

Managing Your Income During Retirement

Planning early to develop an income strategy during retirement could help you achieve a stress free retirement.

Social Security

Since 1935, social security was conceived to alleviate poverty among the elderly. In 1935 the average mortality rate was 61. Social security benefits started at 65. With mortality rates today ranging from 83 – 87, everyone counts on their social security benefits. Many future retirees know very little about optimizing their social security benefits. When is the best time to start taking benefits? What about my spouse? Finding about social security now can help you plan for an optimum retirement.

Annuities

Annuities are a common source of income during retirement. Employers may offer a retirement benefit in the form of an annuity giving you a monthly benefit or allow you to take a lump sum. Understanding the best strategy for you may require the advice of a financial professional. Individuals can also purchase an annuity insurance contract. Annuities have their advocates and critics. They can be a great resource in retirement if well understood and used appropriately. In the last 9 months, annuity sales have reached all time highs. Annuity products are too diverse to do them justice in this article. As in most insurance products, what you are buying is risk protection. Annuities provide risk protection for your investment. Ask yourself, “Should I have an annuity?”

Time Segmented Distribution

Having a dependable income stream you control is very important in retirement. With Social Security, there is a cost of living feature to help offset the affects of inflation but the government has control over your benefit. With annuities, you can determine through your contract how you want to receive your money. When distributions begin, they are usually fixed and may lose purchasing power over time due to inflation. So how do you protect against inflation and still have access and control over your resources? A time segmented distribution strategy can be an important component in creating an income stream during retirement. Simply put, this strategy organizes your investments into time categories with varying risk exposure based on when they will be used. Resources to be used within the first 10 years are low risk to protect your assets and provide dependable income. Resources to be used later are invested in higher performing investments to protect your purchasing power over time.

What will your strategy be?

Strategies for accumulating money for retirement, are very different than strategies for distributing money during retirement. In retirement we want dependable income, flexibility, protection against inflation, ability to react to changing circumstances, tax management, and we want our money to last as long as we do. We may even consider a post retirement occupation to supplement our money and our sanity. Annuities are a long term investment designed for retirement purposes. Distributions are subject to income tax and if take prior to age 59 1/2 a penalty may apply. The annuity may be subject to lengthy surrender periods and early withdrawals subject to surrender charges. Guarantees are backed by the claims paying ability for the issuing company.

We help our clients create customized retirement strategies. Using our Reliability of Income tool, we can help tailor a unique solution that meets your needs. Call to set up a complimentary meeting to discuss your options.

Sydney Riccio is a Coto resident, a financial advisor with Cooper McManus, a Representative with Securities America, a registered Broker/Dealer, member FINRA/SIPC, and a certified college funding advisor. For more information, contact (800) 516-5333 x 121 or www.SydneyRiccio.com. CA Insurance License 0E01624. Advisory services offered through Cooper McManus, Inc., a SEC Registered Investment Advisory firm. Securities offered through Securities America, Inc. Cooper McManus and Securities America are unaffiliated. Article by Securities America, submitted by Sydney Riccio.