

How to set a retirement budget | Biz Brain



Getting started with your retirement budget means looking at current expenses. (castlelss/morguefile.com)



By [Karin Price Mueller | NJMoneyHelp.com](http://NJMoneyHelp.com) for NJ.com
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Q. How can I set a budget for retirement? I'm not sure where I will live, and I don't know where to start. Help!

-- Preparing

A. Your financial life is really a moving target. Some pre-retirees know where they're headed, while others, like you, haven't a clue yet.

The place to start is with **your current budget**.

"Once you have performed a thorough review of your current spending while you are still working, you should have a good starting point to determine what you will need once you are no longer working," said Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

She said you should carefully review your current expenditures and make appropriate adjustments based on what you would anticipate in retirement. For example, typically you would remove work-related expenses such as commuting or business clothing as an expense that will no longer be incurred in retirement, Aznar said.

Next, consider the **expenses that could potentially increase** once you are no longer working.

"You should consider spending on entertainment, recreation, hobbies and other discretionary items such as dining out and travel," she said. "You will have more time on your hands and will thus potentially spend more on some of these categories."

Aznar said **health care expenses** are an important item to review and plan for.

"Once you are 65, you will be **covered by Medicare** which will cover the bulk of your medical expenses, but you will still have the expenses of Medicare Part B, Medicare Part D as well as a supplemental policy and some out-of-pocket expenses to consider," she said.

Before you actually retire, you will not know exactly what your spending will look like, but this analysis should help you to make **some educated assumptions**.

If you plan on moving to another location, you should begin to do some general research on areas that you might be considering, she said. You can research the location online, including the general cost of living and the cost of the type of home or apartment you would expect to live in during retirement, Aznar said.

She recommends you check out [this link](#) by the U.S. Department of State, which offers a variety of cost of living comparisons and statistics that you might find helpful.

Don't forget you can reach out to NJMoneyHelp.com for a [free money makeover](#) with a certified financial planner if you'd like second opinion.

Good luck!

Email your questions to Ask@NJMoneyHelp.com.

*Karin Price Mueller writes the **Bamboozled** column for NJ Advance Media and is the founder of NJMoneyHelp.com. Follow NJMoneyHelp on Twitter [@NJMoneyHelp](https://twitter.com/NJMoneyHelp). Find [NJMoneyHelp on Facebook](#). Sign up for NJMoneyHelp.com's [weekly e-newsletter](#).*

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