**Onicha Bannawat 5804640901**

**FN 281 Assignment 6**

**Question 1 : What types of expenses can be lowered or eliminated during retirement?**

It is crucial task to precisely prepare and forecast the budget during retirement age since your age doesn't generate the income anymore only the expense. Therefore, in order to prepare the cost of living, here is the cost that can be lowered or eliminate during retirement

- **Work –related cost :** this cost including associate transportation cost to your office or your clothes ex. Suit and ties
- **Tax expense :** retirement means you have already retired for working which mean no income any more. Therefore, majority of tax expense would be eliminated
- **Sociable cost :** sociable cost is considered to be one of najority expense during studying or working session. However, there is no need to go out and spend money on party at retirement age. This cost also refers to luxury items for example necklace or expensive watch.

**Question 2 : What types of expenses might increase during retirement?**

According to previous question, it is crucial to prepare huge capital in order to maintain the standard of living during retirement. Here is some cost which is inevitable during retirement period

- **Medical service :** retirement can be considered the lase period of our living. Our body has depreciated over a long life period. Therefore medical expense will be dramatically increased in this period
- **Travel expense :** As mentioned above, retirement is the last period for our lives. Normally, people will save money and spend it on traveling to seek for the last journey.
- **Asset maintainance** : this cost are related to all period of our lives. However, it is likely to be increased in retirement ages. Since we don't purchase new car or mortgage anymore. In case of damages occurred to them or maintenance needed, surely we will pay to fix them not buy the new one.

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

Defined contribution is the legal enforces the employer, employee or both to contribute the fixed amount of money (usually calculated as a percentage from employee paycheck) in order to guarantee and support employee standard of living during retirement. In the other hand, defined benefit plan refers to the money which is supported by the employer and give it as a reward to employee. The amount of money will depend on various factors for example, the length of working period or salary history etc.