

What If You Live Too Long?

By Paul Hubbard | March 2015



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One of the burning questions pre-retirees and retirees have on their minds is, “Is my retirement nest egg large enough to last?” This is due to fact that, with the advancements of modern medical technology and the concentration of health and fitness, retirees nowadays are simply living longer. Many have done a splendid job saving over the years in their IRAs and 401ks to ensure a pleasant and peaceful retirement.

While this is great news on one hand, it also creates challenges on the other hand. I always tell my clients, “People generally have two problems in life: They either die too soon or they live too long; both can be devastating.” In other words, an 80-year-old retiree who has depleted his or her retirement account is not a pretty picture. Most people have not discovered the savings vehicles that will safeguard their IRA or 401k—protecting each of these portfolios from downturns in the stock market. That’s right! They are guaranteed to not lose your money, even during a market collapse (such as in 1987, 2001 or 2008). These fantastic savings products are called Fixed Index Annuities (FIAs). Annuities were created over 200 years ago to protect long-term savings. FIAs offer the investor an opportunity for good upside potential, while guaranteeing protection from downturns in the market.

However, another exciting feature of these products is the guaranteed lifetime income option. If a person had \$200,000 in an IRA or 401k, and took out \$15,000 per year, after 10 years they would have taken out \$150,000. Understandably, they would be nervous for fear of running out of money. Conversely, an FIA with the guaranteed lifetime income option would keep paying you a guaranteed monthly amount, even if you live past age 95! Think about that for a second. How would it feel if by just rolling over your retirement account to an FIA, you not only help protect it from market crashes, you also create a guaranteed lifetime income strategy? How different would you feel knowing you have a lifetime income that will outlast you?

Finally, we all place great care and value on the things we hold dear. For example, we buy life insurance to protect us; auto insurance to protect our vehicles, in case of damage, theft or loss; and homeowner’s coverage for the very same reasons. However, other than our own lives, our largest asset (our retirement accounts) is left unprotected. As mentioned earlier, many pre-retirees and retirees have done a splendid job saving for retirement. But, retirees didn’t expect to lose 30-40% of their money in 2001 or 2008. Some people may have recouped their market losses and perhaps are even ahead of their pre-loss values. However, the question still remains, when will the next market downturn happen? We don’t know. It could be while you are 10 or 15 years into retirement. At that point, you will be relegated to live on less money than initially anticipated or planned for. Why not do what thousands of people are doing and look at the fixed index annuity alternative? Help take the stress out of retirement, gain added peace of mind, and get a better night’s sleep.

About the Author:

Paul Hubbard graduated from Ashford University with a BA in Communications. He earned a masters degree in Organizational/Global Management, where he finished Summa Cum Laude with a 4.0 GPA. With society’s interest in the global economy, one of his primary reasons for earning a masters degree in Global Management was to garner a clear understanding of the various currencies in the world.

Paul grew up in Michigan prior to moving to the Atlanta area. He was a former buyer with IBM before being inspired to join the business of money education. Paul's office, NetNet Financial, is located in Stockbridge, GA, where he has been helping his clients reach their financial objectives for 30 years.

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