



4 Expenses Retirees Frequently Underestimate

Managing spending is critical for maintaining the lifestyle you desire in retirement. Over time, your expenses may change as your lifestyle needs evolve. So, if you spend more than you initially planned in the early years, that can put a strain on your budget later in retirement, when healthcare expenses may be higher. Studies show that retirees often underestimate spending when it comes to these four expense categories:

1. Housing: A recent survey found that nearly one-third of retirees' monthly income goes towards housing expenses. Among those surveyed, 46% reported owning their homes free and clear, while 30% percent had an outstanding mortgage, 20% were renting, and 4% were living with family or in another situation.¹ Even if you own your home outright, property taxes, insurance and home maintenance costs tend to rise over time. In addition, as you age you may need to hire services to handle tasks or repairs that you previously did on your own.

2. Food, Transportation, and Entertainment: Retirees reported average monthly income expenditures of 26% on food, 11% on transportation (including car payments, insurance, and gas) and 8% on entertainment.² Inflation and supply chain interruptions contributed to sharp increases in these spending categories in recent years. Historically, even during periods of low inflation, the cost of goods and services tends to rise over time.

3. Healthcare: Medicare premiums and out-of-pocket healthcare expenses can add up fast. On average, retirees reported spending 12% of their retirement income on healthcare.³ However, healthcare spending can vary, based on individual circumstances, age, and other factors. When considering future healthcare costs, it's important to remember that long-term care services are not covered by Medicare or private insurance and annual costs can range from \$20,000 to over \$100,000, depending on the type of services and regional factors.⁴

4. Taxes: Withdrawals from your traditional 401(k) and IRA accounts will be subject to income taxes in retirement. Those reaching age 73 in 2023 must begin taking required minimum distributions from these accounts to avoid stiff penalties. In addition, many retirees find that a portion of their Social Security benefits may also be subject to taxes, based on their provisional or combined income. It's also important to minimize the impact of capital gains so you're able to keep more income working for you.

A tax-smart retirement income strategy seeks to align spending with your lifestyle needs and priorities to help you enjoy your retirement with confidence. If you have questions about your cash flow needs in retirement, call the office to schedule time to talk.

1 Bearden, Bridget, Ph.D., "2022 Spending in Retirement Survey: Understanding the Pandemic's Impact." EBRI.com, 6 OCT. 2022, http://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_572_spendinginret-6oct22.pdf.

2 Ibid.

3 Ibid.

4 Genworth Cost of Care Survey, conducted by CareScout@. Genworth.com, Nov. 2021, <http://www.genworth.com/aging-and-you/finances/cost-of-care.html>.

Step Up Your Wellness Game with the Latest Advances in Wearable Technology

Today's wearable technologies are leaps and bounds ahead of earlier iterations that were barely a step above a pedometer. The latest fitness bands, smart watches, rings, patches, and other devices monitor and provide feedback on a broad range of health and wellness indicators from head to toe. These may include heart rate and rhythm, stress responses, sleep cycles, body temperature, calorie burn, glucose levels, nutrition, and more. Since wearables track data continuously, some medical researchers believe these devices will play an increasingly important role in helping healthcare providers identify trends, manage chronic conditions and tailor treatments to patients' unique needs.¹

According to a 2023 survey, more than 40% of adults use health apps on their mobile devices and 35% use wearables. Health app users say they are most likely to rely on the technology to track:²

- 75% - fitness, steps, or heart rate
- 48% - sleep
- 46% - weight
- 41% - diet and nutrition

Respondents indicated the following as the top reasons for owning and using a wearable device:³

Among them:

- 31% say it encourages them to achieve their fitness goals
- 24% are interested in tracking their health data
- 13% say it encourages them to lose/control their weight

The latest advances in wearable technologies include:⁴

- Fitness trackers and smartwatches that automatically detect and monitor heart rate, sleep patterns, and exercise. Some are able to monitor blood pressure and feature technology to help diagnose heart arrhythmias, such as atrial fibrillation (AFib)
- A ring worn on the finger that monitors vital signs, sleep patterns, and over 20 additional wellness indicators
- An adhesive patch with a discrete sensor that continuously reads glucose levels just beneath the skin's surface with an attached transmitter to send data to a compatible device

No matter which device you choose, tracking your health and fitness goals can help you remain on the path to the healthy lifestyle you seek in retirement.

1 Covert, Jerilyn, "Our Wearable Future, Part 1: What Will New Tech Look Like?" WebMD.com, 8 AUG 2022, <http://www.webmd.com/a-to-z-guides/news/20220823/wearables-what-will-new-tech-look-like>.

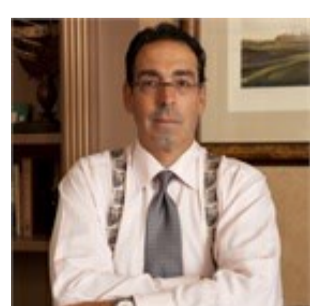
2 Vaidya, Anuja, "Over a Third of Adults Use Health Apps, Wearables in 2023, Up From 2018." mHealthIntelligence.com, 23 FEB 2023, <http://mhealthintelligence.com/news/over-a-third-of-adults-use-health-apps-wearables-in-2023-up-from-2018#:~:text=According%20to%20new%20survey%20results,at%20least%20once%20a%20day>.

3 Ibid.

4 Binford, Jenni, "Wearable Technology: Sleek and Streamlined." Nextavenue.org, 17 MAR 2023, <http://www.nextavenue.org/wearable-technology-streamlined/>.

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