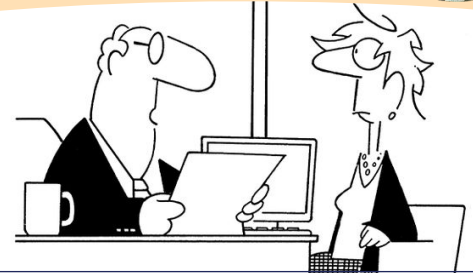


Financial Wellness Update



October 2020

“If you keep working until you’re 85, you can afford an early retirement.”



Budgeting for Retirement

There are all kinds of “rule of thumb” numbers floating around for how much income you’ll need in retirement, but they are just that — guidelines, not hard and fast rules that will necessarily apply to your particular situation. Budgeting for your retirement is a bit of a guessing game however clarifying your goals and expectations will make it easier.

Reduced Expenses

What you’ll need to retire depends entirely on how you want to live during retirement. If you’re intending to stay in the same place with the same spending habits, then take your current monthly expenses and deduct the things that may no longer apply such as work clothes, a second vehicle and lunches out on workdays.

- Where do you see yourself living? In your house? In a condo? In another city or even another country?
- What will you do all day? Do you have hobbies you intend to pursue?
- Do you want to travel? Determine costs by making a list of the places you want to visit and researching the expenses.

Budget Busters

You may plan to stay right where you are and do the same things you do now other than going to work. Fair enough. Nevertheless, you may still need to add a few things:

- If you stay in your current home, even if it’s paid off, you may have higher maintenance bills over time as the home ages.
- Property taxes tend to creep up over time. Look at your past tax statements to gauge the average annual increase.
- Increased medical costs: Average medical expenses during retirement are \$190,000 for a 65-year-old man and \$215,000 for a 65-year-old woman.

Very few people simply stop working without substituting other activities. Think about your “typical day” and “typical month” in retirement.

Think Outside the Box

Don’t limit yourself to your current activities or environment. Think expansively.

- You could keep your home for a few years to transition into retirement and then downsize.
- Some retirees take mobility to a higher level by selling their house and cars and buying a motor home or boat to live on. You could save on property taxes and have a high degree of mobility.
- An increasing number of Americans are stretching their retirement budgets by moving to an area with lower costs.

Retirement isn’t just a time to quit working; it’s a time to enjoy the fruits of all of those years of labor — to open your mind and your horizons to new experiences, people and places. Getting there isn’t hard. And with a good plan, you can.

Fast Facts

While exact numbers aren’t available, the State Department estimates that about 9 million Americans live outside of the U.S.

Many expats choose to relocate to save on housing and other costs of living, including medical care.



Questions about saving for the future? Contact **Greg Tedone** or **Chris Hoffarth**.

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