

# Creating Income for Life

## Will You Have Enough Income in Retirement?

By Ronald Stevenson and Barbara Clark

The number one concern for most retirees is the possibility of outliving their income in retirement. For example, Baby Boomers are retiring at astonishing rates and are looking for ways to replace their steady paycheck. They are worried about the potential of Social Security diminishing and what might happen to their retirement if it does. Baby Boomers are also concerned about the volatility in the market and the possibility of losing money in what may seem like the only place to earn money with interest rates being so low.

Having a retirement plan plays an integral role in addressing ways to ensure income for life. Finding the most efficient and beneficial way to address this may impact your lifestyle, asset accumulation and legacy planning after you retire. Satisfying that need for monthly income entails knowing how much you need and when you need it.

Even though everyone's income needs are different, the general rule of thumb is that a retiree will require 70 to 80 percent of their pre-retirement income to maintain their current lifestyle. Once you figure out your needed amount, the next step would be to explore ben-

eficial financial strategies, options and tools to help you achieve your income goals.

There are a handful of ways to fill your need for income in retirement. Social Security is one of the most well-known methods. It plays an important role in many Americans' retirement plans, and it is beneficial for them to know how to properly manage it in order to maximize their benefit. Social Security is the foundation of income planning for anyone who is about to retire and can be a reliable source of income.

In addition to having a Social Security benefit, fixed index annuities have gained popularity, especially with the addition of income riders that allow people to defer income until some point in the future. They can turn on an income stream that is guaranteed for life, regardless of what happens to their account balance.

Fixed index annuities are products created by insurance companies to address needs for growth and a structured lifetime income, which can make fixed index annuities uniquely suited to be a significant asset in one's retirement plan.

Fixed index annuities are like other annu-

ities. But, instead of growing by an interest rate that is declared by an insurance company, they are linked to the performance of a market index. In addition, they are sometimes accompanied by fees that would be deducted from your account.

Fixed index annuities provide you with confidence about your retirement savings strategy and principal protection. They also

have no exposure to loss when the market drops and help provide a hedge against inflation. Overall, they are a good alternative for someone looking for a secure vehicle, but also liking to follow the market.

When considering a fixed index annuity, it is important that you understand that your money is locked in the annuity for a predetermined number of years. Also, if interest rates go up, that money is typically not available to move during that

time or surrender charges can apply. There is either a return cap or a maximum participation rate linked to market earnings.

With fixed annuities, both the money you invest and the interest paid out are guaranteed by the claims-paying ability of the insurer. Investors should consider the investment ob-

jectives, risks, charges and expenses of a fixed annuity carefully before investing.

Fixed index annuities are specifically designed to create income – either today or at some point in the future. A fixed index annuity may be an invaluable component of your retirement plan, helping you to safeguard your assets and your future.

When finding ways to create income for life, it is important to understand that each individual's situation is different, and that you should work with a qualified financial services professional to help you decide what is right for you. It is important to understand that there are many insurance companies that offer annuities and not one annuity is suitable for every person. At American Financial Security, we work with many companies to accommodate our clients' needs in retirement. **QCBN**

Ronald F. Stevenson & Barbara E. Clark own American Financial Security, LLC. They specialize in Retirement Income Planning, Social Security Maximization, Tax Free Income Design, Personal & Corporate Tax Preparation and Planning. For more information, call 928-771-8368 or visit [www.AmericanFinancialSecurity.net](http://www.AmericanFinancialSecurity.net), 3112 Clearwater Dr., Suite B, Prescott, AZ 86305.



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