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# 7 Ways to Handle Retirement With Rising Inflation

Look at your current expenses and consider ways to reduce to get through uncertain economic times.

By [Rachel Hartman](#) |  Reviewed by [Katy Marquardt](#) | July 29, 2022



As inflation rises, you should do an in-depth budget analysis.  (GETTY IMAGES)

In January 2022, the cost-of-living-adjustment for Social Security was 5.9%, the highest rate of increase in the last 40 years. The percentage went up to accommodate the rising cost of goods and services. With [inflation hitting grocery store shelves](#), gas stations and housing markets, among other places, the cost-of-living adjustment aims to help retirees support themselves.

While the increased [Social Security benefits](#) may be helpful, it can still be difficult to live on a fixed income when prices are on the rise. Another concern looks to the future, as it is uncertain if inflation rates will increase more and if so, for how long. In circumstances like these, you may be looking for ways to cope and survive.

When facing inflation while living in retirement, you can:

- Look for spending patterns.
- Do an in-depth budget analysis.
- Push back major expenses.
- Draw on cash.
- Go over the logistics of relocating.
- Consider the impact of downsizing.
- Check on your portfolio.



Here is a list of strategies to think about as you face the future in a changing price environment.

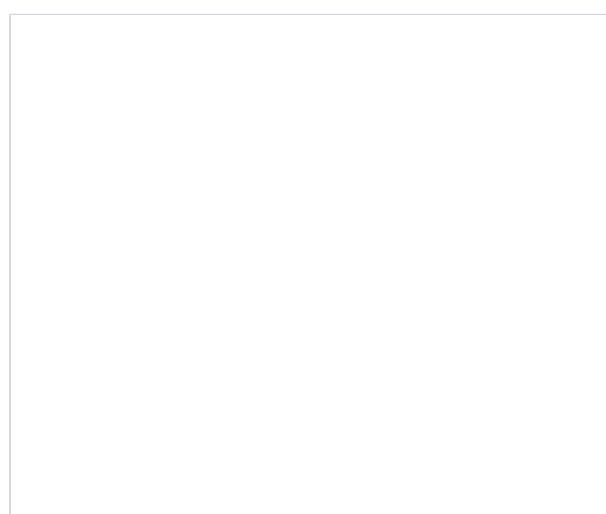
## Look for Spending Patterns

Rather than looking at what you've spent in the last two weeks, go through your bank and credit card statements from the last three to six months. Make a list of all the money you have spent. "The further back in time, the better, because you'll have more data and will be able to get a more accurate idea of average monthly expenditures," says Matthew Benson, financial planner and owner of Sonmore Financial in Chandler, Arizona. You'll see if your expenses have trended upward during the last months, and you can evaluate the increase over time. This will give you an idea of how inflation has been impacting your total payments.

[ **SEE:** [Expenses You Can Eliminate in Retirement.](#) ]

## Do an In-Depth Budget Analysis

Take some time to think about [fixed and variable expenses](#). Fixed costs tend to be relatively consistent from month to month. They could include your rent or mortgage, utilities, phone bill, cable payment and insurance expense. Your variable costs are those that change, such as your spending on groceries and eating out. They also consist of entertainment, hobbies and clothing.



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Add up your fixed and variable expenses from the last month. Subtract them from your monthly income. "If the remainder is a negative number, you are running a deficit, and if the number is positive, you're running a surplus," Benson says. For budgets that are in the red, look at your variable expenses and see if anything can be cut or reduced. If you have extra, you might use it to pay off debt or put in an [emergency fund](#).

## Push Back Major Expenses

If you were planning to take an extended vacation but haven't paid for it yet, you could postpone the trip. The same is true for luxury purchases like a new boat or a house remodeling project. If it's hard to make it from month to month, you might put these funds toward day-to-day living. "You could make some adjustments around the edges," says Kevin Kingston, a financial advisor and managing director of Savant Wealth in Bloomington, Illinois. Perhaps later, such as in a couple of years, you'll have a chance to work extra splurges into your budget again.

