

## Assignment 6 Retirement Planning

1. What types of expenses can be lowered or eliminated during retirement?
  - taxes since I don't have salary from working now.
  - transportation cost since I don't think I will be travel much when I an older (as much as I used to travel to work)
  
2. What types of expenses might increase during retirement?
  - Health care costs since I am now older, there must be more health problems
  - traveling cost since I will use my savings to travel around the world with expensive tour for old people
  - clothing expenses since I have saved a lot when I was young so I want to look like a prettiest old lady with high-fashioned clothes
  
3. Explain the difference between a defined-contribution and defined benefit plan.

For defined-contribution plan, it requires employees to put in their own money or income which means that they are the one who bear the risk. These plans require little work and are low risk to the employer. But defined benefit plans are more costly for employers than defined contribution plans. The employer have to bears the investment risk of ensuring the defined benefit amount is able to be paid to the retired employee.