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Tips for Making your Money Last in your Golden Years

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Contrary to popular belief, your lifestyle expenses don't get cheaper when you retire. In fact, money managers say most people spend more than they expected when their living out their golden years. People 65 and older spent roughly $35,000 annually on mostly housing, food, utilities, transportation and health care, according to the U.S. Bureau of Labor Statistics' 2010 Consumer Expenditure Survey.

While retirees might have the benefit of owning their home outright, they also tend to have more time on their hands, creating expenses associated with entertainment, travel, hobbies and home improvement. There is no magic formula for making your nest egg last through retirement, but here are a few expert tips on how to live comfortably with what you've got:

Have a secure plan. Income should be based on math, not the markets, says Curv Miller, vice president of investment management and financial planning firm Russell & Company. In other words, make sure guaranteed streams of income are in place (i.e. Social Security and dividend paying assets). This will ensure your money stays protected while still accumulating interest.

Work a little longer. The longer you work, the more you'll benefit from investments and Social Security, says Anna Rappaport, an actuary and retirement expert. Working even part-time a little longer will delay dependency on savings. "Many seniors are choosing to work longer—the employment level of those over 55 has risen by 4 million jobs since the beginning of the recession," says Daniel White of financial planning firm Daniel White & Associates. Researchers at Boston College have estimated that many retirees will face a shortfall in savings but by adding just two to four more working years can significantly close the gap.

Refrain from taking income from growth assets. The markets have the potential to remain volatile for a while, according to Miller, and you don't want to be selling when the market is down. Rather than draw income from risk assets (growth investments affected by changes in credit quality and interest rates), use interest from non-correlated assets like real estate, private equity and commodities first. Let principal in investments stay put and allow it to generate dividend income, Miller adds.

Get the best health insurance you can afford. Health care is a significant cost of aging and its cost is often underestimated or unplanned. One large health issue can set you back thousands of dollars. Being properly insured will minimize the impact. Evaluate your insurance coverage and medical needs annually. If you retire before being eligible for Medicare, see if you can purchase a policy from your former employer at a group rate. **If not, shop for appropriate individual coverage at an affordable price, advises Martin Rosen, co-founder of Health Advocate, a health care advocacy and assistance program.**

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Make a budget and stick to it. This simple step is often overlooked by retirees and can lead to problems and debt down the road. "When you write it down on paper, a budget can be quite enlightening. Better managing expenses can be a very powerful move," says White.

Defer Social Security. Most people start collecting Social Security at 62 and defer on their other accounts until 66, according to White. If you switch that and start taking your IRA earlier, you can supplement your income in the short term and collect 25% more on Social Security just by waiting until age 65 to start withdrawing your funds. If you wait until age 70, Social security increases by 8%, he adds.

Don't rush to sell the house. "Real estate is not the boost today that it once was for many seniors looking to downsize and sell their homes," White says. Waiting a few years to sell your home and downsize can increase your selling price, and increase your savings.

Learn to say no. "You can't always say yes when kids come to you asking for money," White says. "It's never fun to deny them what they're asking for, but it's also rarely the right decision to pay penalties or lose your own long-term security for the sake of temporary support for your kids."