

THE 2026
EDITION

SECURING YOUR FUTURE

Retirement Strategy Guide



7-Part Strategy Series

Smart **Annuity Planning**

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Retirement Strategy Guide

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Introduction: Your Path to Retirement Confidence

If you're approaching retirement — or already there — you've probably asked yourself the same question most people in your position ask: "Will my money last?"

It's not a small question. And the truth is, most of the advice out there doesn't give you a real answer. It gives you general rules, broad suggestions, and a lot of hope that things will work out.

This guide is different. Over the next seven strategies, you'll walk through a complete framework for building a retirement plan around your life. Not general advice you could find in any article. Your situation. Your numbers. Your plan.

By the time you finish, you'll understand how to create guaranteed lifetime income, protect your savings from market volatility, and build a plan that grows with you over time. More importantly, you'll know the right questions to ask about your own situation — and exactly what your next step should be.

Strategy 1: Today's Retirement Challenges and How to Overcome Them

When your parents or grandparents retired, their financial path likely looked quite different from yours.

They may have relied on:

- Company pensions that guaranteed income for life
- Shorter retirement periods due to lower life expectancies
- Lower healthcare costs and more predictable expenses



Today's retirees face a fundamentally different reality:

Only 15% of private-sector workers have access to traditional pension plans

Americans are living longer, with many needing retirement funds to last 30+ years

Healthcare costs are rising at twice the rate of general inflation

Market volatility threatens savings just when you need them most

The 4 Core Challenges of Modern Retirement

1. **Longevity Risk:** The very real possibility of outliving your money
2. **Market Volatility:** The devastating impact of major market downturns when you're making withdrawals
3. **Inflation Risk:** The silent erosion of your purchasing power over decades
4. **Sequence of Returns Risk:** How the timing of market downturns can dramatically reduce how long your money lasts

Hypothetical Market Scenario: Consider Thomas and Ellen, who retired in January 2008 with \$1 million. Following traditional advice, they planned to withdraw \$40,000 annually (4%), adjusted for inflation. By March 2009, their portfolio had fallen to \$600,000. Even though markets eventually recovered, the damage was done — their withdrawals during the downturn meant they had less money to benefit from the recovery. By 2015, they were forced to drastically reduce their lifestyle.

The Solution: A Balanced Approach Using the Right Tools

No single financial product can solve all these challenges.

The most successful retirement strategies use multiple tools strategically:

- Annuities to create guaranteed lifetime income
- Growth investments to combat inflation
- Strategic liquidity reserves for unexpected expenses



This multi-tool approach creates retirement security that single-product solutions simply cannot match.

Key Insight: Retirement isn't about maximizing returns — it's about maximizing security while ensuring your money lasts as long as you do.

Strategy 2: Understanding Annuities: Your Personal Pension Solution

What Is an Annuity?

An annuity is essentially a contract between you and an insurance company that transforms a portion of your savings into guaranteed income — often for life. Think of it as creating your own **Personal Pension**.

In an era where traditional pensions have largely disappeared, annuities stand out as one of the few financial tools that can provide income you cannot outlive. This unique feature makes them a cornerstone of many successful retirement plans.

How Annuities Work: A Simplified Explanation

At their core, annuities work on a simple principle: you give the insurance company money, and they promise to pay you income for a specified period or for life.

There are two main phases:

1. **The Accumulation Phase:** When your money grows inside the annuity
2. **The Distribution Phase:** When you receive payments

Unlike market-based investments, annuities transfer risk from you to the insurance company.

The company assumes the responsibility of paying you regardless of market performance, economic conditions, or how long you live.



Types of Annuities: Finding the Right Fit

Not all annuities are created equal.

Different types serve different purposes:

- **Fixed Annuities:** Provide guaranteed interest rates and predictable income
- **Fixed Indexed Annuities:** Offer growth potential linked to market indexes while protecting your principal from market downturns
- **Variable Annuities:** Provide market-based growth potential with higher risk and often higher fees
- **Immediate Annuities:** Begin payments shortly after purchase
- **Deferred Annuities:** Allow your money to grow before payments begin

Important Note: Many people don't realize that annuities can be customized with additional features called "riders." These can provide inflation protection, enhanced death benefits, or increased liquidity.