## Draw on Cash

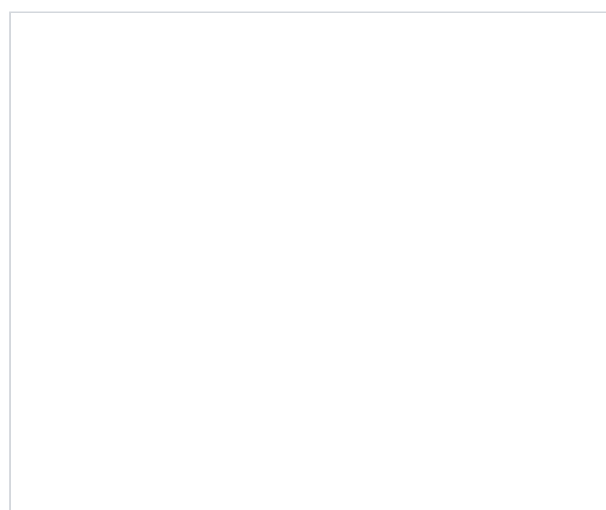


For those with access to cash, it may be time to spend those funds rather than selling off stocks or making extra withdrawals from retirement accounts. "Having substantial cash reserves could offset the need to tap managed portfolios until inflationary pressure eases," Kingston says. When using cash to cover expenses, pay attention to every expense. Stretching dollars during an inflationary period could help you get through this uncertain time.

[ **SEE:** [10 Costs to Include in Your Retirement Budget.](#) ]

## Go Over the Logistics of Relocating

If you own your home and have paid off the mortgage or are close to paying it off, you'll have accumulated equity in the property. In areas where housing prices are on the rise, you might be able to sell your home and move to an area that is less expensive. Research cities that are known for being [affordable places to retire](#), and think about your lifestyle in a new place. A few to consider: [Daytona Beach, Florida](#); [Knoxville, Tennessee](#); [Scranton, Pennsylvania](#); and [Grand Rapids, Michigan](#).



## Consider the Impact of Downsizing

For those who want to remain in their same town, a smaller home might help reduce expenses. Look for neighborhoods that cater to retirees or condo communities that are close to supermarkets and services. You could sell your current residence and some of the furniture that won't fit in the new place. Use the proceeds to help cover current expenses, or set it aside for the future in case inflation continues.

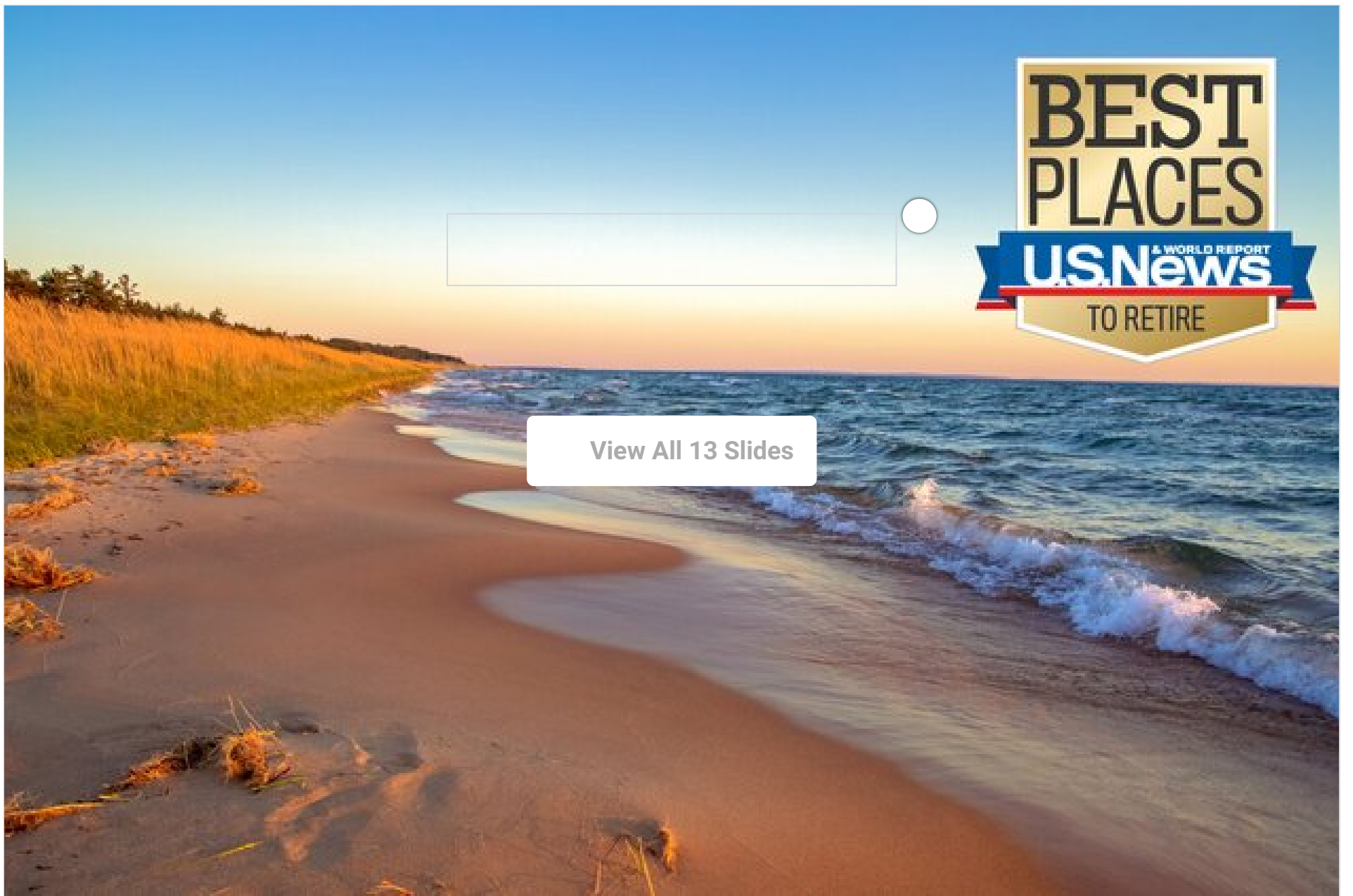
[ **READ:** [Tips for Retiring on a Small Budget.](#) ]

