



## Protect Your Retirement: Insurance and Annuities

### Solve the Retirement Mystery

By Eric Hutter

Published September 26, 2012

#### What Do We Do?

Each individual only has 1 chance at retirement. Over my 20+ years of helping people plan for their futures, I have answered many questions including the following:

1. Can I continue my present standard of living into and through my retirement years?
2. When can I retire without running out of money?
3. How could my situation change during turbulent economic times?
4. How would it affect my family if I die prematurely?
5. How would it affect my family if I enter a nursing facility?
6. What are the possible solutions if my situation changes?

Your standard of living today and tomorrow will be affected by how much inflation goes up in the future, and playing it too safe may limit you. Developing a strategy today and monitoring it annually is the key.

#### Planning Ahead for Social Security

Social Security will not be enough for most people who are planning their retirement. The question is, does your financial strategy fill the gap between social security benefits and your retirement needs? Check out these statistics from the Social Security Administration:

- In 2012 the average monthly benefit was \$1,177.
- Most people spend 77-94% of what they spent before retirement when in retirement.
- Social Security replaces approximately 40% of the average worker's pre-retirement income.
- Traditionally, Social Security's normal retirement age was 65. Now, the age at which the full benefit becomes payable increases in stages for people born in 1938 and after, reaching 67 for those born in 1960 and after.
- A reduced monthly benefit may be taken as early as age 62.

#### Market-Proofing Your Retirement

"The problem is not that people are taxed too little, the problem is that government spends too much. To sit back hoping that someday, some way, someone will make things right is to go on feeding the crocodile, hoping he will eat you last—but eat you he will." —Ronald Reagan

How can the economy affect your personal situation? The answer is time horizon, risk tolerance, and rate of return. Do market movements in your daily life affect your investments? The goal is to make your investments work with conservative protection.

How much risk is necessary? Over the last 11 to 12 years, we have experienced 2 of the worst stock market corrections/declines in history. The national retirement values went from 44 trillion down to 22 trillion. Because of this problem, there has been an increase of safer investment alternatives that offer attractive interest rate guarantees and possible bonuses on lump sum transfers to help recover past losses. Additionally, when the time comes for income, these companies offer lifetime guarantees that you will not outlive.

Many pre- and post-retirees are learning about these relatively new investment options as alternatives to the riskier stock market asset allocation program.



**Protect Your Retirement: Insurance and Annuities**

## **Solve the Retirement Mystery**

By Eric Hutter

Published September 26, 2012

### **Making Life Insurance Part of the Plan**

Another important question to ask yourself is how would it affect your family if you weren't here tomorrow? Will your family be able to continue their present lifestyle? Will your spouse be forced to sell your home to downsize? Will your children continue on the same career or education path? Do you have the correct life insurance?

There are many uses for life insurance today in building and protecting one's family and estate. I have found that, of all the annual policy reviews I have completed, a large majority of the time, the policies were not what the family thought they had. Often the term of the policy was shorter than the family thought, or they felt they had a permanent policy that was not going to expire.

Unfortunately, many of the insured are blindsided by the risk of their policies lapsing because no one has taken time to review yearly statements.

Next are the consequences of long-term care. Nationally, the average cost of nursing home care is \$7,170 a month. The average cost of an assisted living facility is \$3,477 a month according to a 2011 survey from the Mature Market Institute.

The solution to the problem would be to consider taking out a long-term care policy that will cover most, if not all, of the future costs. The younger age that this can be done, the lower it would cost.

Many families have amassed a retirement fund that will be depleted when faced with a long period of needed care.

### **Putting the Pieces of Your Retirement Puzzle Together**

When I put all this information together for a family, my retirement analyzing software will typically show me a red line somewhere in retirement. My job is to help you alleviate the red line to secure and stabilize your retirement.

The retirement analysis is easy to understand and specific to your situation. My software helps address your financial concerns, give you answers to important questions, provide you the basis for a sound strategy, and keep track of annual reviews.

If your situation changes, annual reviews can help us formulate a new plan, monitor current performance and strategies, and more.

For a free analysis, contact Eric Hutter, personal financial consultant and retirement planning specialist, at (772) 463-7112.