The Psychological Benefit: Peace of Mind

Beyond the financial advantages, annuities provide something equally valuable: peace of mind.

Knowing that a portion of your income is guaranteed for life creates a foundation of security that transforms how retirees experience retirement.

Studies show that retirees with guaranteed income sources report higher satisfaction levels regardless of total wealth.

When essential expenses are covered by guaranteed income, you gain the freedom to enjoy retirement without the constant worry of market fluctuations.



Strategy 3: Calculating Your Need Number vs. Want Number

The most successful retirement strategies begin with clarity about your expenses. Not all retirement expenses are created equal, and understanding the difference between needs and wants is crucial for proper planning.

Your Need Number: The Foundation of Retirement Security

Your **Need Number** represents the monthly income required to cover your essential expenses — the baseline costs you cannot live without:

- Mortgage or rent payments
- Utilities
- Groceries
- Healthcare premiums and out-of-pocket costs
- Transportation
- Basic insurance (home, auto, health)
- Property taxes

Calculating Your Need Number

1. List all essential monthly expenses
2. Add a buffer for unexpected necessary costs (10-15% recommended)
3. Subtract guaranteed income sources (Social Security, pensions)
4. The remaining amount is your **Income Gap** — the amount you need to generate from your savings

Scenario Example: Michael and Jennifer discovered their monthly Need Number was \$3,200 after Social Security. By securing this amount through annuities, they eliminated the stress of market volatility for their essential expenses.



Your Want Number: Funding Your Retirement Dreams

Your **Want Number** covers discretionary expenses that enhance your lifestyle but aren't strictly necessary:

- Travel and vacations
- Dining out
- Hobbies and recreation
- Gifts to family
- Charitable giving
- Home improvements
- Luxury purchases

Unlike your **Need Number**, your **Want Number** can be more flexible and potentially funded through growth-oriented investments. This creates a natural balance between security and growth potential.

The 80% Guarantee Principle

Industry studies have revealed an important pattern: those who secure at least 80% of their **Need Number** with guaranteed income sources (Social Security, pensions, and annuities) report significantly higher retirement satisfaction and lower financial anxiety.

Why the 80% principle works:

- Creates a secure financial foundation
- Reduces emotional reactions to market volatility
- Allows for more appropriate risk-taking with remaining assets
- Eliminates the fear of outliving your money

*Personal Assessment: Take a moment to calculate your own **Need** and **Want** Numbers. How much of your **Need Number** is currently covered by guaranteed income sources? The difference is your **Income Gap** — and it represents the amount you should consider securing through annuities.*



Strategy 4: Creating the Right Balance Between Safety and Growth

The central dilemma of retirement planning is finding the right balance between safety and growth. Lean too far toward safety, and inflation will gradually erode your purchasing power. Focus too heavily on growth, and market volatility could devastate your savings just when you need them most.

The Retirement Income Trilemma

In retirement, you want three things from your money:

1. **Safety:** Protection from market losses
2. **Growth:** Keeping pace with or exceeding inflation
3. **Liquidity:** Access to your money when you need it

The challenge is that no single financial tool provides all three. Traditional investments offer growth and liquidity but lack safety. Bank accounts provide safety and liquidity but minimal growth. This is where strategic planning comes in.

Creating Your Three-Bucket Strategy

The most effective approach divides your retirement assets into three strategic buckets:

Bucket 1: Income Foundation (30-40% of assets)

- **Purpose:** Generate guaranteed lifetime income
- **Tools:** Social Security, pensions, and strategically selected annuities
- **Focus:** Covering your Need Number



Bucket 2: Liquidity Reserve (5-15% of assets)

- Purpose: Provide accessible funds for emergencies and opportunities
- Tools: High-yield savings accounts, short-term CDs, money market accounts
- Focus: 1-2 years of expenses beyond guaranteed income

Bucket 3: Growth Engine (45-65% of assets)

- Purpose: Generate long-term growth to combat inflation
- Tools: Diversified portfolio of stocks, bonds, and alternative investments
- Focus: Funding your Want Number and legacy goals

