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Retirement Planning

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

- Mortgage
- Commuting Cost
- Food and Clothing
- Traveling Cost

2) What types of expenses might increase during retirement?

- Entertainment Cost
- Health insurance
- Prescription Drugs (Medical Expense)

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

- For Defined benefit plan : The employer promise a certain amount of money(or welfare) that will be made or pay after the employees retirement such as the health care.

In this case, the employees have no risk to bare while the employer have the risk to bare. The company have to come up with the model (4 main assumption which is quite complicated to calculate)

- For defined- contribution plan : Is the plan that the employer will put 3-5% of employees salary into the fund. However, this amount of money, the employee has to manage buy themselves (In this case, employees have risk and employer does not bare the risk)