Making the Most of Your Retirement Income: Savings

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As you prepare for retirement, remember that Social Security1 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?

1. **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.)
   - 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 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.
   - 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, moodys.com.
   - To find out more, visit annuity.com or immediateannuities.com.
   - You withdraw savings to cover living expenses while you let your Social Security benefit grows.
   - To find out more, see “Social Security: It Pays to Wait.”

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

2. Continue to work (and save).
3. Other things you can consider (besides taking out):
   - Downsizing, sharing your home, or reverse mortgages (research carefully).
   - Try to delay claiming your Social Security benefits if possible. Even a year or two helps!

More information and resources:

- 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)
- NASI, Social Security, [http://www.nasi.org/WhenToTakeSocialSecurity](http://www.nasi.org/WhenToTakeSocialSecurity)