The Time Segmentation Advantage

This three-bucket approach uses a concept called “time segmentation” that aligns the purpose of your money with the appropriate time horizon:

- Short-term needs (1-3 years): Safety and liquidity priorities
- Medium-term needs (3-10 years): Balanced approach
- Long-term needs (10+ years): Growth priority

Strategy In Action Example: Barbara implemented this three-bucket strategy with \$850,000 in retirement savings. By allocating \$300,000 to annuities, she secured \$18,000 in annual guaranteed income (in addition to Social Security), kept \$50,000 in liquid reserves, and positioned the remaining \$500,000 for long-term growth. Five years later, despite two significant market corrections, her income remained steady while her growth bucket had increased to \$575,000.



The Recovery Principle

One of the most powerful aspects of this approach is what we call the **Recovery Principle**. When your essential expenses are secured through guaranteed income sources, your growth investments gain a critical advantage: time to recover from market downturns.

This removes the devastating impact of **Sequence of Returns Risk** — the need to sell investments at depressed prices to generate income — which is one of the greatest threats to retirement security.

Strategy 5: Staying Ahead of Inflation in Retirement

Inflation is often called the “silent killer” of retirement plans. Even at a modest 3% annual rate, inflation will cut your purchasing power in half over 24 years. For a retirement that could last three decades or more, this represents a serious threat.

The Real Impact of Inflation

To understand inflation’s impact, consider these real-world examples:

A gallon of milk cost \$1.07 in 1990 but averages over \$4.00 today

The average new car price was \$16,000 in 1990 compared to over \$48,000 today

A first-class postage stamp has increased from 25 cents to 73 cents

For retirees on fixed incomes, these changes are more than statistics — they represent a gradually tightening financial squeeze.

Why Traditional Inflation Solutions Fall Short

Many traditional approaches to inflation protection have significant limitations:



COLA adjustments on Social Security typically understate actual cost increases for retirees. Inflation-adjusted immediate annuities provide built-in increases but start with significantly lower initial payments.

Treasury Inflation-Protected Securities (TIPS) offer inflation protection but currently provide very low real returns.

The Annuity Laddering Strategy: Creating Your Personal Inflation Hedge

Annuity Laddering is a powerful strategy that provides increasing income over time to combat inflation's effects. Here's how it works:

1. Split your annuity purchases across different time periods
 - Initial annuity: Activated immediately for current income needs
 - Second annuity: Set to begin in 5-7 years
 - Third annuity: Set to begin in 10-15 years
2. Allow future annuities to grow during their deferral period, providing larger payments when activated
3. Create a rising income stream that helps offset inflation's impact

Example: Robert had \$600,000 allocated to his income bucket. Instead of purchasing a single immediate annuity, he divided it into three tranches: \$300,000 for immediate income, \$200,000 deferred for 7 years, and \$100,000 deferred for 14 years. This created a "retirement raise" every 7 years, with each new income stream beginning just as inflation was making his initial income feel tight.

Complementary Inflation Protection Strategies

In addition to annuity laddering, these strategies provide additional inflation protection:

Strategic withdrawals from growth investments as a supplement to guaranteed income

Investment in assets with inflation-hedging properties (dividend-growing stocks, real estate, commodities)

Delaying Social Security to maximize COLA-adjusted lifetime benefits



The beauty of this multi-faceted approach is that it addresses inflation without sacrificing current income or taking excessive market risk.

Strategy 6: Why Annuities Stand Among the Safest Retirement Vehicles

In times of economic uncertainty, the question of “where is my money truly safe?” becomes increasingly important. Annuities offer exceptional safety features that few other financial vehicles can match.

The Financial Fortress: Understanding Insurance Company Strength

The safety of annuities begins with the financial structure of the insurance companies that issue them. Unlike banks that operate on a fractional reserve system (keeping only about 10% of deposits on hand), insurance companies maintain reserves that typically exceed 100% of their obligations.

