



How to Fight Inflation in Retirement

A Users Guide to the Easiest Retirement Budget Worksheet

The worksheet begins at the bottom of this guide. To find it scroll down.

If you are retired or nearing retirement, learning to fight inflation might be the best way to avoid running out of money. This article will help you identify where price increases affect you the most and give you one of the easiest ways to fight inflation in retirement.

You probably know that most retirees spend money differently in retirement. But did you know that your age may be a significant factor in how much you spend? It will help you be aware of spending trends that affect your stage of retirement. Being aware of these trends could even be helpful in pre-retirement years. But if you are retired, don't think it is too late for you to improve your retirement life by finding ways to save money. Fighting inflation by creating a budget can be helpful at any time in your life. Let's look at the stages you may go through and discuss the spending trends.

The Go-Go Years

Your stage of retirement will affect how you will probably spend money. Let's take a quick look at one way to define the different stages of retirement. Accordingly, pre-retirement is defined as any age before 60. Remember, we are doing this to make you aware of spending patterns you may encounter. So, if you are 60 to 70, those are more than likely the years you will spend about the same amount you spent in your working years. Most people spend around 80% to 100% of their pre-retirement income. That's called the go-go years of retirement. All things considered, you are probably in your best health, have the best outlook on life, and are more likely to travel rather than sit at home.

The Slow-Go Years

Later, when you reach age 70 to 80, you'll get into the slow-go years. Don't take this tag as a condemnation. It is just that Mother Nature will inevitably slow you down at some point. But the good news is that you will probably spend less money during these middle years than when you first retired. But keep an eye on the future and keep saving what you can. Things may change.

The No-Go Years

Next, by the time you reach age 80 and above, you will probably travel much less. Accordingly, most people in their 80s are content to enjoy their time at home or with their friends and family. Some people call the 80s the no-go years because people tend to enjoy less physically demanding activities. But please, please don't take this as an indication that it is time to stop living. Instead, be aware that life is changing. You will change too.

As a result, in your 80s, your health and care may dictate more of your spending. You should plan to have money to pay for healthcare, home healthcare, assisted living, or nursing home care if you need it.



Spending trends

In summary, the go-go, slow-go, and no-go years do have inherent spending trends. For this purpose, being aware of the spending trends will help you fight inflation in retirement. It doesn't matter if you are close to retirement or just beginning. You can fight inflation in retirement by knowing where you are spending your money.

I have created the Retirement Budget Worksheet to help you know where your money is going. This worksheet is an incredibly helpful resource that will help you fight inflation before and during retirement. And to help you get started, I am offering this valuable resource for free. [The worksheet follows this guide.](#)

The Swiss Army Knife of Budget Worksheets

If you start looking at this worksheet, you may think it is just a budget. But it is much more than just a guideline for spending. The *Retirement Budget Worksheet* can serve as a forecasting tool as well.

Some of you may not have retired yet. And you may be asking yourself, “can I afford to retire?” The *Retirement Budget Worksheet* will help you determine if you can afford to retire.

Don't fear a budget

If you are hesitant to create a budget, I want you to think of what a budget will do for you. Truly, if you better understand where your money is being spent, you will have a better chance of not running out of money.

Don't fear a budget. Not knowing where you spend your money is doing you harm. Many years ago, I worked for a music retail business. Every Friday afternoon, the owner went into his office to pay bills and write payroll checks. Out of frustration from paying bills, he would sometimes emerge from his office saying that some months they were actually bankrupt but just didn't know it. And guess what? Eventually, that business did go bankrupt.

Why did they go bankrupt?

Looking back, I can recognize why he said, “they were actually bankrupt but just didn't know it.” The business did not have a budget. There were two owners. They would go through the store and, what seemed like, randomly decide what to stock in the store. It appeared that they had little understanding of their expenses in relation to their income.

If this doesn't describe you, hang on. Here is my point. Undeniably, unconscious spending is the same problem that many people experience today. Unconscious spending is when you spend your paycheck or retirement income check until it is gone and then wonder where it all went? If this does describe you, don't be embarrassed. Keep reading. I'm going to help you.

