Meta Description: Not sure how to make your money last in retirement? Check out these money management tips to find out.

Money Management Tips for Retirees: How to Make Your Money Last

The past few years have brought many changes to just about every aspect of life, and that includes retirement trends. According to data from the Pew Research Center, 3.2 million people identified as part of the Baby Boomer generation — which runs from 1946 to 1964 — retired in 2020 alone. This was 1.7 million more people than in 2019, and this upward trend is expected to continue. While retirement has many positives, including the opportunity to spend more time with your children and grandchildren and the chance to travel and mark off some bucket list items, it's also a pretty drastic lifestyle change that often takes some getting used to.

One of the biggest changes comes in the financial sector. While you may be used to working for a paycheck, retirement means it's time to start leveraging your investments and retirement accounts as your income instead of that 40 hours a week. Let's take a look at a few of the best money management tips for retirees that can help you make your money last and continue to grow your wealth.

Stick to Your Financial Priorities

If you don't know where you're going, you won't know how to get there -- and it will probably take you a lot longer too. The same is true for your financial future. Know what your priorities are when it comes to money, and make sure that you're making choices that support those priorities. What's most important varies by person, but some common financial priorities include:

- Saving money
- Paying down debt
- Increasing retirement contributions
- Paying for your children's college
- Saving for a down payment on a house

Write down your priorities and put them somewhere you can be reminded of them regularly. Seeing your goals can help cement them in your mind and give you that extra push of motivation if you start to waver.

Stay Within Your Monthly Income

Spending less than you're bringing in on a monthly basis is one of the main principles of money management. You've probably heard this before as being described as living below your means. The truth is that a lot of money management is simple math. If you're spending more than you're bringing in each month, it's going to be very hard to even make your normal bills and buy necessities and probably near impossible to make progress toward other goals like saving money.

If you're not sure how your spending and income match up, keep track of all of your transactions for at least one month (doing this for three months can help you get a better average). If your transactions are adding up to more than your monthly income, it's a sign that something needs to change.

Keep Track of Where Your Money Is Going

Heading into retirement often means moving to a fixed income. And while the amount of that income depends on the value of your retirement accounts and how you decide to make your withdrawals, it's important to know exactly where your money is going. If you're not already using a budget, this is the time to start. A budget is a plan for your money so that when the money comes in, you know exactly what to do with it. Having a budget also ensures that you're able to prioritize your expenses so that your bills and necessities are covered before you start buying things that are more wants than needs.

If you're already using a budget, that's great! But it's a good idea to periodically go through it and make sure it's still serving your needs. Maybe you are paying for subscriptions you no longer use that you could cancel. Or maybe you need to plan for an increase in your electric bill due to seasonal usage. Make sure to leave some room in your budget for unexpected expenses like medical bills that can throw your budget off if you don't have some money already set aside.

Make the Most of Your Savings

While it may be comforting to have your savings sitting in an account at the bank, it's not the best use of it -- or at least not for all of it. Regular savings and even money market accounts at banks offer very low interest rates, and it's compound interest that makes the most of and grows your savings into a strong retirement. Investing your money is probably how you got to retirement in the first place, but crossing the finish line doesn't mean that it's time to stop.

Continuing to invest your money once you're in retirement can help protect your wealth and continue to expand it. However, your investment strategy may need to be different because your financial needs and goals have also likely changed. Talking to an experienced professional about your personal finances and how you can make the most of your retirement funds is important. And that leads us to our next trip.

Determine Your Risk Tolerance

Any investment involves some form of risk. Balancing this risk with the possible reward is how good investment choices are made. However, every person has a different level of risk they are willing to accept, also known as your risk tolerance. For example, someone who is younger, single and far away from retirement is likely going to have a higher risk tolerance than someone nearing retirement wanting to protect the wealth they have already grown. A wealth advisor can work with you to determine your ideal risk tolerance and create a plan that matches.

Find a Tax Strategist

Accounting for taxes in your personal finance plan is important. But with tax codes that change on a yearly basis and literal volumes of tax laws, it can be daunting to take on by yourself. This is especially true if your taxes are more complicated, such as if you own your own business. A tax strategist is someone who is very familiar with all the current tax laws and who knows how to make them work for your personal financial situation. They can help you find relevant tax breaks and credits, and they can work directly with the IRS for you if you're ever audited.

Work With a Wealth Management Advisor

While there are lots of self-proclaimed personal finance experts out there, when it comes to managing your retirement funds successfully, it's critical to talk with a wealth management advisor. The wealth advisors at [CLIENT] can assess your unique financial situation, talk to you about your goals and what you want your retirement to look like, and help you create a plan to preserve and grow your wealth for a happy and secure retirement.

Before your appointment, take some time to gather all of your financial information. You'll need a list of your accounts and balances, as well as an overview of your current investments and retirement accounts. It's also a good idea to spend some time thinking about what your financial goals are so that you can work with the wealth advisor to develop a strategy that keeps you moving toward those goals -- even in retirement.

Conclusion

Retirement can be a wonderful time of life where you get to spend more time on what you actually want to do, but it comes with its own set of financial challenges. Implementing these money management tips can help you protect your wealth and make your money last as long as you need it to. If you're not sure what you need to do or want to better leverage your investments, the team at [CLIENT] can help.