

Smart Ways to Not Outlive Your Money

Take action now to create your fully funded retirement. BY MEGAN NYE

our idea of the perfect retirement is as unique as you are. But there's one goal for those golden years that's shared by everyone: You want an income that will sustain you through your entire life. But that's the big unknown, isn't it? Exactly how long will you live?

For most Americans, retirement represents a major period of their lives. In fact, both men and women turning 65 this year can expect to live, on average, about 20 years more. That's two decades spent in retirement.

With that much time spent out of the workforce, it's natural to worry whether your finances can sustain you throughout retirement. Take these steps now to ensure a financially strong retirement.

Create your retirement vision and budget.

What's the first step in creating a fulfilling retirement that's supported with a healthy income? Identify clearly what retirement means for you. Start writing down the needs you anticipate—housing, food, health care and more. Then add in the extras-maybe world travel, treasured hobbies, visits with loved ones or charity work.

Do your research to put a pricetag on everything. And explore all your options. You may, for instance, compute the cost of living in your current home versus moving to another part of the country.

Now's the time to tally the bill. Given the cost of each retirement scenario, how long will you need to work? At what rate will you need to save? And what adjustments to your current lifestyle must you make to reach your goals?

Consider all the income sources you'll have in retirement. Keep in mind that the average Social Security benefit replaces only about 40 percent of your pre-retirement earnings. And, in general, withdrawals from your investments should be limited to 4 percent of your retirement holdings. A Sons of Norway Financial Benefits Counselor can be a great asset in building your vision and budget.



Anticipate inflation.

You've got your financial blueprint in hand. But now you face an obstacle intent on eating your hard-earned savings-inflation. From 2008 to 2018, inflation rates have averaged 1.93 percent annually. So leaving your retirement fund in a savings account is a losing proposition. Sitting in the bank, the value of your cash will actually erode over time. And you need your retirement money not just to beat inflation, but to grow as well.

Investment is key-and not just leading up to retirement age. Battling inflation during retirement requires you to keep cash growing until you start taking distributions. The key to meeting your goals is to create a plan that adjusts as you age. Strive to balance the growth you hope to achieve with your tolerance for risk at each stage of your life.

Prepare for medical costs.

It's a fact: Health care costs are a major component of most retirees' expenses. Data from Fidelity show that the average couple will pay \$285,000 in medical expenses after age 65—and that's not including the high cost of long-term care.

So what can you do to minimize your outof-pocket health care costs? First and foremost,

22% Very confident 36% Somewhat confident 17% Not too confident 24% Not at all confident 1% Don't know

SOURCE: EMPLOYEE BENEFIT RESEARCH INSTITUTE

prioritize your health now. Preventive care and healthy habits today can ward off countless medical problems tomorrow.

Second, protect yourself with the right coverages. You'll likely want to purchase Medicare Parts B and D coverage, so build those into your budget. And consider purchasing a long-term care insurance policy.

Approximately 25 percent of Americans now 65 or older will be billed more than \$50,000 for long-term care costs. The right policy can limit the cost to you and help you budget better.

Consider purchasing an annuity. Annuities provide a guaranteed stream of income for the rest of your life and can be paid out immediately or deferred until you retire. Annuities offer many benefits, including tax-deferred growth, guaranteed income for life and a guaranteed death benefit.

Which type of annuity is right for you? A deferred fixed annuity offers guaranteed income throughout your retirement—a definite plus when facing unpredictable returns in the market. Plus, your money grows tax-deferred until you're ready to retire. Keep in mind, however, that annuities with fixed payments do not adjust for inflation over time. So, particularly if you have a long retirement, the purchasing power of each annuity payment decreases over

For many people, retirement is a time to pursue their passions and live life fully. And, with some smart financial moves, you can build a healthy stream of money that will fund your retirement

Know Your Annuities

Immediate

With an immediate annuity, you will receive payment shortly after you purchase the contract. People who select this type of annuity are often in or near retirement and want to transfer funds from someplace else, such as an IRA, and enjoy the money

- Great option for creating an income stream you won't outlive
- Guaranteed steady income
- Helps manage your tax liability over time
- Great for rollover money

Deferred

This type of annunity will defer the payments until later, when you are ready to use the funds. People who are still saving for retirement often select this type of annuity. Your money will grow taxdeferred.

- Protects your money against investment loss
- Defers taxes on your arowth
- Guaranteed interest rate
- · A reliable way to save for retirement years

For a complimentary consultation with your Sons of Norway Financial Benefits Counselor, visit sonsofnorway.com.

Life Expectancy by Current Age