In contrast, if you are a more thoughtful spender, keep reading. The *Retirement Budget Worksheet* will help you too. So, let's look more carefully at how using the *Retirement Budget Worksheet* can help the unconscious spender and the thoughtful spender fight inflation.

Take Inventory

Let's go back to the example of the music store I worked at many years ago. If the owners had kept a more accurate inventory, they would not have had to guess where they had to spend money. To this end, the same applies to your finances.

If you take an inventory of where you are spending money and know your income sources, you will be able to make your income last longer. If you don't know where you are spending money or how much you are spending, you will likely run out of money when you least expect it.

The Doctor Needed Advice

On the other hand, how much money you make is not make you immune to running out of money.

When I first started as a financial advisor, a doctor and his wife came into my office for help with their finances. After we sat down, my first question to the couple was, “what brings you in today?” Immediately, the doctor's wife responded that they needed help managing their money. I asked her to explain what she meant. She said that she and her husband knew it was time to ask for help after their banker called the doctor to tell him the bank had covered his checks.

Similarly, the doctor chimed into the conversation and told this story. He said, “my banker called me and said, doctor, we have covered your check for you.” The doctor said his response was, “what checks?” The banker said, “Doctor, you are overdrawn on your account.” What the doctor said next might shock you. Expressively, the doctor said that he asked the banker, “how can I be overdrawn? I’m depositing \$50,000 a month!”

To clarify, the doctor’s wife turned back to me and said, “so that is why we are here. Our spending is out of control, and we need help.”

Not Me!

You might be shaking your head and saying \$50,000 a month? How can anybody make \$50,000 a month and be overdrawn at the bank? The answer is it is easy to be irresponsible. To put it differently, just because you’re smart doesn’t mean that you are immune to bad money management.

No matter how much money you make, keep your financial life in check. In other words, you need to understand how much money you have coming in and how much money you have going out.

I want to be clear on an important point. I take client privacy very seriously. Consequently, the stories I am sharing with you are authentic. But I am not using any names, and some of the details have been changed to protect the privacy of the individuals.

What’s the point?

So, what can you learn from these two stories? I am here today to help you not end up like the bankrupt music store owners or an out-of-control spending doctor.

Notably, without a budget, you are working in the dark and courting financial catastrophe. Let’s get started helping you so that you are equipped to fight inflation and not run out of money during retirement.

Here’s where to start

I created the *Retirement Budget Worksheet* to help you compare your current and future spending habits. If you have retired, the worksheet will help you anticipate your cost in the different spending trends of the Go-Go, Slow-Go, and No-Go years of retirement. On the other hand, if you have not retired yet, this worksheet will help you anticipate your expenses that may be coming up.

Here are the essential parts

The *Retirement Budget Worksheet* has seven sections related to budgeting. Plus, there are two bonus sections.

1. Personal and Family Expenses
2. Home Expenses
3. Vehicle Expenses
4. Insurance Expenses
5. Tax Expenses
6. Income
7. Monthly Totals

The final pages of the *Retirement Budget Worksheet* are for anyone who wants a personal balance sheet and a place to record their important contacts. At times, it may be helpful to know your net worth. Your net worth will be the source of your income in future years. Plus, it is always beneficial to have a place where your important contacts are written. For this reason, your family will appreciate knowing who to call for help if you cannot take care of managing your affairs. These are the additional sections.

1. Personal Balance Sheet
 - a. Assets
 - b. Liabilities
 - c. Net worth
2. Important Contacts

Everything is Monthly

Everything in the worksheet is considered monthly. So, if you have something that is paid quarterly for this worksheet, convert it to a monthly number. For example, my weekly trash pickup is billed at \$75 per quarter. When I do my worksheet, I will take that \$75 and divide it by three to get my monthly cost of \$25. The same will pertain to association fees, car, and homeowners' insurance. Convert the expense back to a monthly cost.

Your Effort Will Pay Off

Using the *Retirement Budget Worksheet* will take some effort. But is there anything you have of value that did not take some effort? Probably not. Using the *Retirement Budget Worksheet* will help you better control your retirement. The more accurately you can complete the worksheet, the more value you will gain from using it.

What do you need to start?

First, get your bank statements and credit card statements.

I don't need this!