## Check on Your Portfolio


You may have invested funds in different accounts and products during your working years. Now that you're living off your nest egg, it can be helpful to see how your funds are diversified. "Make sure your portfolio is properly allocated to manage risk due to changing market conditions and adjust accordingly if not," says Larry Bell, a private wealth advisor at Summit Financial in Parsippany, New Jersey.

It can be hard to know how long inflationary periods last. While some experts have made estimates, history tells us that inflation ebbs and flows over time. By taking measures now, you'll be able to continue living off your fixed income and be prepared for the coming years.

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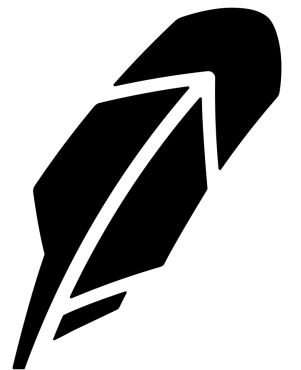
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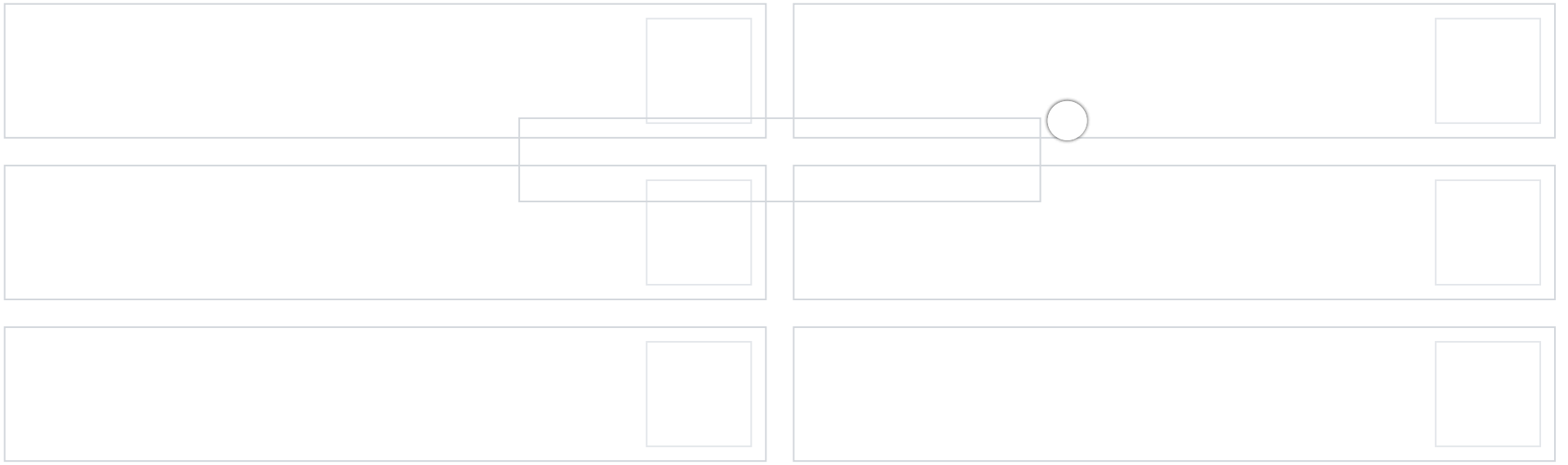


