LESSON · TRAVEL & ENTERTAINMENT

How Much Can You Really Spend on Travel in Retirement?

Most retirees want to travel more, but few know what they can safely spend. Here's a simple way to set a travel budget, plan the big trips, and see exactly what they do to your monthly paycheck.

Read time: 7 minutes **Level:** Foundational **Includes:** Knowledge check

Travel tops most retirement wish lists. In AARP's 2026 Travel Trends survey, 64% of adults 50 and older said they plan to travel this year, and those who traveled took an average of 4.2 trips in 2025. Yet the question most people actually have, "How much can I spend?", rarely gets a straight answer.

The honest answer isn't a percentage or a rule of thumb. It's whatever your savings, Social Security and other income can support, alongside everything else you spend, for the rest of your life. This lesson shows you how to get to that number in four steps.

Two kinds of travel spending

Before you put a number on it, split your travel into two buckets. They behave differently in a plan, so they should be budgeted differently.

Recurring trips vs. bucket-list trips

	RECURRING TRIPS	BUCKET-LIST TRIPS
Examples	Visiting the kids, a beach week, weekend getaways	An anniversary trip to Italy, a safari, a family cruise
How often	Every year	Once, in a specific year
Where it goes	Your monthly budget	A one-time expense on the calendar

Step 1: Price your normal travel year

Start with what you already spend. Pull the last two or three years of travel from your bank and credit card statements: flights, lodging, meals out, rental cars, tours, travel insurance, even the pet sitter. Then adjust for retirement. You'll have more time, so you may travel more often, but you can also travel off-season and midweek, when prices are often lower.

Divide the yearly total by 12. That monthly figure is your recurring travel budget. A couple who spends about $9,600 a year on regular trips, for example, would budget $800 a month.

Step 2: Put the big trips on the calendar

Bucket-list trips are easier to afford when they're planned, not squeezed in. List each one, give it a price and pick the year you want to take it. Our sample couple adds a $20,000 trip to Italy for their 40th anniversary in 2029.

Think about order, too. The most physically demanding trips, such as long-haul flights, hiking or walking-heavy tours, usually belong early, while health and energy are on your side.

Step 3: Plan for the go-go years

Retirement spending usually isn't flat. Planner and researcher David Blanchett, studying actual retiree households, found that inflation-adjusted spending fell by about 1% a year on average between ages 60 and 90, with bigger shifts early in retirement, as active travel winds down, and late, as medical costs rise. Planners often describe the stages as the go-go, slow-go and no-go years.

The takeaway: spending more on travel in your first decade of retirement, on purpose, can be perfectly reasonable. Many retirees do the opposite. They underspend early out of fear, then find their health limits travel later.

The catch: early years carry the most market risk

A big market drop early in retirement, while you're also spending the most, does more lasting damage than the same drop later. That doesn't mean you shouldn't travel. It means your plan needs a safe source of cash for the next few years of spending. The Sequence-of-Returns Risk lesson explains why.

Step 4: Test it against your paycheck

Your travel number only works if the whole plan works. Two things make the real cost higher than the sticker price:

Taxes. If the money comes from a Traditional IRA or 401(k), every withdrawal is taxed as income, so you'll need to withdraw more than $800 to spend $800.

Inflation. At 3% a year, an $800 monthly travel budget becomes about $1,075 in 10 years just to buy the same trips.

So the real test is: with travel, taxes and inflation included, does your income cover your full budget every year, with room to spare? If it does, you can travel without the guilt. If it doesn't, you'll know exactly how big the gap is, and you can trim, delay a trip or rethink the order.

Before you go abroad: Medicare usually stays home

Original Medicare generally doesn't cover care outside the United States, except in rare situations. Medigap Plans C, D, F, G, M and N include foreign travel emergency coverage: 80% of emergency care abroad after a $250 yearly deductible, up to a $50,000 lifetime limit. Medicare Advantage coverage abroad varies by plan. Check your coverage before every international trip, and consider travel medical insurance for the gaps.

How Blueprint approaches this

Blueprint builds travel into your plan rather than treating it as an afterthought:

- **Recurring travel** goes in the **Lifestyle** line of your Budget, along with entertainment, hobbies and events. If you're still working, you can set a separate retirement budget, for example when you expect to travel more.
- You enter amounts in **today's dollars**. Blueprint adjusts them for 3% annual inflation and builds the taxes into your monthly retirement paycheck.
- With **Plus**, each bucket-list trip can be added as a **Future Large Purchase** in the year you plan to take it. Blueprint pays for it from your Growth Engine and flags any Funding Gap, so you can see whether the trip fits before you book.
- Your recurring budget rises with inflation but doesn't taper on its own. To plan extra go-go travel, add it as Large Purchases in the years you expect to take it.

Setting your travel budget:

- [ ] Add up your last two or three years of travel spending
- [ ] Turn your normal travel year into a monthly figure
- [ ] List your bucket-list trips with a price and a year
- [ ] Put the most active trips early, while you're able
- [ ] Test the full budget, with taxes and inflation, against your retirement income
- [ ] Check your health coverage before any trip abroad

KNOWLEDGE CHECK

Test what you just learned

Answer four quick questions to test what you just learned.

1. Where does a yearly beach week belong in your plan?

> A. As a one-time expense in a specific year
> B. In your recurring monthly budget
> C. It doesn't need to be planned

2. What did Blanchett's research find about retiree spending?

> A. It stays flat after inflation for life
> B. It fell about 1% a year on average after inflation between ages 60 and 90
> C. It doubles in the first five years

3. You spend $800 a month on travel from a Traditional IRA. Why is the real cost higher?

> A. Withdrawals are taxed, and inflation raises the cost each year
> B. Travel is subject to a special retirement surcharge
> C. It isn't higher

4. Does Original Medicare cover a hospital visit in Italy?

> A. Yes, the same as at home
> B. Generally no. Some Medigap plans and travel medical insurance can help
> C. Only for trips under 30 days

Sources: AARP, 2026 Travel Trends (March 2026); David Blanchett, "Exploring the Retirement Consumption Puzzle," Journal of Financial Planning (May 2014); Medicare.gov, Travel outside the U.S.

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