Before you say that you use budgeting or planning software, consider this. This worksheet will help you quickly narrow down where you are spending money. Then it will help you pinpoint where to save money and fight the inflation that is shrinking your income. I use Money in Excel. It helps me do what I am going to suggest that you do next. No matter what budgeting and planning software you use or if you use none at all, the Retirement Budget Worksheet will still help you. Remember this; the Retirement Budget Worksheet is to help you fight inflation today and spot-check your budgeting in the future.

How this will help.

Budgeting is not an exact science. You are trying to look at how you have spent money in the past and use that to indicate how you will spend money in the future. Since you don't know your exact cost in the future, you are making an educated guess.

So, if you have a reasonably steady cost taking the last three to six months of cost, then averaging that cost will probably give you a reasonable estimate of future expenditures. If your cost varies significantly,

a longer window of six to twelve months may help you get a better estimate. A good example is energy cost. To explain, seasonal temperatures affect how much you spend on energy. So be sure to use a longer window that includes all seasons to estimate your costs.

If you are expecting an item such as income to increase or decrease, calculate that into your estimates as well. You may be asking yourself, what about changes due to investment losses or gains. Notably, investments are an essential aspect of retirement for some people. But investment changes are so significant that they cannot be covered in detail here. However, for our discussion on retirement budgeting today, it is best to have a larger cash allocation.

A cash cushion

How much money you have in cash has a lot to do with your resources. Some may be saying that they need to budget for retirement because they are now worried about running out of money. On the other hand, some people may be saying that they have cash today. Although, they don't want to run out of money in the future.

All things considered, if you have the resources, it would be best to have about two years' worth of essential expenses in cash. Here is my reasoning. In the past, most bear markets or down markets have lasted between six and eighteen months. Investment markets generally work through peaks and troughs every two to five years.

If you are an investor, you need to have enough cash available to last through a cycle of investment market lows. That is why I generally advise retirees to have at least two years of essential expenses in cash. That should be adequate to last through down market cycles and not force an investor to sell investments at their lowest point.

With this in mind, when I say anything about investments, you must understand that past markets cannot be a guarantee of future results. Consequently, all investments have the potential for loss.

Now and Later

Important to realize The *Retirement Budget Worksheet* is designed to look at your expenses and income in two time frames. First, if you haven't retired, the worksheet will help you look at your expenses and income now. Second, you can estimate what your expenses and income will be when you retire. Specifically, if you are considering retirement, you should use the Retirement Budget Worksheet between one and five years before you retire. Of course, the worksheet will also be helpful if you are closer to retiring. But the one and five-year timeframe will give you a better chance for planning.

On the other hand, what if you are retired and need to save money now? The Retirement Budget Worksheet will help you enormously. This is how. Even I don't like budgeting. But I know I need to because I don't have a bottomless source of money. So, like you, I need to spend what I have wisely.

First thing to remember is to have control over your money; you must know where you are spending it. On the worksheet, you will see the column titled "current". To begin, put your current monthly expenses in that column. Keep in mind how I suggested averaging some of the expenses.

Cuts?

Secondly, ask yourself what expenses you should cut, change or reduce. For example, I recently went through my budget. Namely, I had been paying AT&T for TV for years. I'm embarrassed to admit this, but I paid about \$180 per month for TV! I had ignored the cost increases. But they had gotten to the point that I could no longer ignore them. As a result, I cut the cable! YouTube TV gave a similar service at one-third the cost.

Inflation Hurts Everyone!

Inflation does hurt everyone! Inflation is causing a lot of problems for everyone. Of course, the issue of inflation is multiplied by supply chain shortages, higher interest rates, and the government pretending that we have a limitless source of money.

Nevertheless, as you go through the Retirement Budget Worksheet, question every expense you enter. With this in mind, examine your expenses within reason. Don't cut something essential. Look for alternatives or ways to reduce costs. If you haven't shopped for insurance in some time, now is a good time. If you haven't changed electricity carriers in 30 years, things have changed. Consequently, now is the time to do some shopping.

Is it time to move?

