



A Growing Need for Annuities

Planting the seeds for a confident retirement

When you think about retirement, what comes to mind? Perhaps you imagine spending time with loved ones, pursuing a passion project or traveling the globe. As you envision your idyllic golden years, are you confident you'll have enough money to last your lifetime?

Whether you're 15 years or five years away from transitioning out of full-time work, you're hopefully adhering to a retirement savings strategy, which may include contributing to an IRA or an employer-sponsored plan, such as a 401(k). While accumulating assets is important, it's only half the battle when it comes to your financial future. A plan for taking income, otherwise known as deaccumulation or distribution, is just as crucial to ensure you don't live a "day long and a dollar short."

Creating an income strategy now to address when and how to convert your savings into a regular retirement paycheck can help guide you in your post-employment years. After all, throughout your working years, you've probably come to rely on a steady paycheck. You may know exactly how much each paycheck will be and what expenses it should cover — from housing, groceries and transportation to dining out, traveling and entertainment. With retirement on the horizon, do you know what kind of expenses to expect? And have you thought about where these funds will come from, as well as how much your income will be?

Harvesting effective income strategies

Let's face it, retirement can be expensive. That's why it's so important to start saving early and building your own personal pension plan. In addition, these steps can help you develop a more well-rounded retirement income strategy:

1. Identify retirement expenses. Work with your insurance professional or financial advisor to estimate future expenses, including those that address basic needs (food, housing and medical expenses) as well as your anticipated lifestyle expenses (things you want but don't actually need to survive).

2. Calculate replacement income. Determine how much of your pre-retirement income is needed to cover these expenses. The replacement ratio can help you determine whether you can maintain your current standard of living or if you may need to adjust to a more modest lifestyle in retirement.

3. Mitigate retirement risks. Retirement can include a number of gray areas that you may need to consider. From unexpected healthcare-related expenses to caring for aging parents, such uncertainties could derail a plan that hasn't considered them. Key retirement risks may include:

- **Longevity risk** — You probably want to live a longer, happier and healthier life, but you also want to ensure that you don't outlive your assets.
- **Withdrawal rate risk** – Drawing down your assets at a rate that does not meet your retirement spending needs could result in depleting funds too soon.
- **Sequence of returns risk** – Protection strategies are important to ensure timing of an unfavorable market environment doesn't have a negative impact on your retirement savings.
- **Inflation risk** – The rising costs of goods and services could cause a potential loss in purchasing power, decreasing how far your savings will go.

4. Evaluate income sources. When transitioning away from full-time employment, what will you rely on for a regular paycheck? Given decreasing access to company pensions and uncertainty around the future of Social Security, additional funds may be needed to help bridge any identified income gaps.

5. Establish an income timeline. Work with your insurance professional or financial advisor to help you map out how and when you'll take payments from your retirement income sources, ensuring the expenses you've previously identified are covered and you have a plan for life's "what ifs."

Fixed indexed annuities may play a valuable role in an income plan by:

- Protecting assets from market downturns
- Providing an opportunity to earn higher crediting rates than many fixed rate alternatives
- Offering an opportunity for asset growth closer to the inflation rate
- Generating predictable income, or retirement paychecks, for life
- Enjoying tax deferral until withdrawals or income payments begin
- Delivering a death benefit for beneficiaries as part of your legacy plans



Cultivating greater retirement confidence

Financial success in retirement involves income planning preparation, needs analysis and risk management. Incorporating a strategy that considers all factors can help you leverage more of your hard-earned dollars to create a retirement paycheck you can count on. A fixed indexed annuity can be a catalyst for helping you generate vital annual income without the guess work, neutralizing potential risks and presenting you with an opportunity for your retirement dreams to flourish.

**To learn more about how you can benefit from annuities and thrive in retirement,
contact a licensed insurance professional.**

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