Map Your Fixed Income

You cannot cut three hundred dollars a month from a budget you are only guessing at. When you are living on a fixed income, the margin for error disappears. A twenty-dollar surprise copay or an unexpected rate hike does not just dent your savings, it competes directly with your grocery money. Before you cancel a single subscription or swap a single brand, you need a precise, unvarnished picture of where every Social Security dollar goes right now. This map is your baseline. Everything else in the playbook builds on it.

Follow these steps to build your baseline without changing a single habit yet.

1. **Pull your official benefit verification**

Do not rely on memory or that paper statement from three years ago. Log in to your My Social Security account at ssa.gov and download your most recent Benefit Verification Letter. Look specifically for two numbers: your **gross benefit** and your **net payment**. The difference is usually your Medicare Part B premium ($174.70 in 2024 for most retirees), maybe a Part D premium, and any voluntary tax withholding. Your net payment is the actual number that hits your checking account. Write that net figure down first. That is your true starting line.

1. **Add every other recurring deposit**

Social Security is rarely the only pipeline. List any pension distributions, annuity payouts, 401(k) withdrawals, or VA benefits. Just like with Social Security, capture the net deposit amount, not the gross distribution. If your pension health premium is deducted at the source, record what actually clears. Add these to your Social Security net to get your **Total Monthly Net Income**. If you receive a pension biweekly, multiply by 26 and divide by 12 to get an accurate monthly average. Never use 'two paychecks' as a month; two paychecks only happen twice a year, and that math will wreck your baseline.

1. **Dump ninety days of bank activity**

Pull the last three months of checking account statements and credit card statements. Do not look at a single month and assume it is normal. One month might include a dental crown; the next might have a quiet prescription refill. Three months smooths out the spikes. Grab a highlighter and mark every outgoing transaction. You are looking for the autopilot items, the recurring debits that hit on the 1st, 5th, and 15th without you touching a button. These are your fixed commitments.

1. **Sort the outflow into four buckets**

Create four columns on a sheet of paper or a spreadsheet. Put every highlighted expense into one of these categories:

- **Housing & Utilities:** Rent or mortgage (including escrow), property tax, electric, gas, water, internet, phone.
- **Food:** Groceries, plus any meal delivery or restaurant charges.
- **Insurance:** Auto, homeowners/renters, Medigap, or Medicare Advantage premiums paid outside of Social Security.
- **Healthcare & Life:** Copays, prescriptions, gym membership, subscriptions, gasoline, personal care.

Separating the automatic debits from the variable swipes is the whole game. The money you spend at the grocery store changes week to week. Your electric bill baseline changes seasonally. The mortgage does not budge.

1. **Calculate your true fixed baseline**

Subtract your non-negotiable auto-debits (housing, utilities, insurance premiums) from your Total Monthly Net Income. What remains is your flexible pool. This is the money that must cover food, gas, copays, and the things you actually enjoy. When we target $300 in savings later in the playbook, we are not going to gut your flexible pool into oblivion. We are going to find the fat in the fixed debits and the waste in the variable swipes while protecting your priorities.

A Real Map: Martha in Arizona

Martha is 74 and lives in Tucson. Here is what her map looked like before she changed anything.

Incoming:

- Social Security Gross: $2,480
- Less Medicare Part B: -$174.70
- Social Security Net: $2,305.30
- Pension (monthly draw from a 403b): $420.00
- **Total Monthly Net Income: $2,725.30**

Outgoing (Fixed Auto-Debits):

- Mortgage + Escrow (taxes/insurance): $945.00
- Tucson Electric Power (averaged): $165.00
- Water & Sewer: $48.00
- AT&T Fiber Internet: $79.99
- Medigap Plan G (paid separately): $155.00
- Auto Insurance (paid monthly): $118.00
- **Total Fixed: $1,510.99**

The Baseline:

$2,725.30 (Net Income) - $1,510.99 (Fixed) = **$1,214.31 left for groceries, gas, prescriptions, and living.**

Martha assumed she had 'about a thousand bucks' of free money. Seeing the exact $1,214.31 changed her approach. She realized her Medigap and auto insurance were ripe for a review (saving her $92 combined in Chapter 4), and her internet was sitting on an expired promotional rate (saving $30 in Chapter 2). She found her $300 without ever touching her grandkids' birthday fund.

Your Mapping Checklist

Print this or keep it open in a tab. Do not move to the next chapter until every box is checked.

- I downloaded my current Benefit Verification Letter from ssa.gov.
- I recorded my **net** Social Security deposit (after Medicare deductions).
- I converted any biweekly pensions to a true monthly average (x26 / 12).
- I printed or exported the last 90 days of checking and credit card activity.
- I highlighted every recurring automatic debit.
- I sorted all spending into Housing, Food, Insurance, and Healthcare/Life.
- I calculated my exact flexible pool (Net Income minus Fixed Auto-Debits).
- I wrote the final baseline number on a sticky note and put it on my fridge.

Common Mistakes to Avoid

Using Gross Income to Build the Budget

This is the fastest way to overestimate your breathing room. If you budget around your $2,480 gross benefit, you are secretly budgeting money that the government already sent to Medicare. Always, always start with the deposited amount.

Averaging on the Back of a Napkin

'Electricity is usually around $150.' Usually is not a number. Utility bills swing wildly between a mild April and a 105-degree July. Pull twelve months of history in your utility app, add them up, and divide by twelve. Use that true average for your baseline.

Ignoring the Annual Bills That Hit Monthly

Escrow accounts hide property taxes and homeowner's insurance inside your mortgage payment, which is fine as long as you count the total. But watch out for the $180 car registration renewal, the $240 annual prescription mail-order deductible, or the $99 Prime membership. If you pay them annually, divide by 12 and assign that amount to the relevant monthly bucket. Ignoring them creates a fake surplus that vanishes in November.

Forgetting the 'Invisible' Copays

Retirees routinely track the big checks and miss the $15 pharmacy runs or the $25 specialist copay taken out of a checking account on a random Tuesday. Those small swipes add up to $60 to $90 a month. They belong in the Healthcare bucket, not in 'miscellaneous.'

Do This Today

Open your web browser, go to ssa.gov, and sign in to your account. Download the Benefit Verification Letter to your desktop. Open your checking app on your phone, find the deposit that matches your net benefit, and write that exact number on a sticky note. Stick it on your refrigerator or your monitor. Do not do anything else with it today. Just look at it. That number is the anchor for everything we are about to fix.