



Fixed Annuities Can Provide Guarantees in a World of Uncertainty

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Perhaps the most disturbing question facing retirees is: "How can I preserve my financial security if something happens to my retirement funds?"

That question has become reality over the past few years, as millions of people watched their retirement savings decline in value. Younger workers will probably have an opportunity to recoup lost assets and wait out cyclical downturns. But for retirees and older workers facing retirement, this is generally not an option.

Adequate retirement nest eggs usually take decades to build. Someone close to retirement, or currently enjoying it, can't just start over. And, depending on one's age and health, it may be unrealistic to return to the workforce.

However, there is a step you can take to ensure that your money won't run out. You may want to consider allocating a portion of your retirement funds to fixed annuities—financial vehicles that replace unpredictability with a guarantee¹.

Longer Lives and More Financial Concerns

The appeal of fixed annuities is obvious. We live in a world of uncertainty, and annuities can provide guaranteed growth and a constant income stream. Here are two points to ponder:

1. Nest eggs can crack. Securities markets are not as predictable as we would like them to be. When the market is hot, many people scoff at the single-digit returns of fixed assets. However, equity-based products offer the potential for significant gains, but they also come with the risk of eroding your principal.
2. You could live a lot longer than you expected, and possibly outlive your retirement income.

Today's average life expectancy is now 75.4 years for men and 80.5 for women² and increasing. If a person retires at 62, they could easily live another 15 or 20 years. This may put a strain on pension plans, Social Security and private investments. A retirement fund designed to last 10 years can get stretched thin if it has to provide income for another 20.

Accumulation and Payout Options

Fixed annuities can help you manage such retirement risks. They offer a number of advantages that directly address these concerns. For example:

Fixed deferred annuities offer attractive interest rates and tax-deferred growth. While your money accumulates, there are no income taxes due. You'll pay income taxes on the interest you earn only when you withdraw your money or receive income payments. (Withdrawals prior to age 59 ½ may be subject to a 10% IRS penalty.) In addition, income from fixed deferred annuities generally does not affect Social Security benefits, and will provide a guaranteed fixed return with no risk to your principal.

Certain fixed rate immediate income annuities offer a guaranteed, lifelong income. You will continue to be paid for as long as you live—to 95, 105 or longer. In addition, if you need to provide for your spouse, you can opt for a survivor annuity, which continues to pay benefits even after one annuitant dies. And if you're concerned about whether you'll live long enough to make an annuity worth it, you can select a life with period certain annuity. With this option, you'll receive benefits for life OR for a selected period (10 years, 20 years, etc.), whichever is longer.

In either case, at your death, any remaining value passes directly to your beneficiary, avoiding probate and attorney's fees. In this respect, your affairs remain private, since annuities do not become part of the public record.

Is a fixed annuity right for you? For further information on how annuities and other financial products can help preserve your retirement income, please contact Lisa Abel, Agent, New York Life Insurance Company, at 954-552-0126.

¹ Guarantee is dependent upon the financial strength and claims paying ability of the issuing company.

² www.cdc.gov/nchs/pressroom