

# Securing Your Retirement

## The Power of Guaranteed Income

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**AT THE TIME** when traditional pension plans are becoming obsolete and with the future of Social Security persistently in question, millions of Americans are asking, “How will I secure my income in retirement?” As longevity increases, outliving savings has become a real and present risk. With the potential for dwindling income sources during retirement, we consider a financial instrument that has been both lauded and vilified: the annuity. But rather than dive into the technical details of how annuities work, let’s focus on what they aim to provide: guaranteed income.

For many retirees and those approaching retirement, the thought of a steady, predictable income stream is appealing, and for good reason. The role of annuities, in their most basic form, is to ensure a set amount of income delivered on a regular schedule for the rest of one’s life, regardless of market conditions or other external factors. It’s a promise of financial consistency in an uncertain world.

### IMPACTING YOUR RETIREMENT PORTFOLIO

How will a guaranteed income stream impact your retirement portfolio? Imagine you have two pockets of money: one, your annuity, providing a fixed income every month; the other, your diversified portfolio, comprising various financial instruments. The stability provided by the annuity income allows you to withdraw funds from your diversified portfolio at a lower, slower rate. It can also promote growth in your diversified portfolio over time, and even act as a hedge against inflation, protecting your purchasing power during retirement.

But as with all investment decisions, there’s a balance of risk and reward. Annuities often come with substantial costs and potential downsides, and their suitability depends on individual financial circumstances and goals. Moreover, the importance of choosing a financially strong provider cannot be overstated, given the long-term nature of these products.



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Concerns about the Social Security program running out of money are due primarily to our aging population. Current projections suggest that the trust fund reserves could be depleted by 2035, potentially reducing the amount beneficiaries receive. The possibility underscores the importance of having diverse income sources during retirement. It's also worth noting that the idea of deferring your income stream, a feature available with both Social Security and annuities, could result in higher monthly income later in your retirement, and should be considered as part of your retirement planning strategy.

### **THE ROLE OF GUARANTEED INCOME IN YOUR RETIREMENT PLANNING**

An annuity can serve as a tool to ensure income stability and predictability, particularly when other sources of income may be uncertain. It could be the lifeline that keeps you afloat, the safety net that allows you to take on some financial risk, or the peace of mind you need to enjoy your retirement years. Real-life scenarios will differ, of course, but the allure of a steady income during retirement is substantial.

Retirement planning is a deeply personal and multifaceted process, involving more than just choosing products or strategies. It's about securing your future and ensuring you have the resources to live the life you envision after your working years. And in this regard, guaranteed income, potentially provided through an annuity, could be a significant piece of the puzzle.

This era of uncertainty calls for active consideration of our retirement income strategy. Annuities, or rather the guaranteed income they can provide, may not be appropriate for everyone, but the annuity is a tool worth considering as we plan for a financially secure and fulfilling retirement.

As always, advice tailored to your individual circumstances and goals is vital, so don't hesitate to consult a financial professional to help navigate your retirement planning.

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