

Retirement

Making the Most of Your Retirement Income: Savings

May 2014

As you approach retirement, the decisions you make can have a big impact on your – and your spouse's – future income. As you prepare for retirement, remember that [Social Security](#)¹ provides secure lifetime income – but benefits are modest. You can use your savings to add income on top of your monthly Social Security benefit.

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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 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, visit annuity.com or immediateannuities.com.
- You can use it to cover your living expenses while you let your Social Security benefits grow.
 - To find out more, look at "[Social Security: It Pays to Wait](#)"² visit annuity.com or immediateannuities.com.
- 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.

More information and resources:

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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).
 - try to delay claiming your Social Security benefits if possible. [Even a year or two helps!](#)³
- 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
- NASI, Social Security, <http://www.nasi.org/research/social-security>

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- 1 NWLC, Making the Most of Your Retirement Income: Social Security (May 2014), *available at* <http://www.nwlc.org/resource/making-most-your-retirement-income-social-security>.
- 2 NASI, Social Security: It Pays to Wait (Feb. 2014), *available at* <http://www.nasi.org/research/2014/fact-sheet-social-security-it-pays-wait>.
- 3 NWLC, Making the Most of Your Retirement Income: Social Security (May 2014), *available at* <http://www.nwlc.org/resource/making-most-your-retirement-income-social-security>.