

# BUNDANT SPIRIT

Living • Loving • Laughing • Celebrating A Secure Retirement



## really Are you ready for Retirement?

In years prior to our ever changing current economy, retirement planning was simpler. Generally, it required only two planning stages: the accumulation of assets, and the distribution of assets. Today it may be wiser to consider three planning stages: accumulation, transition, and distribution. The “Transition Stage” is often the period of time between your full employment and your full retirement. Typically, a person would be working on a reduced or part-time basis in their transition stage.

### The Transition Stage

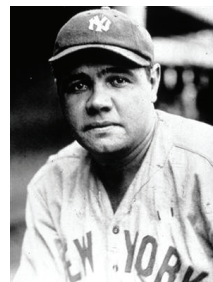
With advances in medicine and awareness of the importance of a healthier lifestyle, many people find themselves desiring to work to a

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## Annuities and Fixed Income Annuities

Providing You with A  
Guaranteed Income Stream  
You Cannot Outlive.

The current state of the economy is now forcing thousands of people to find creative ways of planning for and providing income during their retirement years. Retirement Income



Annuities helped Babe Ruth get through The Great Depression.

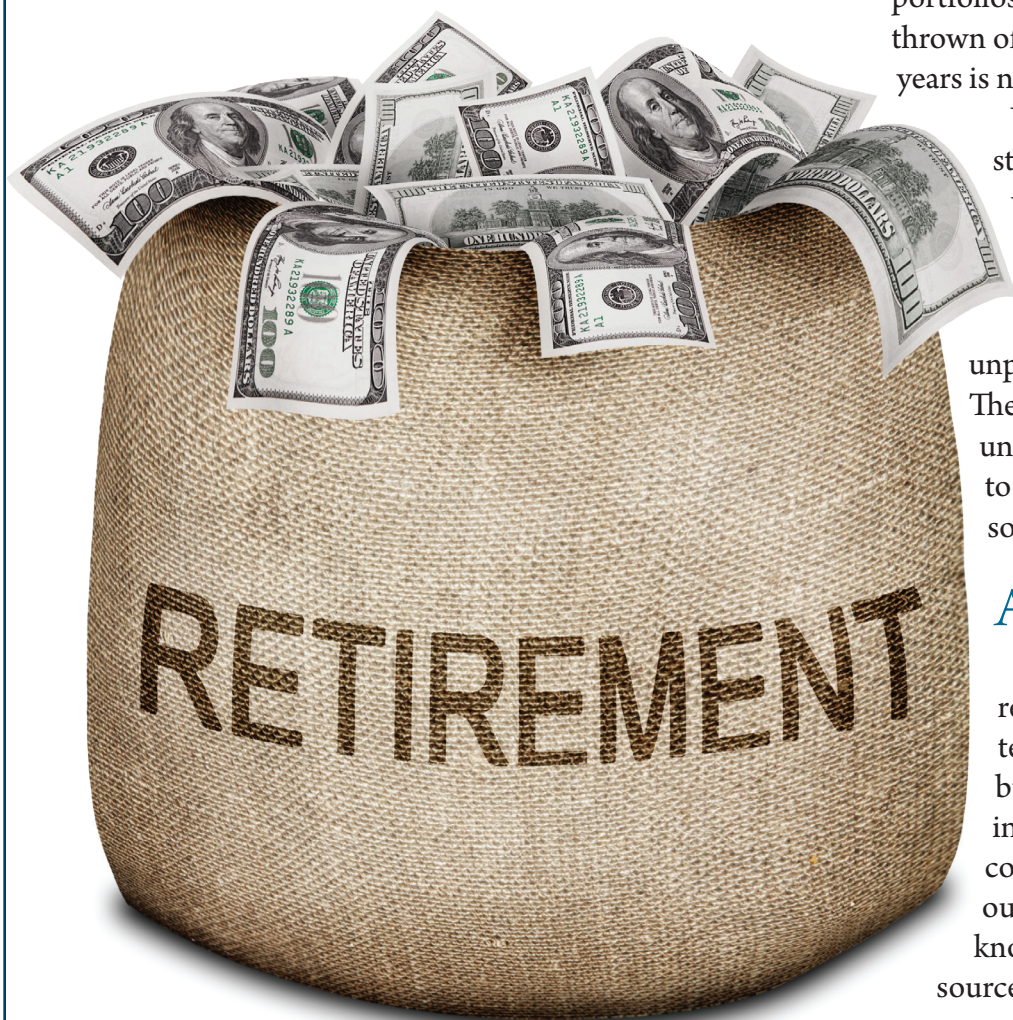
Planning has always involved the need to put your money into profitable long range income vehicles. Finding a resource to help you grow your retirement savings, while guarantying safety

of principle and offering competitive rates of return is in high demand. An annuity contract is the primary way to meet this need and is continuing to grow in popularity *fast*.

An annuity is a financial contract between you and an insurance company. This contract allows the owner to put money in that will be guaranteed safe from loss, while providing compounding growth at very competitive rates. Annuities provide income streams that cannot

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# MAKING SENSE OF YOUR RETIREMENT INCOME



The first set of Baby Boomers reached their retirement age in 2011 and many had no idea if their retirement savings would be enough. People are living longer, healthier and more active lives. Gone are the days when retirement meant sitting on the couch and acting like grandma and grandpa.

