

Making the Most of Your Retirement Income: Savings

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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 [link to SS page] 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, Standard & Poor's, standardpoor.com, or Moody's, moody.com.
 - To find out more, you can visit annuity.com or 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* [link].

- **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.
- AARP, Work & Retirement: www.aarp.org/work
- National Council on Aging, Benefits Checkup: www.benefitscheckup.org