Preparing for Your Journey toward RETIREMENT

When you think of retirement, what comes to mind? Perhaps you imagine spending time with loved ones or traveling the globe. From relaxing beach vacations to sunny days on the golf course, your ideal days in retirement may look delightful.

However, as you envision your idyllic golden years, you may be hit with the reality of how you're going to pay for the future you envision. You may be wondering if you'll even have enough money to last your lifetime.

Currently, you may be five, 10 or 15 years away from transitioning from full-time work. You're more than likely staying disciplined by adhering to your retirement savings strategy, which may include putting money toward your IRA or employer-sponsored plan, such as a 401(k).

Saving for retirement is important, but it's only half the battle when it comes to your financial future. A plan for taking income, otherwise known as de-accumulation or distribution, can be just as crucial for your retirement as saving. While taking income sounds rather easy, you want to ensure that you have a plan that will help you live the retirement you want – and you don't live a "day long and a dollar short."

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From Accumulation to Income

Creating an income strategy now and addressing when and how to convert your savings into a regular "retirement paycheck" can help guide you in your post-employment years. After all, throughout your working years, you've probably come to rely on a steady paycheck. You may know exactly how much each paycheck is and what expenses it covers – from housing, groceries, transportation and general bills to dining out, traveling and entertainment.

Now that your retirement is on the horizon, do you know what kind of expenses you'll have in your golden years? And have you thought about where your income will come from, as well as how much your income will be in retirement?

Steps to Get Started

Let's face it, retirement can be expensive. That's why it's so important to save as much as you can now so you can build your own type of personal pension plan. Here are some steps to help you get started in developing a well-rounded retirement income strategy:

1. **Identify your retirement needs**. Work with your insurance professional to help you estimate future expenses, including essential expenses (food, housing and medical expenses) and lifestyle expenses (things you want but don't actually need to survive).

2. **Estimate how much of your pre-retirement income you'll need** to replace in order to pay for essential and lifestyle expenses. This step helps you figure out your replacement ratio and determine how much cash flow you'll need to cover your essential and lifestyle expenses. It also assists you in understanding what kind of retirement lifestyle you want. For instance, do you prefer to maintain your current standard of living or are you comfortable with living a more modest lifestyle than you're used to.

3. **Create a buffer for potential retirement risks.** Retirement can include a number of gray areas that you may need to address. From unexpected health care-related expenses to caring for aging parents, there are several uncertainties. Other key risks to consider are:

   - **Longevity risk** – Living a longer, happy and healthy life is something that you probably want. But you also want to ensure you don't outlive your assets.

   - **Withdrawal rate risk** – This entails drawing down your assets at a rate that

Fixed index annuities can help you meet these objectives:

- Protect assets from market downturns
- Provide opportunity to earn higher crediting rates than many fixed rate alternatives
- Offer opportunity for asset growth closer to the inflation rate
- Provide potential for secure, guaranteed lifetime income
- Tax deferral until withdrawals or income payments begin
- Death benefit for beneficiaries

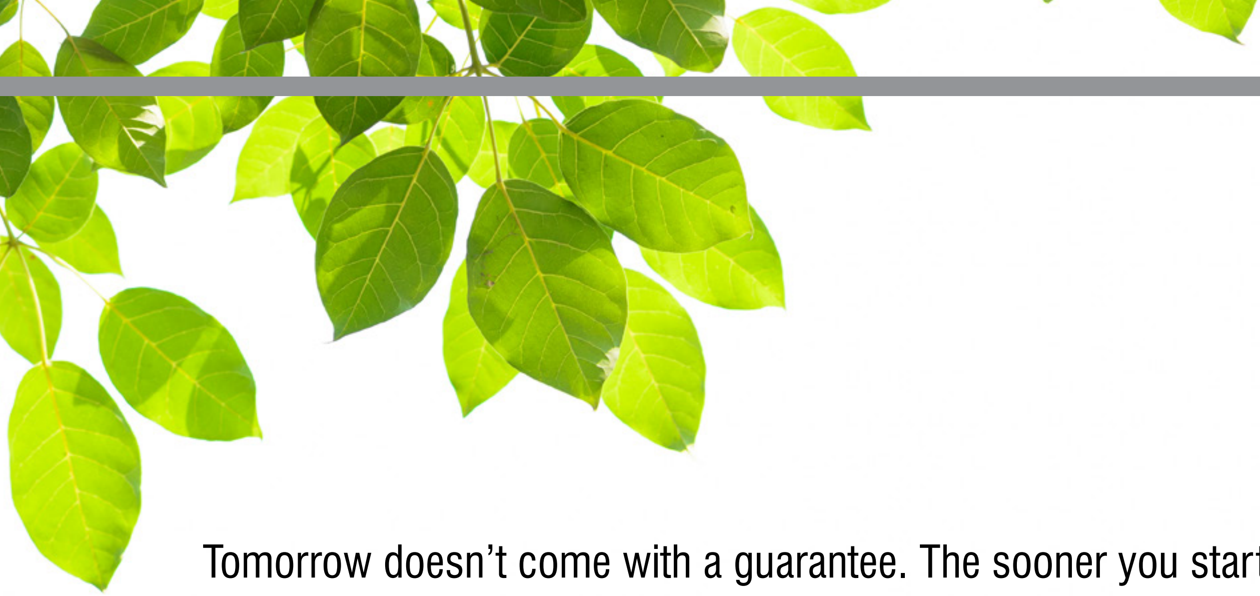
does not meet your retirement spending needs, thus depleting your assets too soon.

- **Sequence of returns risk** – An unfavorable market environment can have a big impact on your retirement savings. Let's say, for instance, that you and your friend, Sam, have similar retirement savings strategies in place, but you retire this year when the market is up. Sam retires next year, and the market is down. In this scenario, you are probably in a better position to achieve your retirement goals than Sam, who transitioned from full-time employment in a down market year.
- **Inflation risk** – This involves potential loss in purchasing power due to rising costs of goods and services.

4. **Identify retirement income sources.** When you transition from full-time employment to retirement, you'll no longer receive the regular paycheck you've come to depend on. Retirement income sources, such as Social Security, company pensions and fixed index annuities can give you a regular, guaranteed stream of income to last your lifetime.
5. **Develop a retirement income timeline.** Map out how and when you'll take payments from your retirement income sources. Again, work with your insurance professional to help you through this essential step.

Adding Annuities to Your Plan

Creating a successful retirement plan involves income planning preparation, needs analysis and risk management. Being armed with a strategy that considers all factors can help you leverage more of your hard-earned dollars and create a "retirement paycheck" you can count on. A fixed index annuity can be a great supplement to your retirement plan, allowing you to know your annual income, without the guess work. It also provides a strategy that addresses the retirement income challenge head on and helps neutralizes retirement risks.



Tomorrow doesn't come with a guarantee. The sooner you start planning, the more confident you will feel. Plan ahead so you can achieve the future you want and make your journey a memorable one.

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