

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

Expenses that can be lowered or eliminated during retirement are:

- work expenses: no longer working, less gas for vehicle, buy less lunches, etc.
- clothing expenses: more casual clothes now
- housing expenses: may decrease if you have paid off mortgage

2) What types of expenses might increase during retirement?

- Insurance: loss of employer's contribution to health and life insurance will increase your own payments
- medical expenses
- leisure activities
- gifts and contributions: if you spend the same amount it will be a greater portion of your income

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

A defined benefit plan, most often known as a pension is a plan that specifies the benefits the employee will receive at the normal retirement age.

A defined-contribution is a plan that specifies the contributions from employer and employee, but does not guarantee a specific pension benefit that the employee will receive.