

3 Retirement Expenses that Increase Over Time

How much do you need for retirement? That's one of the most common questions people ask themselves and their advisors as well. At the risk of burying the lead – there is no simple, defined answer.

With the sheer number of variables both between and within families, the magic number varies from person to person. To clarify: between-variables refer to the differences seen when you compare one family to another, which can include income, expenses, assets, age, objectives, and the like. Within-variables can be distinguished as anything that can occur within the family structure itself, such as declining health or unexpected costs.

Setting a savings goal to prepare for your retirement is a complex process that usually requires the help of a professional Family Wealth Manager. What you can do on your own, however, is learn about the fundamentals.

If you want to establish a budget for your later years in life, here are three expenses that you should expect to see increase over the years.

Travel

It would be an understatement to say that many of us want to travel the world while we still can. Some even see globetrotting as a core feature of their identity, shaping their lives and professions around the concept of becoming nomads between countries.

For those that aren't afforded this lifestyle, there are a significant amount of barriers to travelling. Working full-time from the office can get in the way of that trip to Puerto Rico. Once you add young children, property maintenance, pets, and other key responsibilities into the mix, you may be hard pressed to make time for that summer tan.

Once you enter retirement, most of those concepts melt away. Your kids are most likely able to care for themselves, you may have downsized to a smaller home, and you finally found a kennel to babysit your dog for a small fee.

With your retirement savings and free time on your hands, the world is ready for you. As great as this is, it's worthwhile to keep in mind that the more you travel, the more you'll spend. Coupled with the usual costs of old age and traveller's insurance, we urge you to set aside a portion of your savings for the explicit use of travel-related expenses.

Long-Term Care

A worrying trend in the world of investment management and financial advising is that people tend to avoid the topic of long-term care. While it's understandable that the subject may make us uncomfortable, it is a critical potential outcome that must be accounted for. As a point of comparison, many companies have "doomsday recovery plans" should the absolute worst-case scenario come to fruition. It may not be fun to consider, but having these conversations *now* is much easier than having them later.

Depending on your health, long-term care may be quite a way off in the future, if at all. It could also become a necessity in the next five years. It could even be tomorrow if something unexpected were to happen.

These facilities offer increased access to assistance, medical attention, and caretaking for those who are either unable to do so for themselves or who simply want the reassurance of having help nearby. For all the good they do, they can come with a sizable monthly expense for residency fees and other costs. Prior to retirement, projecting your monthly expenses for living in a long-term care facility can help shine a light on how much runway your savings have. Can you afford this lifestyle for six months? A year? A decade? These are the types of questions you should be discussing with your partner or financial advisor.

Hobbies & Leisure

Working full-time tends to distract people from their passions. Even with the little free time they have on the weekend, many find themselves catching up on other areas of life such as yard work, seeing friends and family, or just finding time to relax and decompress.

Once in retirement, this changes drastically for most. Did you have a knack for painting as a young adult before taking a corporate job? Pick up an easel and get back to it. Were you a talented member of your university band prior to becoming a lawyer? Order a piano and see if you've still got it.

These two examples are an effective way to show the concept of between-variables. It's important to note that your expected costs largely depend on the nature of your hobbies and activities. Canvases are relatively cheap, whereas a new grand piano can cost thousands of dollars. At first glance, it may appear that there is a more cost-effective choice here, but again, it all depends. Painting has recurring costs that can add up given enough time, while relearning the keys has a single, high price tag with the potential for repairs.

Ultimately, you should be looking at how you plan on spending your free time once you leave the office. How much does your activity cost? How much time will you dedicate to it? What kinds of expenses should you expect, both expected and unexpected?

Obviously, this is not an exhaustive list of how to budget for your future. These are just some of the few expenses that you can expect to increase over time. The complications and stress of planning an entire portion of your life can be crushing, but you don't have to do it alone. Considering you've worked your whole life looking forward to this moment, why not make it the best it can possibly be? If you're interested in finding a professional to help you enjoy retirement and find a sustainable way to do so, [book a free portfolio review](#) today and get started.