It shouldn't surprise us then, that many are unprepared on how to use their hard earned finances in retirement. After all, the investment and financial industries have only taught us how to save money, not how to preserve it. And with the stock market decimation of 2007 through 2009 many retirees' investment portfolios have been thrown off track, and making up those lost years is not a possibility.

**“Financial industries have only taught us how to save money, not how to preserve it.”**

We all want to maintain our standard of lifestyle in retirement; we want the golden years to be 'golden.' How can we do that with the unpredictability of the stock market and our unpredictable income streams? The best way to do that, given the uncertainty of how long we're going to live, is to have a guaranteed source of retirement income.

## A Good Start

First, stop thinking about retirement savings solely in terms of a lump sum of money, but rather in terms of how much income the money you have saved could generate year in and year out. People are generally happier knowing there is a guaranteed source of income coming in each and every month. It gives a sense of peace and



stability. “There’s an undeniable peace of mind that comes with knowing that you have a guaranteed source of income to rely upon, especially if it will cover all of your basic living expenses” says Elaine Sarsynski, executive vice president, MassMutual.

There is an assortment of financial products available to help convert lump sum amounts of savings into a monthly income stream. Bonds, money market funds and certificates of deposit have in the past been popular with retirees. But none of these can guarantee you will not outlive your savings, or that your savings would keep up with inflation, which over time reduces that amount of buying power your money has. An immediate annuity — which is an insurance contract that is often used to generate an income stream — can. An immediate annuity is the only financial vehicle that can guarantee a fixed amount of income for life, regardless of how long you live or how well the markets perform.

It is essential that you work with a financial advisor who is familiar with all the options available. They will be able to help you understand how the amount you have saved translates into a level of monthly income that replaces your employment paycheck. Circumstances may vary from person to person, but one thing is the same, and that is we need to start focusing on how to guarantee an adequate monthly income in and through retirement.



## Long-Term Care Cost Knowledge Checkup

Similar to our health status we need to check up on our financial health. Often people miss this yearly checkup and it can lead to devastating effects. Just like our health, we cannot take anything for granted and the best medicine is preventive medicine. When unexpected long term care is needed, the costs can be detrimental to your financial health – unless you are prepared.

### Assessing your knowledge

Like any major life transition, the move from newly retired to senior retirement can bring some unexpected change. You should familiarize yourself with the costs of long term care in case you or your loved one might require it. You should seek the guidance of a financial advisor to determine and plan for the costs ahead of time. Here is an eye opening statistic: A 65 year old couple, retiring this year, will need an average of \$220,000 to pay for medical costs throughout their retirement. Add to this challenge are the one wage earner households and / or the fact that most retirees have only saved one times their annual income for retirement. Here is a resource that can give you an estimate of the costs of long term care in your community: see Glenworth’s Cost of Care Survey results. [www.genworth.com/corporate/about-genworth/industry-expertise/state-maps.html](http://www.genworth.com/corporate/about-genworth/industry-expertise/state-maps.html)

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later time period in their lives. This is good medicine, in that generally, people get not only a monetary benefit from working but a sense of self-worth and purpose. Today's advances in medicine mean we are living longer which is excellent news. But with every gift comes responsibility, and now we have to think about how to plan for longer periods of time in retirement.

Working just a few extra years will help to prolong the start of the distribution period and will enable you to accumulate more savings. Continuing to work into your transition years, will also provide another advantage—it could enable you to receive medical benefits from your employer, which might be of better quality than what you would receive on a retiree health plan or from Original Medicare. This strategy will help you to go a

long way in reducing the impact on your retirement savings from unforeseen medical bills in the early or mid-retirement years.

### Social Security

The above gives good council for the planning stages, however there could be a negative. That is the impact on Social Security benefits. If you have already decided to start drawing Social Security benefits early, at age 62, then you could be penalized with a reduction in those benefits for any income you receive from working until you reach your full retirement age. Social Security benefits are subject to taxes if you make more than a certain amount each year in earnings and investments. It would be wise to seek the council of a trusted financial advisor who can help you to make a more informed decision and ensure you maximize your benefits.

## Annuities and Fixed Income

### Annuities continued from page 1

be out lived and with the population living longer, an income stream that you cannot outlive has become a very attractive income planning benefit.

Annuities are not new and as a matter of fact, they have been around since Roman times. The Romans used them to finance large projects. Annuities were used by Medieval German and Dutch cities and monasteries for raising money. England in 1693 created the tontines, or special annuity pool which was a financial contract that works the same as an annuity. Babe Ruth and several others who owned annuities got through The Great Depression without a loss to income because of the guaranteed safety of principle and guaranteed monthly income. Annuities have spread throughout England and the U.S. and have rapidly gained in popularity and demand.

Annuities are finally getting the positive press and attention that they deserve. President Obama's Middle Class Task Force has called for a wider availability of annuities. The Treasury department has proposed two regulations that will make it easier for people to access annuities through their workplace 401 (k) plans. Annuities can now be used to help hedge against Long Term Care Costs and many people are using annuities to help prepare for and fund future medical care costs. Traditional stock market focused newspapers such as Barron's and The Wall Street Journal have run articles on annuities that are positive. The Wall Street Journal, Financial Planning and Time magazines have all run positive articles on annuities. Jack Marrion, president of Advantage Compendium, a company which tracks indexed annuities, said that over many historical periods annuities have proven to be better choices than either CDs or the stock market.