

# Don't Gamble With Your Retirement Income – Protect It

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## What kind of retirement saver are you? The kind willing to roll the dice and let your nest egg ride, or the kind who wants more of a sure thing?

Many articles about retirement planning either start or end with someone walking into an office to speak with a financial professional.

Let's imagine, instead, that you have your entire nest egg in your pocket or purse and you just entered a casino.

There are two blackjack tables from which to choose. At the first table, the rules say that if you beat the dealer, you'll win 50% on your investment; but if the dealer beats you, you'll lose 50%.

Then you saunter over to the second table. The rules there say that if you beat the dealer, you'll make 10% on your investment; but if the dealer beats you, you won't lose a thing.

At which table would you want to sit? Your decision likely would be based on how you feel about risk in general and how close you are to retirement, among other things.

It's the same when you're investing in the market. With some investments, you might make a killing, but you also could lose a bundle. With others, there's a limit on what you can gain, but you'll lose less — or nothing at all. There are pros and cons to both, of course, and plenty of debate about which is the right way to go.

The good news is you don't have to choose one or the other. You may have a place for both in your portfolio. The goal is to figure out what you need and find the appropriate products to help.

### The 6 concerns of retirement

I've met thousands of pre-retirees over the years, and everyone is different. They come from different backgrounds, and they have and want different lifestyles, but there are six core concerns they all have when entering retirement, and they need strategies that can deal with each:

- 1. Income longevity:** They want to be certain their money will last their lifetime.
- 2. Risk:** They worry a big market correction could take away much of their wealth.
- 3. Taxes:** They don't want to give Uncle Sam any more of their money than necessary.
- 4. Inflation:** They want to avoid losing purchasing power as the years pass.
- 5. Long-term illness:** They worry about becoming sick and/or disabled.
- 6. Death:** They hope to leave some kind of legacy behind for their loved ones.

If you keep your money fully invested in stocks, bonds and mutual funds - with a singular focus on growing your assets, as many people do — you are hoping that the growth will deal with all of these concerns. But what if you experience loss? It's important to keep an open mind about safe alternatives that can

provide income guarantees\* while still offering the opportunity for growth, a disability backstop, tax efficiency and something that can be passed on when you die.

### A possible answer for those concerns

A fixed-index annuity addresses all these basic retirement concerns.

Think back to those casino tables — and the one that offered a chance to play and make some money without the risk of losing. A fixed-indexed annuity is like that: It's not intended to beat the stock market — rather, it provides the opportunity to make something based on the movement of the market. And that gives it more growth potential these days than other traditional safe accounts, such as certificates of deposit or money markets.

Now, I know some people are skeptical about annuities. I can lay out all the benefits they provide, and still a client will hear the word annuity and turn up his or her nose.

And I understand why. There are many different kinds, some have been misrepresented, even the best ones aren't right for everyone, the contracts and costs can be confusing, and often people buy into them without really understanding what they're getting.

But I urge even the most die-hard annuity haters to give them another look. They're powerful tools that deserve consideration — especially by those who are retiring without pensions.

An annuity is a way of giving yourself a pension by asking an insurance company to manage some of your nest egg for you. And if that makes you feel more secure in retirement, what's wrong with that?

If your financial adviser brings up the subject of annuities, give him a chance. If he doesn't bring it up, ask. And then, do some investigating on your own.

Once you're informed, you won't feel as if you're gambling with your nest egg. You'll actually have done something to better protect it.

*\*Based on the claims-paying ability of the issuing insurance company.*

*Kim Franke-Folstad contributed to this article.*

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