



*Ann Merkleley*

## Looking for Guaranteed Income in Retirement?

### LOOK TO ANNUITIES

**T**oday, Americans are living longer. While that's great news on the one hand, the challenge facing today's retirees is how to avoid outliving their income. Those who qualify for Social Security can reasonably expect to receive a benefit for their entire life; the same goes for those who receive a pension benefit.

But for many individuals today, their *primary* source of retirement income is a contributory retirement plan account, such as a 401(k) or 403(b) plan. With these plans, there is usually no "guarantee" with respect to how long an individual's money will last once withdrawals begin. It all depends on:

- how much money is contributed to the plan over the years (by both the individual and his or her employer, if there is an employer "match");
- how much those contributions have gained value over time (if at all, since it is possible to lose money in these accounts); and
- how quickly the individual withdraws his or her money.

#### One Solution for Reliable Income in Retirement

Many who are planning for retirement realize that, in addition to Social Security, they want a source of income they can rely on once they've left the workforce - income that can last a lifetime. That's why many individuals turn to annuities. An annuity is a financial product that can provide a steady source of income, with guarantees that can help future retirees be more confident that they'll have a reliable stream of income they can count on.

#### How an Annuity Works

An annuity is a financial product that lets an individual turn their annuity premium dollars (i.e., the amount they pay for the annuity) into a stream of income payments.

Annuity purchasers need to keep in mind that they are giving up rights to their premium dollars in exchange for the steady stream of income. That's why it's important that an annuity **not** be bought without giving careful consideration to *how* it works: what the individual is giving up, and what he or she will gain in return. With certain types of annuities, for example, a refund or "reversal" is not possible once the product has been purchased.

Some individuals find that the greatest advantage of an annuity is the fact that, if structured properly, it can provide guaranteed income for their lifetime (or any other period of time they wish).

#### The Benefits of Annuities

- Payouts can be selected that will last over one lifetime, two lifetimes, or a specific period of time.
- Buyers can choose their income payout frequency - such as monthly, quarterly or annually.
- Once a payout frequency and method have been chosen, the amount of guaranteed income usually stays predictable and level over the length of the payout period.

#### Speak with Your Financial Professional

In addition to other sources of income that you may receive during your retirement years, having a guaranteed source of lifetime income may give you the confidence and ability to enjoy retirement the way that it should be enjoyed - doing the things you love without the worry of outliving your money.

Only you can decide whether or not an annuity may be right for you. But since an annuity purchase takes careful consideration, it's important for you to shop with the assistance of a qualified financial professional. He or she can help you learn more about the many types of annuities - and the important role they can play in giving you greater financial security in retirement.

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