From time to time, it may be a good idea to look at where you live. Or, if you own your home, you might want to explore how you can use the value of your home to increase your income. FYI, a reverse mortgage is not the only way to unlock the value of your home. You may also look at an equity line of credit. But like the topic of investments, unlocking the value of your home for retirement is equally important. However, today, let's uncover that as an option and suggest that you investigate the possibility further.

Vehicles and Insurance

In the same way, you will see that the section on vehicle expenses and insurance expenses allows you to make yourself fully aware of what you are spending today on this cost. Then, if you feel it is worth your time, you can investigate how to reduce those costs. Given these points, don't cut costs that you truly need. There are tons of commercials telling you that if you are older and don't need your life insurance, sell it! Important to realize is that just because you are older or getting older doesn't mean that you don't need insurance. Admittedly, as you age, disability insurance makes less and less sense. Most policies end by age 65. So, you have to ask yourself, at what point does it make sense to continue or discontinue disability insurance. On the other hand, with life insurance, ask yourself why you bought it in the first place. If that reason still exists, keep the insurance.

Look into insurance discounts and alternative insurances too. Contrary to common belief, age does not prohibit you from getting life insurance. Be careful of the TV insurance that says it will cover anyone. There are restrictions. Plus, if you hear that insurance is only \$9 a month, ask how much insurance you get for that price. The same goes for long-term care insurance. Look at your expenses and net worth to determine if and when you might need that type of coverage.

Avoid Some Taxes

Likewise, some taxes can be reduced or eliminated. Retirement is one of the best times to look at how where you live will affect your taxes. At the same time, you may need to change how you pay some taxes. If moving when you retire is in your future, ask yourself how the local taxes will affect your income. Some states tax your pension. The New York Retired Public Employees Association has a great [resource that tracks state pension taxes](#).

It is important to remember that some counties and cities levy their own taxes. So, if living in a metropolitan area is of interest to you, remember to check out the local taxes. Kiplinger Magazine has an [excellent list](#) of all fifty states that details state and local taxes on retirees' income.

Stretching Your Income

When you get to your monthly income, you may have several options to increase your income with which you are unfamiliar. Of course, the first task in this section is to record your current income sources. Without a doubt, each income source has its own alternative. And each source could have a book written about how to alter, increase, or strategize using that source. But here, we are only going to educate you on the options. Then recommend that if you feel changes are warranted, seek further guidance.

First, in the employment section, it may seem simple, but one of the best ways to stretch your retirement income is to work longer. Or, consider contract work, part-time, or even another career. Sometimes when people retire, it really means they are moving to another stage of their life and entails another career. So if you have other options here, enter the income you anticipate.

Secondly, Social Security has many options. If it is available to you, you can delay receipt. Additionally, you can coordinate receipt with any deferred retirement plans to minimize income taxes. Or, if you have poor health, you can receive your income early so you can get your value within your lifetime.

Tax Sensitive Income

Next, after you record your current IRA, 401k, or other tax-sensitive income, question the strategy you are using or will use to draw down these accounts. Keep in mind that income from these accounts may affect the amount of tax you pay on your Social Security or other pension income. So educate yourself on the tax implications of each and consider what changes you need to make. I hate to seem so vague on any of these income options, but there are so many variables that the best advice you can get at this point is that if you feel you need help, ask for it.

Finalizing the Retirement Budget Worksheet

Finally, the monthly totals should self-populate on page eight as you enter the last income information. If you printed a copy of the worksheet, rather than entering the data in Adobe Acrobat, you will need to add up the information you entered and transfer the totals to page eight. By completing this worksheet, you should now have a clearer view of where you are spending your money and your income sources.

Additionally, the second column gave you a place to strategize any changes that may help you fight inflation in retirement.

Personal Balance Sheet

Equally important is the personal balance sheet. There are many reasons to create a personal balance sheet. If you want to consider a reverse mortgage, the lender will require much of the information on a personal balance sheet. Additionally, creating a personal balance sheet can give you a perspective on investment, property, or other assets that may help you increase your income in the future. I have a friend that created an additional quarter-million dollars for retirement by selling his sports memorabilia collection. Don't overlook any options available to you. You will only get one chance at this time of your life.

