Q: I know that my fixed pension payments will be hurt by future inflation. I can afford to save a little of it for the future to help out, but I don't know how much? 10%, 30%, 50%???

A: Yes, you can help protect yourself from moderate inflation, but it will be very difficult for very high inflation. A simple formula is this for moderate inflation: Spend only the after-tax amount multiplied by the amount of your age divided by 100. So if your after-tax pension was $1,000 a month, and you were 70 years old, you would spend only $700 a month. The other $300 you would save to cover future inflation.

A useful approximation that retirees can use is to determine how much of their investments they can withdraw for spending is to divide last year's investment balance by the number of years the remaining investments must last. So if you had $100,000 of investments and felt that it would be safe to exhaust investments in 20 years, then this year you could withdraw $100,000 divided by 20, or $5,000.

Both of these simple equations should allow you to almost cover inflation and yet give you about the same amount of purchasing power each year.