

Guaranteed Income

By Lars Larson



If you're in retirement or approaching retirement, you probably have income on your mind on a frequent basis. You're not alone. In fact, according to a 2014 survey from Wells Fargo, nearly half of all retired and nearing-retirement Americans are concerned they don't have enough guaranteed income and will outlive their assets.

There's good reason for this concern. Retirement used to be funded nearly entirely by Social Security and employer-defined benefit pensions. But today, you are more responsible than ever for accumulating assets and taking distributions in a strategic way so your money lasts for your lifetime.

Here are three sources of guaranteed retirement income to make your money last.

Social Security

A big decision with Social Security involves when exactly you should start your benefits. You can begin taking them at 62 but taking them that early can reduce your benefits by 25 or even 30 percent, depending on when your Full Retirement Age (FRA) is.

Social Security is only one part of the "three-legged stool" of guaranteed retirement income you can rely on as a source to help make your retirement comfortable and stable.

Defined Benefit Pensions & Employer-Plans

If you're fortunate enough to have a defined-benefit pension, you can use that to cover a portion of your guaranteed income in retirement. But even with a defined-benefit pension, you still may need to make some decisions to find other sources of guaranteed income.

Even if you don't have a pension, you most likely have a 401(k) or a similar type of employer-sponsored retirement income plan. While these do not work the same way as a defined-benefit pension plan, they can still be considered as another leg of the "three-legged-stool" of retirement income planning.

Personal Savings

The last leg of guaranteed retirement income is your own personal savings. This most likely is seen in the form of savings accounts in the bank or personal investments in the market. In addition to your pension and Social Security income, supplemental retirement income, such as a fixed indexed annuity, can provide the financial stability you need to cover unexpected expenses in retirement.

With the life expectancy on the rise, a longer life comes the greater likelihood of needing assisted living or long-term care. This kind of care

can be costly and is important to address when developing a long-term care strategy.

As always, it's important to plan for your retirement ahead of time to be prepared for the expenses you can and cannot foresee. Having guaranteed income in retirement is important but more important, it's the right kind of guaranteed income. You need to make sure your income sources work for you and your unique goals.

A skilled and experienced insurance professional can review your retirement income picture to map out your planned income sources, expenses and identify any gaps.

To learn more about retirement, contact Lars Larsen at Heritage Financial North 650.579.5575. HeritageFinancialNorth.com.

Advisory Services offered through Client One Securities, LLC Member FINRA/SIPC and an Investment Advisor. Heritage Financial North and Client One Securities LLC, are not affiliated. California Insurance License 0E02803

This material has been prepared for informational and educational purposes only. It is not intended to provide, and should not be relied upon for, accounting, legal, tax or investment advice.