

YOUR FINANCIAL FUTURE

Tips On Facing Your Retirement Income Challenge

(NAPSA)—Experts say many Americans may be in for a rude awakening when it comes time to retire. The problem is that the majority of Americans do not have a plan that takes them from saving for retirement to living in retirement.

According to research done by the financial services company ING, two-thirds of Americans do not know how much income they will need to live on during retirement, nor do they have a plan for “paying themselves” once they stop working.

For example, industry data indicate that baby boomers now have a 50-50 chance of living past age 90 but most do not have a plan in place to ensure adequate income for 25 or more years in retirement.

Plus, many people have yet to accept the fact that the retirement rules have changed and retirees alone are personally responsible for managing their retirement income.

In addition, the research indicates that most do not understand the financial risks of retirement either, such as investment risk, inflation risk and longevity risk.

ING refers to this critical double threat of retirees not knowing how much money they will need or where it will come from as “America’s Income Challenge.”

Fortunately, there are a number of things that retirees—and future retirees—can do to address the problem.

One is to learn all you can about retirement planning. For many, that means sitting down with a qualified financial advisor to determine how much money you will need and what its source will be.

Annuities can be a type of personal retirement program with many of the same benefits of the company pension plans of the past. 

Another step you can take is to investigate options to ensure you get a check in the mail every month, guaranteed for the rest of your life.

For some, that may mean considering an annuity. Annuities can be a type of personal retirement program with many of the same benefits of the company pension plans of the past.

There are a wide variety of annuities available that offer an array of benefits including protection of principal or income, guaranteed death benefits, tax advantages and a range of retirement income options including guaranteed income for life.

A good retirement income plan

starts with a purposeful conversation with your financial advisor. This conversation should cover:

- Evaluating the income you’ll need once you stop working
- Projected essential expenses in retirement, such as housing, food, transportation and health care
- Discretionary expenses, such as entertainment, travel, family care, taxes and charitable contributions
- Income sources from “predictable” sources, such as Social Security income, and traditional pensions
- Income from investments and assets, employer-sponsored retirement plans and other potential income sources.

Once you’ve reviewed expense-income gaps, work with your financial advisor to explore options for filling them, including determining the amount of income needed to cover monthly expenses throughout retirement, considering such factors as inflation and withdrawals. An annuity may offer one way to fill some of these income gaps.

To help you prepare to have a retirement-income planning conversation with your financial advisor, you can try the retirement income calculator at ING.com.