

Living Expenses in Retirement

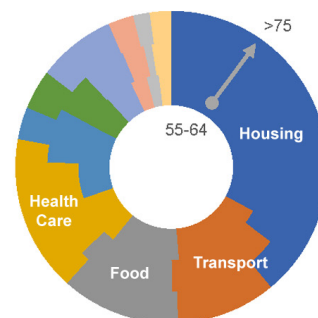
Inflation has a big impact on how much you should expect to spend in your retirement years.

For Your Information...

Average Household Benefits & Expenditures by Age, 2020

Social Security Income	55-64	65-74	>75
Pre-Tax Annual Benefits	\$ 6,957	26,627	27,710
Annual Expenditures	55-64	65-74	>75
■ Housing	21,379	18,492	15,937
■ Transportation	10,287	7,676	4,205
■ Food	7,855	6,750	5,046
■ Healthcare	5,684	6,695	6,627
■ Insurance & Pensions	8,479	3,700	1,365
■ Entertainment	3,521	2,723	1,682
■ Contributions	3,161	2,983	3,308
■ Apparel, Personal Care, Services	1,835	1,496	1,079
■ Reading & Education	1,360	547	693
■ Other	1,375	1,294	896
	\$ 64,936	52,356	40,838

Expenditure Percentages by Age



Source: US Bureau of Labor Statistics
2020 Consumer Expenditures Survey

Average adults (>18 yrs) per household:
2.0 (55-64), 1.8 (65-74), 1.6 (>75)

Inflation impact illustrated at the Federal Reserve's current 2% target rate

Impact of Inflation

(Projected Value of \$52,356 in 2020 at Future Retirement Years)

2030	2035	2040	2045	2050	2055	2060
63,822	70,464	77,798	85,896	94,836	104,706	115,604



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How much do you need to save for retirement? There are many models for retirement planning, but they all revolve around the question of how much you should plan to spend every year once retired. An interesting perspective is to consider what retirees are, on average, spending today.

The Department of Labor and the Census Bureau team up every 3 years to produce the Consumer Spending Survey. Be careful planning based on today's average, though! Even a small amount of inflation makes a big difference in future spending levels, especially for younger investors.

Bellwether Consulting is an independent investment advisor serving the needs of retirement plan sponsors and other institutional investors.

For more information, please have a look at our website at www.bellwetherconsulting.net, or call us at (646) 205-9346.