

# The Top 3 Sources of Guaranteed Retirement Income

by: Tom Hegna

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In December 2009, the Hartford Life Insurance Company conducted a study titled, The Hartford Investments and Retirement Survey. The goal of the survey was to come up with a better understanding of the retirement needs, concerns, and perceptions of consumers in the U.S., particularly the Baby Boomer demographic. The results?

“Retirement and/or financial planning is viewed as too complex or difficult by one in TWO Americans (50%)!” Also, “Many people (35.5%) say they would rather not spend more time on financial planning.” Period. The Hartford study concluded that, “Those who have a plan for retirement are not only in a better place financially, but also have a more positive outlook about their retirement future than those who don’t have a plan.”

Having a plan is very important to the retirement equation. In fact, it’s Step #1 of my public TV special. I suggest that people should work with a trusted financial professional to establish a written retirement plan, monitor and update the plan regularly, and take action to execute the plan.

**When it comes to establishing a plan for retirement, you must start out by providing your clients with a strong foundation. Start by asking your clients two simple questions:**

- **What do you NEED your retirement income to do?**
- **What do you WANT your retirement income to do?**

When asked this first question, most clients respond the same: “We need to have our retirement income cover our basic expenses.” Basic expenses would be rent/mortgage, utilities, insurance premiums, phone bill, etc. Sit down and discuss with your clients what their necessary expenses are. Once this is determined, they NEED to cover that amount with Guaranteed Lifetime Income.

**When it comes to Guaranteed Lifetime Income during retirement, there are three main sources:**

**Pensions:** In your parents’ day, workers could count on receiving a lifelong check from their former employers. Today, only about 19% of our workforce can claim a pension after retirement. Pensions, or defined-benefit plans (DBP), are quickly disappearing and the majority of your clients do not have a plan for income in retirement. For those of your clients that are fortunate enough to have a DBP, this can be a great source of retirement income!

**Social Security:** Most Americans pay more attention to planning their annual vacation than they do selecting their Social Security start date. For most Americans, their largest asset in retirement is their Social Security benefit. Failing to optimize your Social Security benefit can result in losing hundreds of thousands of dollars! When it comes to maximizing and getting your clients the largest amount of lifetime income benefits, it’s all about the timing!

**Lifetime Income Annuities:** When it comes to lifetime income annuities and explaining the benefits they provide, I like to refer to them as a “personal pension-like stream of guaranteed income.” They truly can provide your clients with a Guaranteed Paycheck for Life! Securing Guaranteed Lifetime Income should be every retiree’s priority. Educate your clients about the

importance of securing Guaranteed Lifetime Income to make sure their basic expenses are covered. They cannot retire OPTIMALLY without them!

When it comes to establishing a retirement plan with your clients and developing a strategy for covering their basic expenses, you **MUST** take longevity risk off the table! See, longevity isn't just a risk, it is a risk **MULTIPLIER** of the other retirement risks. The longer you live, the more likely the market will crash, inflation will decimate purchasing power, or you will need long-term care. Stocks, bonds, mutual funds, real estate, and CD's just cannot take longevity risk off the table!

Think of the income that satisfies your needs as "Paychecks," and think of the income that satisfies your wants as "Playchecks." You are absolutely going to want to have some "Playchecks" in retirement! This is money that will help you travel, play golf, visit your grandchildren, and all of the other things you **WANT** to do in retirement.

You can get your "Playchecks" from annuities as well as from a diversified portfolio of stocks, bonds, mutual funds, real estate and commodities. These other investments can also help protect you from another big risk in retirement: inflation.

Many people think their retirement is dependent on their assets. I say that the **ULTIMATE** success of your retirement is **NOT** about your assets. It is all about income and I argue Guaranteed Lifetime Income. Your assets can be lost, stolen, swindled, sued, divorced or decimated in a market crash. If you think about it, your assets are simply numbers on a piece of paper. Those numbers will only do two things for you for the rest of your life. You will either **SPEND** that money, or you will **GIVE** that money away.

So by helping your clients take the retirement risks off the table, securing as much guaranteed lifetime income as they can, and using life insurance to transfer wealth to their family, this will lead your clients down the path of successfully retiring happily ever after.

Tom Hegna is the author of three books, a guide to Social Security, and the host of the Public TV Special, "Don't Worry, Retire Happy!" You can find out more about Tom and his products at [www.tomhegna.com](http://www.tomhegna.com) and [www.retirehappynow.com](http://www.retirehappynow.com). Please check out his new consumer-focused Facebook page for tips and articles on how to retire happy at [www.facebook.com/dontworryretirehappy](https://www.facebook.com/dontworryretirehappy) and share it with your clients!!