

CHECKLIST

Six Sure Ways to Save

It takes a provident person to make a life's savings last for 20 or 30 years in retirement. Figuring out how much you can afford to spend so you won't outlive your money is "no easy thing," says Carol Nowka, a financial planner in Grand Island, Neb., who retired five years ago. You must set priorities, spend less than you take in, and plan for unexpected expenses. Many new retirees spend more at first than they did while working, according to Donald Haas, a financial gerontologist in Southfield, Mich. Then they get scared enough to cut the budget. Here's how to be a frugal retiree.

✓ **Spend money from taxable accounts first.** "You want to hold your tax-deferred assets as long as you can and cash in your taxable first," says William Gale, director of the Retirement Security Project. Let your holdings in IRAs and other tax-advantaged accounts grow as long as possible before tapping them. When withdrawing money from those accounts, watch out for penalties.

✓ **Downsize your house.** Your home is likely to be your biggest retirement expense. To cut costs, "you could downsize," says Anna Rappaport, a Chicago actuary and retirement planning consultant, or even share with somebody. Retirees can also move to an area with lower housing costs. Grace Wellwerts, president of Rocky Mountain Planning Group in Avon, Colo., where the median home price is \$514,900, says clients often plan to "be here for 10 years and then move to a less expensive place to live." That could be Twin Lakes, Colo. It's only about 50 miles away, but a typical house there costs \$235,000. Check out property and income tax rates before moving.



✓ **Slash transportation costs.** Mary and Robert Atkinson downsized from two cars to one, giving their newer car to a daughter and keeping an older model on which insurance and taxes were lower. Some retirees stop driving completely. Joyce Dunn, 82, a retired accountant, gave up her car when she moved to downtown Chicago and opted for public transportation. "Downtown it's \$200 just to park your car," she says. "Spending that type of money when you retire is not a good thing."

✓ **Find low-cost and free activities.** While retirees have more leisure time, they haven't always saved enough for spending on leisure, says Rappaport. But entertainment need not be expensive. Senior centers often provide great fun for thrifty retirees. Jim Gary, 65, a retired banker in Chicago, enjoys free summer concerts in Millennium Park and other events. And don't forget to take advantage of senior discounts at movies, museums, and restaurants.

✓ **Compare prices.** "Use the power of the Internet to do comparison shopping, especially for significant purchases," recommends James Knaus, a financial planner with Global Wealth Advisors in Troy, Mich. Many retirees can save money by eating out less often or finding early-bird specials and discount coupons. Look for deals in grocery shopping, too, and "buy food in bulk whenever possible or appropriate," says Haas.

✓ **Travel smart.** Even retirees on a tight budget can travel. "If you are flexible in retirement," says Wellwerts, "there are deals... like last-minute travel." Or travel with other seniors and share the costs. Dunn has enjoyed Elderhostel trips with other retirees to New Zealand, Brazil, California, Texas, and the Rockies. "These wonderful trips go a week at a time, and it only costs you about \$800. It's a good deal." —E.B.