

Safe Money Advisory

Making Your Retirement Money Long

**Houston, Texas
For Immediate Release**

What will you do if you run out of money during retirement? What are the consequences if your surviving spouse doesn't have enough money? These serious questions are reality for many retirees. Nonetheless, the fear of running out of money has not kept many retirees from speculating with their retirement money. Much of this "speculative mentality" is driven by constant advertising bombardments telling retirees the best places to keep their money. Most of this advice is directed toward making retirement money taller, or bigger, when the real problem is making it longer. It appears that Wall Street has promised but not delivered: as a result many retirees are now back in the job market or have scaled down their retirement lifestyle. Your objective in managing your retirement money should be to avoid running out of money rather than trying to make a financial killing by speculating and taking unsuitable risks. How can you overcome the risk of living too long (longevity risk) and running out of money?



In recent years insurance companies have begun offering longevity risk coverage. The classic insurance principle of managing risk by spreading it over many people works in this arena. Those who die too soon (the unlucky) subsidize those that live too long (the lucky), the same insurance principle employed for protecting homes, cars, health, life and other valuables. A **Guaranteed Lifetime Income Benefit** is now a routine feature of an annuity contract. Here's the way it works: you purchase an annuity that pays a competitive rate of interest plus allows conversion into a guaranteed lifetime income at your option. The amount of lifetime annual income depends on the amount of money in your annuity when converted and your age. There are safeguards that prevent you from losing money if you die too soon, but never can you run out of money if you live too long. For many retirees, and those contemplating retirement, it would be wise to consider this lifetime income option. Combining a guaranteed lifetime income from an insurance company with Social Security benefits assures an income regardless of how long you live.

There are other benefits like inflation protection and spousal coverage that can be added to annuities, but each will raise the amount of money needed for a given income guarantee. You can change your mind and withdraw your money lump-sum from the annuity both before and after your lifetime income starts; however, there might be penalties for doing so. Your lifetime income is safe because it is guaranteed by an insurance company – the same insurer that protects homes, cars, health, lives and businesses. What's more, many insurance companies are giant corporations that have been in business for hundreds of years and weathered depressions, wars, failure of governments and financial meltdowns. Your money is safe.

If you do not like the insurance company solution, consider "laddering" your retirement money in investments that mature at the exact time you need income. For example, you might put money into a liquid account to cover living expenses for up to five years. The money to be used from years five through fifteen could be placed in tax-deferred annuities with staggered maturities and serially turned into income when needed. For income beyond fifteen years, a more adventuresome option might be chosen if the risks are acceptable. Whether you select the "insurance company" or the "laddering" option, work with a financial advisor to tailor a plan for your circumstances. Developing plans without help or failing to plan are common retiree mistakes. Set your course now with professional help.

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