

Using Annuities to Retire with CONFIDENCE

Retiring is often fantasized as a time to relax, travel, and spend time with loved ones. It is a special time to reap the benefits of the money you have worked hard to accumulate after decades of saving and sacrificing. However, more and more Americans are discovering that it can be an uncertain, and worrisome time in their lives. Currently, 1 out of 3 Americans fail to plan sufficiently for retirement, and find themselves struggling to make ends meet. They are forced to continue working, with no visible end in sight. Others have some savings, but with the average life expectancy continuing to rise, along with inflation, there are many who will outlive their savings. This means that receiving a retirement income is necessary as part of any retiree's game plan.

If you are lucky, you will retire with a nice pension. For the majority of Americans, it is far more likely that you will near the age of retirement counting on receiving your Social Security benefits, and decide what to do with your 401k (if you have one.) Social Security is vital to retirees, and millions of people depend on these monthly checks. Unfortunately, the payout is hardly enough to live a very comfortable and carefree life if used as a sole source of income. Social Security is meant to supplement pensions and savings, but sadly, AARP reports that 2 out of 5 single retirees use Social Security as 90% of their entire income². This year, the Social Security Administration released that if nothing changes, funds for the current program will run out in the mid-2030s. We do not know what changes will occur, but we all need to prepare.

The best defense is a strong offense.

Among the list of retirement income vehicles, annuities are some of the most effective when it comes to generating income. Annuities come in all shapes and sizes, and it is important to choose one that works for you. For retirement purposes, it is most common to use a type Deferred Annuity. This allows you to deposit money with an insurance company and defer paying taxes until the money is withdrawn little by little at a later time. One of the absolute biggest advantages of using annuities, is that they provide you the option to add riders, or modified add-ons, to the policy.

As far as generating income is concerned, income riders are key to any savvy retirement strategy. An income rider provides you with a stream of income- for life. Income riders are exploding in popularity because they typically offer a guaranteed growth rate. They help solve the ever-emerging problem of retirees outliving their savings, while also hedging against inflation, and bad/risky investments in the stock market. Annuities and income riders are vital tools that can be skillfully implemented to achieve the level of well-being that all of us desire. You should learn all you can about the advantages of income riders if you want to get the most out of your retirement.

What should I look for in my Annuity? With so many

choices, you will need to hone in on what annuity you want. Some are better than others.

Things you should know:

We generally do not recommend Variable Annuities.

These are variable, which means that they are more risky. There is no guarantee for Variable Annuities, so your principal is not protected from a volatile stock market. Because companies have to hedge against risk, Income Riders usually pay less as well.

Seek Fixed-Indexed Annuities - These have virtually no risk to principal, along with the ability to earn returns when the market does well. In a bad year, the account remains at 0%, rather than taking a loss. We call this "winning by not losing!"

Go with an Income Rider - This ensures that you will have a steady income as long as you live. With an Income Rider, you also have a guaranteed rate of growth to combat inflation.

It is important to understand your personal goals and needs, and meet with the right professional who can explain your options, and the benefits of each choice. As you plan for retirement, or fine tune your current retirement strategy, consider how you can increase your retirement income. Annuities with income riders could be the difference between struggling to make ends meet, or living the life you always dreamed of!

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**Annuity guarantees are subject to the claims paying ability of the issuing insurance company. Annuities may incur penalties for early withdrawals.*

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Sources Cited: 1. Elyssa Kirkham, March 14, 2016 "1 in 3 Americans Has Saved \$0 for Retirement" <http://time.com/money/4258451/retirement-savings-survey/>
2. Eileen Ambrose, AARP "Tips for Retiring on Social Security Alone" <http://www.aarp.org/retirement/social-security/info-2016/ways-to-retain-on-social-security-alone.html>

3. Social Security Administration, A Summary of the 2017 Annual Reports <https://www.ssa.gov/oact/TRSUM/index.html>



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