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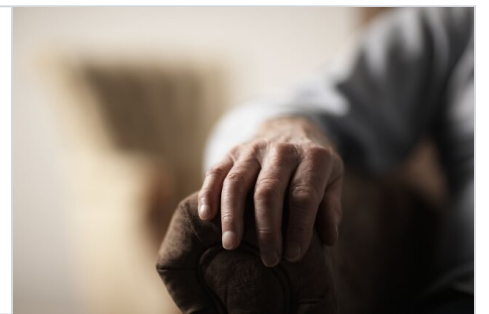
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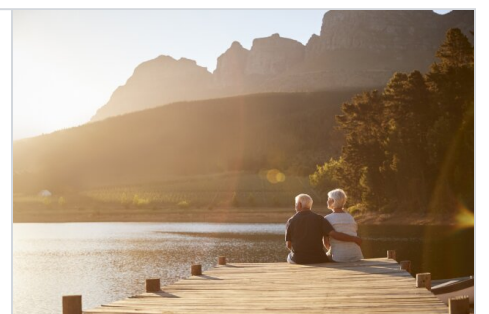
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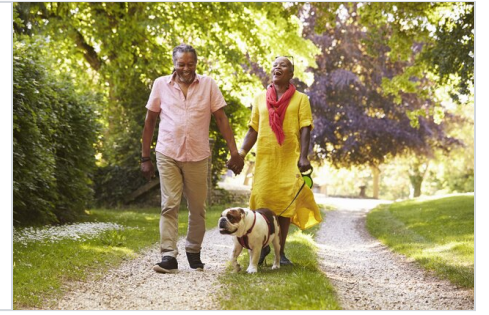
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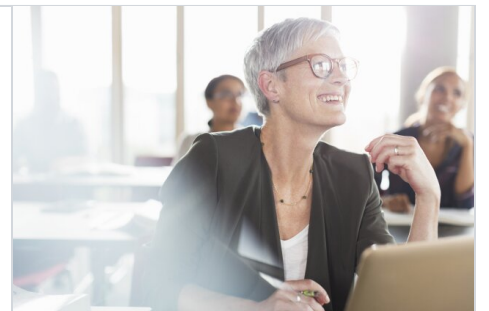
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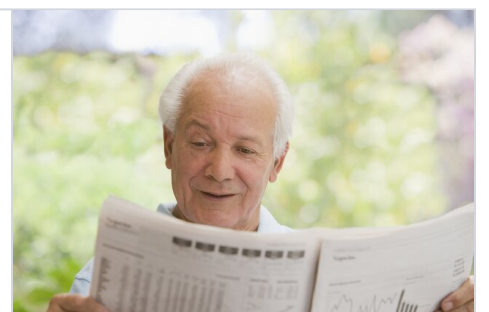
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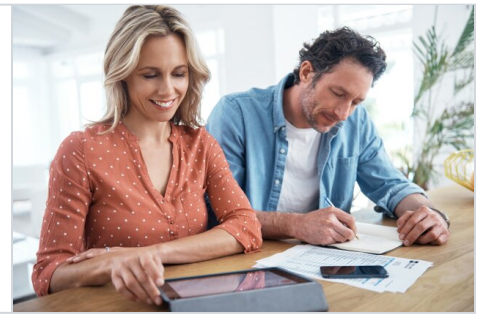




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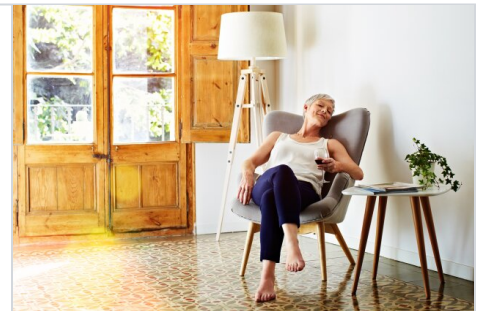
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