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## Define Your Own Benefits



**Research indicates that retirees tend to be happier with a defined-benefit pension than they are with a comparable amount of wealth in a retirement account.<sup>1</sup>**

Everyone wants to be a happy retiree someday, but there's a big problem: Traditional defined-benefit pension plans are going the way of the covered wagon. The number of private-sector pension plans has dwindled from an all-time high of 112,000 in 1985 to a mere 30,000 plans in 2007.<sup>2</sup>

The aforementioned retiree happiness is probably not due to actual participation in a pension plan, but rather to the guaranteed income that such a plan provides. Here's a secret you may not know: Underlying many pension plans is an annuity, a highly flexible insurance product that is available to most people.

### Plenty of Choices

Several different types of annuities are available, and the appropriate choice will depend on your specific situation and goals. But all annuities are essentially contracts with an insurance company. The contract is funded with premium payments, which can be paid all at once or in multiple installments.

Fixed annuities offer the option of a guaranteed income that you cannot outlive. The contract can even last for the duration of two lives, providing payments while both spouses are alive and continuing payments to the survivor for the rest of his or her life. Alternatively, the contract can provide an income that lasts for a specific period. If the contract holder does not survive through the specified period, in some cases the income can be paid to a beneficiary for the remaining time period.

The guarantees of fixed annuity contracts are contingent on the claims-paying ability of the issuing insurance company. Most annuities have surrender charges that are assessed during the early years of the contract if the contract owner surrenders the annuity. In

addition, withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty.

If you are concerned about having a reliable source of retirement income, a fixed annuity may be worth your consideration. **Jason M. Woodward, J.D.** can help you evaluate your options. For further information on how a full range of financial solutions can be used in connection with your retirement planning, contact **Jason M. Woodward, J.D.** today at (603) 264-7550 or [financialattorney@gmail.com](mailto:financialattorney@gmail.com).