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| **Retirement Leaves You with a Finite Amount of Money. Be Smart and Make a Plan.****It requires preparation and discipline to live within your means during retirement. You would be wise to plan out your retirement expenses and income so that you can address the issue realistically.**Many retirees share the common dread of outliving their money. Besides being psychologically debilitating, the fear of going broke can cause you to overly constrain your retirement lifestyle. On the other hand, not preparing properly can lead to overspending and unpleasant consequences as you age.**It all starts with a budget.** A budget isn’t a token exercise—it is a serious tool to help you manage your money and safeguard your future. Start with your anticipated income, including Social Security benefits, pensions, annuities, and retirement savings. Remember the amount you draw from your retirement accounts each year must satisfy the required minimum distribution rules. Follow this with non-discretionary spending such as housing, food, transportation, insurance, and healthcare. In a separate section, list out how you’d like to deploy your discretionary funds.**Iterate through your budget.** Don’t expect to get the budget perfect on the first try. For example, your desired discretionary spending may require you to drain your retirement accounts too quickly. Consider using the 4% rule, which states that your account should last for about 30 years if you withdraw no more than 4% per year. If your calculations show you’d need to withdraw more than 4% from your retirement accounts, you’ll need to adjust your budget.**Know what to cut.** Start with your non-discretionary expenses. They are only non-discretionary in the short run because you can make structural changes to your lifestyle to reduce these expenses. If your current housing expenses will put a big strain on your budget, you may want to consider downsizing. If you own your home, you can sell it and buy something more affordable. Similarly, consider your alternatives for transportation, healthcare, dining, and other basic expenses.**Adjust expectations and goals.** After you finish reducing your non-discretionary spending, see what you have left for discretionary spending. You may have to trim there as well, so prioritize what is important to you and your lifestyle. If the cuts seem too onerous, you may want to consider increasing your income by postponing or phasing down your retirement or entering the gig economy, at least on a part-time basis. Once you’ve finalized your budget, it is imperative that you track all your spending each month. Otherwise, the whole exercise will be for naught.**A plan makes all the difference.** Some retirees take the ostrich approach and bury their heads in the sand. Doing that only delays the inevitable and may harm you in the long run. You really do need a plan, as well as the discipline to follow it. Contact me when retirement approaches and we can formulate or refine your retirement plan. Together, we can help maximize your potential to maintain your lifestyle during your golden years.

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