

## WHY ADD PROTECTED LIFETIME INCOME?

12.2019

Restore confidence in your retirement plans



# GO WISELY INTO RETIREMENT

## PREPARE FOR UNCERTAINTY WITH PROTECTED LIFETIME INCOME

Enjoying a weekend getaway or even a leisurely hike in the woods requires a bit of planning to ensure you're ready for what's ahead. Yet every year, millions of Americans venture into retirement, a much bigger adventure, unsure whether they'll have enough money to get them through.

While life in retirement can be unpredictable and certainly more complicated than packing an extra pair of hiking socks or making rental car reservations, there are things you *can* control to make it as enjoyable as possible.

A number of financial products are designed specifically to address uncertainties such as inflation, unexpected healthcare bills, and market ups and downs. According to a recent survey by Lincoln Financial, 40 percent of Americans feel they can't afford to lose any of their savings in the stock market.\*

With so many sources of uncertainty, it's easy to feel like your financial future is out of your control. One way to restore confidence heading into retirement is by adding a source of protected lifetime income to your plan.

Jet car racer Elaine Larsen knows this firsthand after she added an annuity to her retirement portfolio. "I want to take control of my destiny. I want to be the one who said, 'I put money in there. I invested in this, I made the right decision, and now look how I'm living,'" she explains.

### CREATING YOUR LIST

To see what income you'll really need in retirement, it helps to start by creating a budget. Think about the monthly expenses you may face each month. A good approach is to anticipate that your expenses will be 70 percent to 80 percent of what they are prior to retirement. Then consider all of the income sources you may have in retirement, including Social Security, pensions and any other savings.

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Why is a retirement budget so important? It helps you align your expectations with actual experiences. In 1955, psychologists Joseph Luft and Harrington Ingham developed a technique that is being used today by some financial advisors in retirement planning. It's called the "Johari window,"<sup>†</sup> and it consists of a series of questions designed to help people understand how they see themselves and how others see them.

In retirement planning, it's used to measure your goals against your projected retirement income. For instance, whether you plan on spending winters in the Caribbean or just eating out regularly at your favorite Caribbean-fare restaurant, you need to make sure you'll have enough money to do it.

Keep in mind, most people would agree that having "just enough" to cover expenses is no way to go through retirement. The post-work years are supposed to be a time when you do the things you've always dreamed of doing.

A 2018 study by Greenwald & Associates and CANNEX\*\* found that adding an annuity to your retirement income portfolio can make a real difference in your ability to enjoy this phase of your life. The study found that people with a source of protected lifetime income experienced less stress and were happier overall in retirement.

Adding a source of protected lifetime income to your portfolio could have a positive impact on more than just your bank account. Talk to a financial advisor to learn more and see how an annuity could possibly benefit you and your loved ones.

\*<https://www.lfg.com/public/individual/exploreinsuranceannuities/annuities/threequestionsforabetterincomeplan>

† <https://www.communicationtheory.org/the-johari-window-model>

\*\*<https://www.retireyourrisk.org/article/retirement-happiness-studies>