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**Retirement - Making Your Money Last**

Here are two similar ways you can do the planning so that your money does not run out in the retirement years:

#1 – Money for Life, article in AARP Dec 2018 by Jane Bryant Quinn

 Key – money available to spend annually.

 Focus on real, guaranteed money you will receive:

 Guaranteed income from other sources

 Personal savings and investments

 Step 1 – tally guaranteed income (Social Security/Pensions/rental property oncome etc.).

 Step 2 – add current value of spendable assets (savings, investments, regular and retirement). Subtract cash cushion to cover near term expenses. Take 4% of what remains.

 Step 3 – guaranteed income + 4% of spendable assets = amount for living expenses.

 Step 4 – Divide amount for living expenses annually by 12 = available monthly cash to pay your bills in retirement.

#2 – Your Money Coach – focus on expenses, then look at income

 Step 1 – lower your monthly expenses by eliminating non essentials. Use “buckets” for your bucket list, bucket accounts are separate from your monthly budgeted expenses.

 Step 2 – Determine your current monthly expenses.

 Step 3 – Total your savings and investments (do not include your home); subtract your Emergency Fund and your Buckets = grand total of spendable assets available to pay expenses.

 Step 4 – Take 3.5% of your grand total available to pay expenses. This is the amount you can take out of investments each year.

 Step 5 – Add amount from investments each year plus annual guaranteed income (SS/Pensions etc.). Divide by 12. This is the money you can use for monthly expenses.

 Step 6 – Compare money for monthly expenses (Step 5) with monthly expenses (Step 2).

 Step 7 – Do a year-to-year chart listing expected additions to income (example: year start SS, home paid off) in years ahead and expected reductions to income (example: retirement, employment income stops).

Bottom line: Know how much you are spending/know your required expenses. Know how much is available to pay these expenses. Money available should be more than required expenses. If not, you have two choices: spend less, earn more. Borrowing is not an option.