



## Define your journey.

### You made a plan to save. Now make one to spend.

We're here to help you move from "How much do I save?" to "How much do I spend?"



That's the question for many new retirees. The answer varies from person to person, but our research reveals a trend that might help you balance spending and income in retirement.

Rather than spending to maintain their current lifestyle in retirement, most retirees tend to match their essential spending to their guaranteed income. In other words, they use their Social Security benefits, pensions, etc. to offset their food, housing, and utilities costs.

Meanwhile, they try to preserve their savings as much as possible.

#### What does that mean for you?

As you plan for retirement, there are some actions you can take to ensure that you enjoy the retirement you want without running out of money.



**1. Understand your sources of income in retirement.** Evaluate what money you'll have coming in each month.



**3. Align income sources to retirement spending.** See where you may have a gap that will require dipping into your savings.



**2. Make a list of the nondiscretionary<sup>1</sup> and discretionary<sup>2</sup> expenses you're expecting in retirement.** Prioritize your needs and your wants.



**4. Know your spending comfort level.** Gauge your financial peace of mind, so you can avoid running out of your savings.

**Most importantly, give yourself time to adjust to your retirement lifestyle.**

You can always make changes along the way.

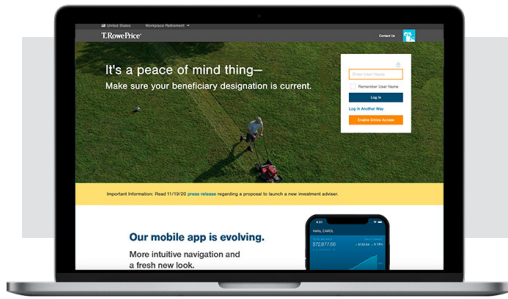
#### Feel confident about your future

No matter where you are on your financial journey, you'll benefit from knowing how much money you're projected to have in retirement and if you're on track to meet your goals for your future. Check your Confidence Number<sup>®</sup> score at [rps.troweprice.com](https://rps.troweprice.com).



Sources: Health and Retirement Study (HRS) and Consumption and Activities Mail Survey (CAMS), public use dataset.

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To learn more about retirement spending and income, scan the QR code to visit our Education Library, where you can explore guidelines for retirement income planning and much more. You will be prompted to log in to your account.



## Narrowing the retirement savings gender gap

### Women face unique challenges saving for—and supporting themselves through—retirement.

On average, women earn less than men and end up saving less for retirement as a result.\* And because women typically live longer than men, they need more savings to support themselves throughout retirement.

The following tips can help women make more informed financial decisions and build a more secure retirement.



#### Know your worth, and negotiate accordingly.

Place value on your work potential by understanding your worth and negotiating for competitive pay. This will ensure that you don't set yourself back by missing out on potential wages during your career.



#### Step up your retirement savings rate.

Consider establishing an annual increase in your deferrals, such as \$20 per pay period or 1% each year.



#### Buckle down, and budget.

A budget can help you track your expenses, identify opportunities to cut costs, and make changes that align with your savings goals.



#### Prepare for life changes.

When it comes to starting a family, women are typically more likely than men to alter their careers. Explore part-time work to keep your foot in the door. Be sure to keep up with retirement savings, and consider a spousal individual retirement account (IRA) if you're relying on your partner's income for the household.



#### Ditch the debt.

Lower income leads to higher debt-to-income ratios, which means debt can affect women more harshly than men. Focus on tackling high-interest credit card debt, and continue to make regular payments on lower-interest items, such as student loans or your mortgage.



#### Get comfortable with money matters.

Continue to educate yourself about your finances and investments.



#### Have money on the side.

Start an emergency fund with \$1,000, and increase it to an amount that can cover three to six months' worth of expenses. Use it to cover an unexpected cost—like a new water heater—rather than tapping credit cards or borrowing from your retirement savings.

<sup>1</sup> For example, housing costs, utilities, and groceries.

<sup>2</sup> For example, vacations, household furnishings, and charitable and political contributions.

\*Source: 2020 T. Rowe Price Retirement Savings and Spending study. The Retirement Savings and Spending study was conducted by NMG Consulting on behalf of T. Rowe Price and included a sample of 3,420 retirement plan participants, 631 individuals without access to workplace savings plans, and 190 furloughed participants. It also included 1,007 retirees who have retired with a Rollover IRA or left-in-plan 401(k) balance. The survey was conducted online from June 5–24, 2020.

#### Important Information

This material is provided for general and educational purposes only and is not intended to provide legal, tax, or investment advice. This material does not provide recommendations concerning investments, investment strategies, or account types; it is not individualized to the needs of any specific investor and not intended to suggest that any particular investment action is appropriate for you, nor is it intended to serve as the primary basis for investment decision-making.

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