealth Advisors Group, Inc., Strategic Insurance Group, Inc., Tim Sullivan, independent agent, is not affiliated with or endorsed by the Social Security Administration or any other government agency.

Sources:

<https://www.fool.com/retirement/2018/10/18/4-tips-for-creating-a-retirement-budget.aspx>