



How To Adjust To Being On A Fixed Income In Retirement

Grandma in her rocking chair, living out her years on the front porch, has been swapped for baby boomers living their best life, posting their adventures on Facebook and swiping left and carrying on. Today's retirees are vibrant and adventurous, and their retirement savings have to keep up with their lifestyle. But how do you live the life you want on a fixed income?

Track Your Spending

Tracking your spending is essential. You will be amazed at the things you spend your money on without even thinking. Those lattes every day and the fancy gourmet dog biscuits may not put a dent in your budget when you are working, but they'll add up on a fixed income. There are plenty of ways to track your spending. An old-fashioned notebook, a spreadsheet, and now apps can help you get organized and track your spending. The Mint app from the creators of Quicken is reputable and free. It can connect to your bank accounts and credit cards, track spending, and give you an itemized report broken out into categories.

The more you know about your spending, the easier it will be to evaluate your options, and cut out items you decide are nonessential. Tracking everything you spend can be an eye-opening exercise and an empowering one too.

Looking at all your expenses can help you discover what you value. Does taking a vacation with your family mean more than eating out 3 times a week? Did you realize you were spending that much money on XYZ?! Just knowing what you spend can make a difference.

Budget

Remember when you learned how to budget in Home Ec class in the 9th grade? It's time to dust off those notes and implement a budget. A budget should include every aspect of your life: groceries, car repairs, vacations, and even those lattes. Budgets can feel restricting, but instead of thinking about how much you can't spend, think of it as how much you can spend and still live within your means. Make it a challenge and not some horrible task that forces you to cut out what you love. A budget will keep you on track and prevent you from overspending.

Pay Off Your Debt

If there's a pile of unopened credit card statements hidden in your junk drawer, then it's time to get a handle on your debt. Debt can derail your retirement accounts. According to [wallethub.com](https://www.wallethub.com), the average credit card debt per household in the second quarter of 2020 was almost \$8k. California ranked #1 in states with the most household credit card debt, with an average of \$9,472. (1) The Golden State likes to be at the top of many lists, but probably not this one. What are the interest rates on your debt, and can you pay them off? Start with the highest interest rate first and go from there. Debt should also be a line item on your budget. You will be so satisfied as you see your debt dwindle and you gain more spending power.