

# Making the Most of Your Retirement Income: Savings

March 2014

As you approach retirement, the decisions you make can have a big impact on your – and your spouse's – future income. But don't panic: you don't have to do this alone. Here are some things to think about as you prepare for retirement.

[Social Security](#) provides secure lifetime income—but benefits are modest. You can use your savings to add income on top of your monthly Social Security benefit.

## ***How can I make the most of my 401(k) or IRA?***

- **You can withdraw a certain amount per year – and invest the rest until you need it.**
  - Generally, you can withdraw 4-5% per year (or more, the later you start withdrawals).
  - If you take money out of a 401(k) or IRA before age 59 and ½, you will be subject to a tax penalty, but you must start making withdrawals by age 70.
  
- **You can use some (or all) of your account balance to ensure lifetime income.**
  - You can buy a fixed annuity or a variable annuity from an insurance company.
  - Different options are available, including term, survivor benefits, the age when benefits start, or even if some amount can go to a beneficiary.
  - Look for a strong insurance company. You can research them at AM Best, [ambest.com](http://ambest.com), Standard & Poor's, [standardpoor.com](http://standardpoor.com), or Moody's, [moody.com](http://moody.com).
  - To find out more, you can visit [annuity.com](http://annuity.com) or [immediateannuities.com](http://immediateannuities.com).
  
- **You can use it to cover your living expenses while you let your Social Security benefits grow.**
  - Your Social Security benefit grows by 8 percent per year, plus inflation, every year you wait after you reach your Full Retirement Age. Many financial advisers say that's the best annuity deal around. See [Making the Most of Your Retirement Income: Social Security](#).
  
- **You need to research annuities or other financial instruments very carefully and know the terms – but they can increase your income and add to your Social Security benefits.**

## ***I don't have much saved—what else can I do to improve my retirement security?***

- **Other things you can consider (besides working):** downsizing, sharing your home, or reverse mortgages (but know what you're getting into).

More information and resources:

- NWLC, Social Security and Retirement: <http://www.nwlc.org/our-issues/social-security-%2526-retirement>

- WISER, National Education and Resource Center on Women and Retirement Planning: [www.wiserwomen.org](http://www.wiserwomen.org).
- AARP, Work & Retirement: [www.aarp.org/work](http://www.aarp.org/work)
- National Council on Aging, Benefits Checkup: [www.benefitscheckup.org](http://www.benefitscheckup.org)