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# Putting Your Retirement Money to Work for You

You've done all the right things—worked hard, built up your savings, have a sizeable 401(k) or company pension and invested well. You've kept pace with the times, and a healthy lifestyle may enable you to live a longer life. Have you considered how much money you'll need during retirement?

## Longer Life Expectancies — Much Longer

According to the Centers for Disease Control, today's average life expectancy is now 75.4 years for men and 80.5 for women and increasing, which means that we can all expect to spend more of our lives in retirement than did our parents. This also means spending money in retirement.

For this reason, it's important to have a solid plan that allows you to maintain your quality of life throughout your retirement. A 401(k) or 403(b) account, moderate investments, company pensions and Social Security payments are important sources of income, but they may not be sufficient to fund all of your financial needs.

## Inflation: A Fact of Life

In a turbulent economy, no one can predict interest rates or inflation. Although both have been at historically low levels recently, experience has taught us that this can change—especially over 20 or 30 years. And if inflation increases, it could have a significant impact on your retirement savings.

For example, over 30 years, the buying power of $10,000 declines to $4,120 if inflation averages 3% and at 5% your buying power decreases to $2,314. If inflation were to average 7%, your $10,000 would be worth only $1,314 after 30 years!

The problem is that CDs and money market accounts—popular savings vehicles for people with a conservative money management approach—may not keep up with inflation. And while stocks can offer potentially higher returns on investment, they're risky—as we've all learned in recent years.

## Market Volatility Has Long-Term Impacts

In addition, the stock market decline and large-company financial failures of the early '00s has had a sobering effect on many older Americans who experienced stock losses and the recent turmoil of the last year has had even harder-hitting effects. According to a *New York Times* report, workers over 55 will make up 19.1% of the labor force by 2012, up from 2002's 14.3%, often the result of pensions and 401(k)s negatively affected by the most recent market downturn.[3]

Though the stock market has made remarkable gains in the past, those about to retire could shoulder the affects of losses caused by the decline of technology and telecommunications holdings for years to come. This has caused consumers to become more cautious and look for other investment products to transfer their pension and retirement funds to.

One such option is a fixed income annuity.

**The Fixed Income Annuity—A Unique Financial Solution**

A fixed income annuity is a contract between an insurer and an individual that guarantees a stipulated income for a select period of time. This could be 5, 20 or 30 years—or even guaranteed income for life. Since the guarantee is only as robust as the financial strength of the issuing company, it's important to research any company from which you're considering purchasing an annuity.

Some fixed income annuities offer inflation protection options, which can be a valuable feature in a long-term financial product, as well as payments to your beneficiaries. Financial professionals will tell you that an appropriate financial strategy involves having a diversified portfolio that provides stability regardless of stock market performance. If guarantees and stability are what you want, you may want to consider adding fixed income annuities to your portfolio.

For more information on how income annuities and other financial solutions can fit into your overall financial plan, contact **Jason M. Woodward, MS, J.D.** today at (603) 264-7550 or financialattorney@gmail.com.