

# 5 Reasons You Need More Retirement Income Than You Think

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Roughly one-third of Americans claim to have no retirement savings whatsoever, and a big reason has to do with the fact that it's just so darn difficult to save. Between mortgage payments, college, and life's other expenses, setting aside a few extra dollars per paycheck is a challenge for those struggling to make ends meet.

However, there's another reason why so many Americans don't save for retirement: They don't anticipate needing that much money once they're no longer working. But while you may find that some of your costs go down in retirement, there are others that might stay the same, or even go up. Here are five major reasons why retirement could wind up costing you more than you'd think.

IMAGE SOURCE: GETTY IMAGES.

## 1. Growing healthcare costs

According to **Fidelity Investments**, the average couple retiring today at age 65 can expect to spend \$245,000 on healthcare costs throughout retirement. However, there's new data out that challenges this estimate.

A 2016 report by HealthView Services tells us that the average healthy 65-year-old couple retiring today will spend a projected \$288,400 on lifetime Medicare Parts B, D, and supplemental insurance premiums. And when you throw in healthcare costs typically not covered by Medicare, such as vision and dental, that sum climbs to more than \$377,000. Over the course of a 20-year retirement, that's almost \$19,000 a year, or over \$1,500 a month, in medical expenses that you'd better be prepared for.



## 2. Higher home maintenance costs

Just as our health tends to decline as we get older, houses typically require more maintenance as they age -- and the related costs can really add up. A standard replacement roof, for example, costs anywhere from \$2,000 to \$12,000, depending on the materials used, and whether you do the work yourself. Meanwhile, the average cost to install a new furnace is roughly \$4,000.

These are just two of the many big-ticket items you might need to repair or replace over time, which means you'll need extra money in your retirement budget to cover such expenses. Also, once you get older, you may not be physically able to tackle the household projects you once handled like a pro, and hiring contractors for standard maintenance will also add to your bills.

## 3. Increasing property taxes

Property taxes have a way of increasing even when home values hold steady. In 2000, U.S. homeowners paid an estimated \$247 billion in real estate taxes, but by 2010, that figure reached \$476 billion. If you plan to remain a

homeowner in retirement, it's best to assume that your property taxes will go up throughout the years.

## 4. Too much time on your hands

According to a recent **Merrill Lynch** report, [58% of retirees fail to budget for leisure activities](#) when planning for retirement. And if you think your entertainment costs will fall during retirement, think again.

Once you're no longer working, you'll have many extra hours to fill, and spending your days in front of the TV is not only bad for your sanity, but also your health. While you may not have plans to travel the world, you should expect to spend your fair share on leisure activities. Remember, even low-cost outings, like museum visits, can add up over time, even with those neat senior [discounts](#).

## 5. Grandchildren

According to AARP, 25% of grandparents spend over \$1,000 a year on their grandkids. In fact, only a quarter of grandparents claim to spend less than \$250 a year on their grandchildren.

Even if your intent isn't to spoil your grandkids rotten, you can't discount the possibility of spending *some* money on them. And if your retirement leaves you with more time to visit those little bundles of joy, it stands to reason that the more opportunities you have to treat them to the fun things in life, the more you're likely to spend.

## Ramping up your savings

Living costs in retirement can really creep up on you, so if you've been undershooting your savings goal, it's time to make some changes. First, start by making small lifestyle adjustments to free up extra cash to save and invest. Simple steps like cutting back on restaurant meals, and downgrading your cable package, can really add up in the long run. Also, make sure to take advantage of incentives like [employer matching dollars](#) for your 401(k).

Finally, you might consider a side job to generate some extra income to allocate to retirement savings. A second gig may not seem ideal, but you're better off working a bit harder while you're younger and still have the energy. There's a good chance retirement will end up costing more than expected, so the more you save now, the better prepared you'll be.

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