

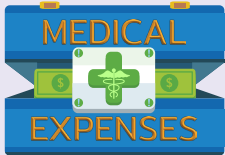
RETIREMENT & BUDGETING

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**MONEY
THING**[®]
Golden Years

Budgeting for retirement is essential

Creating a retirement budget can significantly enhance your peace of mind and reduce financial stress during your golden years. With just a few straightforward steps, you can develop a budget that meets your obligations while still allowing for plenty of enjoyment.



1 Add up your income sources	2 Identify your expenses	3 Account for healthcare costs	4 Don't forget about fun	5 Calculate fixed vs. flexible costs
<p>First, add up all your retirement savings, including RRSPs, TFSA's and non-registered accounts. If you're a business owner, include assets from the sale of your business.</p> <p>Next, divide your total savings by the number of years you expect to be retired to estimate your annual income from savings.</p> <p>Then divide this annual amount by 12 to determine your estimated monthly income from savings.</p> <p>Next, add up all your sources of monthly retirement income. Combine this figure with your estimated monthly income from savings to get your total estimated monthly income.</p>	<p>Gather the following items:</p> <ul style="list-style-type: none">• Bank account statements for the last 6 to 12 months• Credit card statements for the last 6 to 12 months• The last 2 pay stubs, if you or your spouse is still employed• Last year's tax return <p>Review these documents to identify all of your recurring monthly, quarterly and annual expenses. Divide your expenses into the following categories:</p> <ul style="list-style-type: none">• Essential spending• Discretionary monthly expenses• Required non-monthly expenses	<p>If your employer has been covering your extended health insurance premiums, you may need to shoulder this expense after retirement.</p> <p>Be sure to account for dental, vision and hearing care. Add these costs to your budget as well. Also, estimate other health-related expenses, such as medication, to ensure you have a complete healthcare picture when creating your retirement budget.</p> 	<p>Discretionary spending is the flexible part of your budget that includes all the fun activities like travel, outings with grandkids, sports and other entertainment. Love dining out, or dreaming of an annual cruise? Estimate how much you'd like to spend on these enjoyable activities and include them in your budget.</p> <p>If you plan to spend your newfound free time on expensive hobbies, ensure you account for that in your budget. Think about adjustments you might be willing to make to free up money for these activities; the trade-off could be worth it.</p>	<p>Now that you've gathered all your expected costs, determine how much is fixed and how much is flexible:</p> <ol style="list-style-type: none">1. Total all your fixed expenses2. Total all your discretionary expenses separately3. Divide your fixed expenses by your total expenses <p>What percentage of your retirement income will go toward fixed expenses? Does this align with your plans for how you want to spend your time in retirement? If you have large monthly obligations like house and car payments, consider whether a lifestyle change is necessary.</p>

Seek professional advice

Consulting a financial advisor can provide valuable guidance to help you navigate these decisions effectively

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