Long-term Care

Another use for the personal balance sheet is to help determine if you truly need long-term care insurance. If you have enough assets, you might consider using the wealth you have accumulated in case you need long-term care, at-home-care, or custodial care. Long-term care insurance seems to be in a period of transition and some people are skeptical of it. Considering your resources will help you determine if it is an expense you want to endure.

Important Contacts

Last, the important contacts section is included to help you be mindful of your loved ones. Numerous times I have encountered people who did not write down information about who to call in case they could not take care of their own personal affairs for one reason or the other. That might mean they had died, were in the hospital, or were medically incapacitated somehow. As you complete the Retirement Budget Worksheet, keep in mind the people you care about. In the same way, you care for them, they probably equally care for you. Share the important contact information and other information on the worksheet as you see fit.

It's Not Over!

Remember, life changes, and as it changes, keep up with your personal finances, and your financial resources will serve you well. Only you can imagine the consequences of ignoring your personal finances.



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The Easiest Retirement Budget Worksheet

For Before & During Retirement



Personal and Family Monthly Expenses



Category	Monthly Expenses	
	Current	Alternative 1 / Retirement
Alimony	\$	\$
Bank Charges	\$	\$
Books/Magazines	\$	\$
Business Expense	\$	\$
Care of Parent/Other	\$	\$
Cash — Miscellaneous	\$	\$
Cell Phone	\$	\$
Charitable Donations	\$	\$
Child Activities	\$	\$
Child Allowance/Expense	\$	\$
Child Care	\$	\$
Child Support	\$	\$
Child Tutor	\$	\$
Clothing — Client	\$	\$
Clothing — Co-Client	\$	\$
Clothing — Children	\$	\$
Club Dues	\$	\$
Credit Card Debt	\$	\$
Dining	\$	\$

Personal and Family Monthly Expenses (continued)



Category	Monthly Expenses	
	Current	Alternative 1 / Retirement
Entertainment	\$	\$
Gifts	\$	\$
Groceries	\$	\$
Health Care - Dental	\$	\$
Health Care - Medical	\$	\$
Health Care - Prescription	\$	\$
Hobbies	\$	\$
Household Items	\$	\$
Laundry/Dry Cleaning	\$	\$
Personal Care	\$	\$
Personal Loan Payment	\$	\$
Pet Care	\$	\$
Public Transportation	\$	\$
Recreation	\$	\$
Self Improvement	\$	\$
Student Loan	\$	\$
Vacation/Travel	\$	\$
Other:	\$	\$
Total Personal & Family Expenses	\$	\$

Home Monthly Expenses



Category	Current	Alternative 1 / Retirement
First Mortgage	\$	\$
Second Mortgage	\$	\$
Equity Line	\$	\$
Real Estate Tax	\$	\$
Rent	\$	\$
Homeowners Insurance	\$	\$
Association Fees	\$	\$
Electricity	\$	\$
Gas/Oil	\$	\$
Trash Pickup	\$	\$
Water/Sewer	\$	\$
Cable/HD TV	\$	\$
Internet	\$	\$
Phone - cellular and landline	\$	\$
Lawn Care	\$	\$
Maintenance - Major Repair	\$	\$
Maintenance - Regular	\$	\$
Furniture	\$	\$
Household Help	\$	\$
Other	\$	\$
Monthly Home Expenses Total	\$	\$

Vehicle 1. Monthly Expenses

Category	Current	Alternative 1 / Retirement
Loan Payment	\$	\$
Lease Payment	\$	\$
Insurance	\$	\$
Personal Property Tax & Registration	\$	\$
Fuel	\$	\$
Repairs/Maintenance	\$	\$
Parking/Tolls	\$	\$
Docking/Storage	\$	\$
Other	\$	\$
Vehicle 1 Monthly Expense Total	\$	\$

Vehicle 2. Monthly Expenses

Category	Current	Alternative 1 / Retirement
Loan Payment	\$	\$
Lease Payment	\$	\$
Insurance	\$	\$
Personal Property Tax & Registration	\$	\$
Fuel	\$	\$
Repairs/Maintenance	\$	\$
Parking/Tolls	\$	\$
Docking/Storage	\$	\$
Other	\$	\$
Vehicle 2 Monthly Expense Total	\$	\$

