

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

transportation expense due to decreasing going to work.  
dressing expenses because you don't need to dress up to go to work or meet people as often as before.

2. What types of expenses might increase during retirement?

Medical expenses, since you are getting older you need to check up and see doctor more often.

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

contribution plan is the plan that the employee will, monthly, separate fixed percentage of his salary into fund that the company provide and also the employer will give additional proportion of money into that fund too, under the employee name. This is will continue until the employee get retired. All the money that invest in that fund and the divided will transfer to the employee at the end. for this type of plan, the employee is the person who bear all risk since the return depends on the performance of that fund, while the employer only pay fixed amount of money into that fund which can easily plan and manage.

benefit plan is the plan that the company will pay monthly for the employee after the retirement. the risk the employee bear is whether the company will default before his retirement or not. If the company default, the employee will never get this money. while the employer bear a risk whether how long the company have to pay monthly for the employee therefore it is difficult to plan and manage for the company.