

KNOW YOUR NUMBERS



Whether you're monitoring your account balance or your cholesterol levels, numbers are critical to creating a sound strategy for long-term Wealth + HealthSM.

Your retirement income gap is one of the most important numbers to keep in mind as you plan for life after full-time work. The income gap is the difference between essential fixed monthly expenses and guaranteed sources of income. Fixed monthly expenses are those that are unlikely to go away during retirement, like housing, food, and healthcare.

As life expectancy increases, the retirement income gap takes on more significance. Estimating your monthly expenses in retirement is the first step toward creating a strategy. Keep in mind your expenses in retirement likely will differ from your current monthly expenses. Some may decrease (such as commuting costs) while others may increase (think travel, recreation, hobbies). Inflation will also cause your monthly expenses to increase over time. The goal here is to estimate your expenses when you retire.

The next step is to consider your sources of income when you retire, such as Social Security or a pension from work. For many people, this income won't be enough to meet their essential monthly expenses. Your financial professional can help you implement strategies to bridge the gap.

BUDGETING TIPS



SOCIAL SECURITY

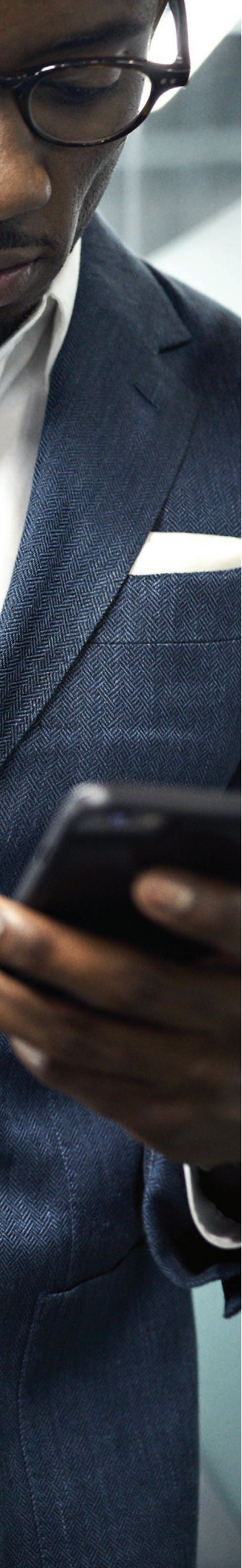
By creating an account at ssa.gov/myaccount, you can see your estimated Social Security benefit. Your estimated monthly payment will vary depending on when you claim. Your Social Security statement will estimate your benefit at age 62, at your full retirement age, and at age 70. If you have a spouse who didn't work, a spousal benefit should be available. Check with your financial professional and be sure to include any spousal benefit in your Social Security income.



PUBLIC PENSIONS

If you receive a pension from a public employer (e.g. a state, local, or municipal government) it may impact your anticipated Social Security benefit. The Windfall Elimination Provision (WEP) may reduce your Social Security benefit when you also receive a public pension. The Government Pension Offset (GPO) may reduce a spousal benefit when you also receive a pension. For more information about the WEP and the GPO, visit ssa.gov.





HEALTHCARE

Many people have their Medicare Part B premium deducted from their monthly Social Security payment, so be sure to consider that when entering your Social Security income. In 2022 this amount can range from \$170.10 to \$578.30, depending on your modified adjusted gross income. Supplemental health insurance options may also involve a monthly premium that should be included as a fixed monthly expense. You can find monthly premium information for Medicare and supplemental health insurance options at [Medicare.gov](https://www.medicare.gov).



RETIREMENT INCOME STRATEGIES

An annuity can help fill the retirement income gap by providing guaranteed income for life. Annuities also can help manage tax liability or offer protection for loved ones once you're gone.

LISTEN UP

Something as simple as a hearing aid illustrates the connection between Wealth + Health. According to the CDC, 26.8% of people aged 65 and older have some difficulty hearing while 4.1% of them have a lot of difficulty hearing or no ability to hear at all.¹ This difficulty can decrease socialization and lead to isolation, which has been found to increase dementia risk by about 50%, heart disease by 29%, and stroke by 32%.² But hearing aids can be expensive and are not covered by Medicare.³ Budgeting for this cost can help prevent sticker shock — and potentially increase your longevity.

NOW WHAT?

Talk to your financial professional about retirement income options. There are many ways to fill the retirement income gap. Your financial professional can show you a range of strategies and help you find the one that may work best for you.

Use this worksheet to help determine the extra monthly income you will need to address your retirement income gap.

¹ "NCHS Data Brief, no 414," National Center for Health Statistics, 2021

² "Loneliness and Social Isolation Linked to Serious Health Conditions," CDC, April 2021

³ Medicare.gov



RETIREMENT BUDGET WORKSHEET

ESSENTIAL EXPENSES

MONTHLY EXPENSES

Housing (mortgage or rent)	
Property taxes*	
Homeowners insurance*	
HOA/condo fees	
Household maintenance	
Utilities (energy, cable, phone, etc.)	
Cellular phones	
Second home expenses (total)	
Groceries	
Vehicle payment	
Vehicle insurance	
Gas/maintenance	
Other transportation (ride share, public transportation, etc.)	
Health insurance**	
Prescription and co-pays	
Clothing	
Personal care (hair, care, etc.)	
Family care (children, parents, etc.)	
Other	

ANNUAL EXPENSES

Vehicle registration	
Long term care insurance	
Life insurance	
Other	
Total annual essential expenses	

DISCRETIONARY EXPENSES

MONTHLY EXPENSES

Dining out	
Entertainment/recreation	
Travel/hobbies	
Charitable giving	
Other	
Total	

ANNUAL GUARANTEED INCOME SOURCES

Social Security**	
Pension	
Annuities	
Other	
Total Annual Guaranteed Income	

RETIREMENT INCOME GAP

Total annual essential expenses	
- Total annual guaranteed income	

= RETIREMENT INCOME GAP

The retirement income gap is important. This is the minimum amount of monthly income you will have to generate from your retirement accounts (such as IRAs and 401(k)s) to cover your essential monthly expenses. Your financial professional can help you implement strategies to generate income from your retirement savings.

* Omit if included in your mortgage payment.

** Social Security will estimate the benefit you will receive when you retire. Medicare Part B premiums should be either listed as an expense or reduce your Social Security payment. Also include Medicare Advantage or Medigap premiums for each spouse. Cost estimates can be found at [Medicare.gov](https://www.medicare.gov). Don't forget to adjust for inflation. Your financial professional can help.

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