Insurance Monthly Expenses



Category	Current	Atl 1 / Retirement
Disability for Client	\$	\$
Disability for Co-Client	\$	\$
Life Insurance for Client	\$	\$
Life Insurance for Co-Client	\$	\$
Long-Term Care for Client	\$	\$
Long-Term Care for Co-Client	\$	\$
Medical for Client	\$	\$
Medical for Co-Client	\$	\$
Umbrella Liability	\$	\$
Other:	\$	\$
Insurance Monthly Expenses Total	\$	\$

Taxes Monthly Expenses

Monthly Taxes	Current	Alternative 1 / Retirement
Client FICA	\$	\$
Client Medicare	\$	\$
Co-Client FICA	\$	\$
Co-Client Medicare	\$	\$
Federal Income Tax	\$	\$
State Income Tax	\$	\$
Local Income Tax	\$	\$
Other	\$	\$
Total Taxes Paid Monthly	\$	\$

Client Monthly Income



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Category	Current	Alternative 1 / Retirement
Employment	\$	\$
Social Security	\$	\$
IRA	\$	\$
Roth IRA	\$	\$
Pension	\$	\$
Savings	\$	\$
Investments	\$	\$
Other	\$	\$
Client Monthly Income Total	\$	\$

Co-Client Monthly Income

Category	Current	Alternative 1 / Retirement
Employment	\$	\$
Social Security	\$	\$
IRA	\$	\$
Roth IRA	\$	\$
Pension	\$	\$
Savings	\$	\$
Investments	\$	\$
Other	\$	\$
Co-Client Monthly Income Total	\$	\$

Monthly Totals

Category	Current	Alternative 1 / Retirement
Total Personal & Family Expenses	\$	\$
Monthly Home Expenses Total	\$	\$
Vehicle 1 Monthly Expense Total	\$	\$
Vehicle 2 Monthly Expense Total	\$	\$
Insurance Monthly Expenses Total	\$	\$
Total Taxes Paid Monthly	\$	\$
Monthly Expenses Grand Total	\$	\$
Client Monthly Income Total	\$	\$
Co-Client Monthly Income Total	\$	\$
Monthly Income Total*	\$	\$
Cash Flow	\$	\$

Personal Balance Sheet

A personal balance sheet will give you a snapshot of your net worth on a particular day. You can use this information to help you determine how to manage your personal assets. You can also use this information to show your financial health when applying for loans. You can create a personal or joint balance sheet if you are married. Remember in some states, a spouse is mutually responsible for debts.

There are three parts to a balance sheet and together they give you your net worth.

The formula and parts are $\text{Assets} - \text{Liabilities} = \text{Net Worth}$

Date of balance sheet

Assets	Totals
Checking Accounts	
Accounts Receivable	
Annuities	
Art	
Boats	
Bonds	
Business Property and Real Estate	
Cash Value Life Insurance	
Certificate of Deposit	
Collectibles	
Household Furnishings	
Jewelry	
Mutual Funds	
Notes Receivable	
Other Real Estate	
Personal Residence Real Estate	
Recreational Equipment	
Retirement Plans	
Savings Accounts	
Stocks	
Trust	
Vehicles	
Other assets	
Other assets	
Other assets	
Other assets	
Other assets	
Total Assets	

Liabilities

Totals

Personal Residence Mortgage	
Home Equity Loan	
Other Mortgages	
Vehicle Loans	
Credit Cards/Charge Accounts	
Student Loans	
Business Loans (personally secured)	
Unpaid Taxes and Interest	
Other Debts	
Total Liabilities	

Net Worth

Assets	
(Liabilities)	
Net Worth	



IMPORTANT CONTACTS

List important contacts who can assist you and your family.

CONTACT	NAME	TELEPHONE
Accountant		
Bank or Credit Union Relationship Manager		
Clergyman		
Doctor (Internist)		
Doctor (Other specialist)		
Doctor (Other specialist)		
Employer		
Financial Advisor		
Geriatric Care Manager		
Insurance Agent		
Lawyer (Will, Trust, etc.)		
Lawyer (Real Estate)		
Mortgage Co/ Landlord		
Other: _____		

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