

How to Stretch Your Retirement Savings



Getting to retirement is both exhilarating and scary. It is exciting to have free time to spend with your family, traveling, and on your hobbies. However, it can be scary to think about the fact that you are no longer working and earning money, and that the savings you have in retirement accounts and the money you have coming in from fixed income sources (including disability benefits, pensions, and Social Security) is all that you have to live on. You should enjoy your retirement, but if you are worried about making your savings last as long as possible or having to pay for an unexpected cost, there are ways you may be able to stretch your savings.

Budget.

Budgeting is always important, but it becomes even more so during retirement when you are living off of a finite amount of money. One strategy for budgeting in retirement is to match your “needs” to your fixed income. If you have money coming in from Social Security, the Department of Veterans Affairs (VA), [an annuity](#), or a pension, use this guaranteed income to pay for your living essentials: housing and utilities, health care and insurance, transportation, and food. Any income from your retirement accounts or personal savings, then, can go toward discretionary expenses and – should there be a market downturn – does not affect your ability to maintain your standard of living.

Downsize.

Whether or not to downsize is a significant decision, and it involves a large amount of number crunching. If you own your home, you have to consider the costs of maintenance, property taxes, and upkeep versus the costs of selling your home and purchasing something more modest – and there can be numerous fees associated with selling your home: closings costs, moving costs, realtor commissions, and capital gains taxes. If you make enough money from the sale of your home, you could buy a new, smaller property outright and preserve any extra profits for your retirement income, however, a small profit may not be worth the hassle.



It's also important to consider whether you (and your partner) have the mobility and health to continue living in your current home. As people age, many find that they begin to struggle with going up and down stairs and would prefer to live in a single-level home. Others simply do not want to deal with the upkeep and would rather downsize than hire contractors to mow the grass and clean the house. The decision to sell should not be made without considering all of the factors.

Stay active and do preventative health care visits.

The healthier you are, the less likely you are to need medical intervention. One of the best ways to stay healthy is to get at least 150 minutes of moderate aerobic exercise or 75 minutes of vigorous aerobic exercise each week and two days of muscle-strengthening activity. [One study of Medicare and AARP data](#) found that adults who maintained moderate or high physical activity levels from middle age through retirement saved an average of \$1,200 to \$1,350 in health care costs each year when compared to consistently inactive adults.

Attending preventative health care appointments can also save money by catching illnesses before they become more severe. Furthermore, preventative visits are often covered by insurance, meaning that you have nothing to lose by sticking to a regular schedule when it comes to medical, vision, and dental appointments.

Take advantage of senior and veterans discounts.

As you age, companies may begin offering discounts that can help stretch your retirement savings – many of which require you to have an AARP membership (you can join once you turn 50 years old). You may be able to get discounted rates on airline tickets, cruises, hotel rooms, movie tickets, and restaurant meals. Some senior discounts are not advertised, but talking to a customer service representative may well pay off. You may also be eligible for veterans' discounts.

You can also take advantage of your status as a veteran or retiree to obtain services on military installations. All veterans with service-connected disability ratings granted by the Veterans Benefits Administration are eligible for DoD and Coast Guard commissary; exchange; and Morale, Welfare, and Recreation services on military installations. Furthermore, all honorably discharged veterans can shop the military exchange online through the Veterans Online Shopping Benefit. Products purchased at the commissary and exchange are tax-free and may be priced lower than many products available at civilian shops. You can read more about accessing these benefits [here](#).

Consider working into retirement – even just part-time.

If you cannot find a way to make your current savings work for you, consider picking up a job that allows the money you have in savings to continue to grow. If you can live off the money you earn from a full- or part-time job, your savings can continue to earn interest and grow until you feel secure enough to fully retire. Having a job in retirement can also stave off boredom, encourage friendships, and keep your mind engaged.

That said, working part-time can temporarily affect your Social Security benefits; if you claimed Social Security before reaching full retirement age as defined by the Social Security Administration, there is a limit to how much money you can earn while still collecting your full benefit check. In 2021, the limit is \$18,960 if you are under full retirement age and \$50,520 during the year you reach full retirement age. Note that these withheld benefits will be factored back into your retirement benefit after reaching full retirement age.



Pay down high-interest-rate debt.

When you have debt, unless you pay off your outstanding balance in full each month, you are charged interest. This interest is calculated based on the amount of debt that you have accumulated and the interest rate given to you by the crediting agency. Interest is added to your outstanding balance each month. Therefore, having revolving debt can increase your debt balance because of the interest rate. Consider implementing a plan to eliminate your debt before you retire; avoiding debt and the associated interest can stretch your savings.

If you have multiple sources of debt, consider using the debt avalanche method to pay it down in retirement and to save money in the long run. The avalanche method is a strategy in which debt is paid off in order of highest interest rate to lowest interest rate, regardless of the amounts. It involves making minimum payments on all debt and putting as much extra money toward the highest-interest debt as possible. Once the highest-interest debt is paid in full, the amount paid toward that debt can be applied toward the next-highest-interest debt until all debt is completely paid off.

Allocate your assets wisely.

Your retirement has the potential to cover a long range of time: up to 30 or more years. Depending on the amount of money you have in savings, it may be wise to consider a bucket strategy when it comes to asset allocation. This involves divvying up your money and storing it in a variety of investment vehicles, with money that you need soon invested conservatively, and money you will not need to access until 20 or 30 years in the future invested more aggressively. As you come closer to needing each "bucket" of money, you would then shift the strategy to invest it slightly more conservatively. This gives the money you will not need to access for decades a chance to grow and earn more income while you protect the assets you will need to access in the short term. A financial adviser can help you determine the best strategy for your retirement needs.

Retirement is personal, and everyone has a different strategy for ensuring they can meet their goals. If you have gotten off track, there are changes you can make to [close the gap](#) and stretch your savings. Whether you are approaching retirement or already in the thick of it, Navy Mutual is here to help. Part of our mission is to educate the military and uniformed service community on matters of financial security. You can view our resources [here](#) or call **888-298-4442** to learn more about our offerings.