Retirement Planning

1) What types of expenses can be lowered or eliminated during retirement?

Credit cards

When you are into retirement period, you will likely have to adjust to living on a lower income. For avoiding to get a trouble in the future and make sure you can afford buying thing what you want. Holding credit cards maybe the mistake for who are in retirement period if you have over using, that may affect the repayment process later on.

However, this is not say that you cannot use the credit cards. You just have to choose the credit card that appropriate with your, manage your financial abilities and pay credit cards debt on time. But if you cannot do, you should pay the cards off that have the highest interest rates first.

Technology

Do not pay for anything you are not going to use. Today we have internet and website for watching movie such as Netflix by do not using the cable television that is the way to eliminate costs because it’s cheaper. Another example is smartphone, you do not always use the last version with the expensive package. If you needs just only call and send message.

Travel

Nowadays, trend of travel is increasing. If you know you are going to travel more during retirement, try to calculate that costs and saving before you get into retirement period However, your travel itinerary must be in low cost, try to travel on off-peak times looking for the cheapest airline seats and discounted hotel rooms.

Cars

If possible, avoid buying new vehicles. There is no need to spend money on premium fuel. Individual lifestyle needs may come into play, but it is important to evaluate your transportation needs to keep costs low. You have to think that do we really need two cars. Some people may need two cars, while others may not. It's important to examine your lifestyle needs.

Food.

Food is a necessary thing that you can't eliminate, but you can step back and manage the budget. When you go to store should go for the generic or store-brand items instead of brand names. It's the little things but can be easily avoided.

Home repairs

This may be another unavoidable area for spending, but it can be in low cost by choosing what you really need. Home repair can be really expensive, but you have to find the best price for cutting cost.

2) What types of expenses might increase during retirement?

Healthcare

Medicare, the federal program that insures many Thais over age 65, usually won’t cover you if you get sick and need treatment overseas. It also doesn’t fund a number of other expenses that your previous, employer-paid health insurance probably took care of. These include most dental care, eye exams, hearing aids and routine foot care, among others. So you probably should build some extra money for these services into your retirement budget. If your former employer provides any retiree health benefits, those will figure into the equation too.

Utility bills at home

Retirees have eight or more extra hours to fill each day, which makes it easy to spend more on entertainment. So you will spend more time at home, and use so much electricity. Cause for increase your utility bills.

Grandchildren

You should include money for gifts and frequent travel to visit them in your retirement budget. To spend quality time with your grandchildren and your family.

3) Explain the difference between a defined-contribution and defined benefit plan.

For **defined contribution plan** specifies how much money will go into a retirement plan today. The amount typically is either a percentage of an employee's salary or a specific baht amount. Then, those funds often are invested in mutual funds available inside the retirement plan. The amount you have at retirement depends on how much your employer contributes to the plan, how much you as the employee save in the plan, how long you leave those funds invested, and how well your investments perform inside the plan.

For **defined benefit plan** identifies the specific benefit that will be payable to you at retirement. Your basic retirement benefit is usually based on a formula that takes into account factors like the number of years a participant works for the employer (years of service) and the participant's salary. Your retirement benefit is generally provided in the form of regular payments over your lifetime beginning at what the plan calls "normal retirement age," which is typically age 65. This stream of periodic payments is generally known as a pension or sometimes called an annuity.

It tend to increase, employers are replacing defined benefit plans with defined contribution plans, firstly due to the expense and long-term obligations associated with running a defined benefit plan. If you have a defined benefit plan through your employer, be sure to regularly let your employer know that you really appreciate your retirement plan; it’s a benefit well worth keeping.