This fundamental difference became starkly apparent during the 2008 financial crisis:

Hundreds of banks failed or required government bailouts

Major insurance companies remained solvent and continued honoring annuity contracts

Annuity owners received every dollar of their guaranteed payments

Multiple Layers of Protection

Annuities benefit from several layers of protection:

1. **Insurance Company Reserves:** Legal requirements force insurers to maintain sufficient assets to meet all obligations
2. **Regulatory Oversight:** State insurance departments conduct regular audits and stress tests
3. **State Guaranty Associations:** Additional backstop protection typically covering \$250,000 to \$500,000 per person (varies by state)
4. **Conservative Investment Practices:** Insurance companies invest primarily in high-quality bonds and stable, long-term assets



Historical Performance Through Economic Crises

The true test of any financial product is how it performs during economic crises. Annuities have demonstrated remarkable resilience:

The Great Depression (1929-1939): While thousands of banks failed, leading insurance companies continued to pay annuity contracts in full

Stagflation Era (1970s): When inflation and unemployment soared, annuity payments remained steady

Dot-com Bubble (2000-2002): As tech stocks collapsed, annuity owners experienced no interruption in income

Financial Crisis (2008-2009): While the market dropped over 50%, annuity payments continued unchanged

COVID-19 Pandemic (2020): Despite unprecedented economic disruption, annuity payments remained reliable

Historical Perspective: During the Great Depression, baseball legend Babe Ruth famously remarked, "I may take risks in life, but never with my money. I use annuities, and I never have to worry about my money." His financial security stood in stark contrast to many of his contemporaries who lost everything in bank failures and market crashes.

Selecting the Right Insurance Company Partner

While annuities as a category are exceptionally safe, the financial strength of the specific insurance company matters. Look for companies with:

A.M. Best ratings of A or better

At least 100 years of operating history

Conservative investment portfolios

Strong risk management practices

By selecting top-tier insurance companies, you further enhance the already robust safety profile of annuities.



Strategy 7: Crafting Your Complete Retirement Plan

Creating a truly effective retirement plan isn't about finding a single perfect product or strategy — it's about bringing together multiple elements into a plan built around your life. This final strategy connects everything you've walked through into a comprehensive framework.

The Four Pillars of Retirement Success

A complete retirement plan addresses four essential pillars:

1. **Guaranteed Lifetime Income:** Ensuring you never outlive your money
2. **Growth Potential:** Maintaining purchasing power against inflation
3. **Liquidity:** Access to funds for emergencies and opportunities
4. **Legacy Planning:** Providing for loved ones and causes you care about

Your Personalized Blueprint: The Time-Segmented Approach

The time-segmented approach divides your retirement into distinct phases, each with appropriate strategies:

Phase 1: Early Retirement (Years 1-10)

Focus: Establishing income foundation and enjoying active retirement

Strategy: Initial annuity activation, strategic Social Security claiming, growth investment positioning

Key Tools: Immediate annuities or income riders, high-yield liquid reserves

Phase 2: Middle Retirement (Years 11-20)

Focus: Addressing inflation's impact and healthcare planning

Strategy: Activation of second annuity layer, strategic growth withdrawals

Key Tools: Deferred annuities entering income phase, long-term care planning

Phase 3: Later Retirement (Years 21+)



Focus: Maximum security and legacy preparation

Strategy: Final annuity layer activation, legacy protection

Key Tools: Final deferred annuity, estate planning tools

Putting It All Together: Sample Allocation Models

While everyone's situation is unique, these sample models illustrate how different retirement priorities can be addressed:

The Income Maximizer (For those prioritizing maximum guaranteed income)

60% to strategically laddered annuities

10% to liquid reserves

30% to diversified growth investments

The Balanced Approach (For those seeking security with moderate growth)

40% to strategically laddered annuities

15% to liquid reserves

45% to diversified growth investments

The Growth Opportunity (For those with substantial assets seeking both security and significant growth)

30% to strategically laddered annuities (securing all essential expenses)

10% to liquid reserves

60% to diversified growth investments

Scenario Example: Richard and Susan retired with \$1.2 million. Following the Balanced Approach, they placed \$480,000 in a strategic annuity ladder, kept \$180,000 in liquid reserves, and invested \$540,000 for growth. This approach has provided them with \$32,000 in annual guaranteed income (in addition to \$43,000 from Social Security), comfort knowing they have liquidity for emergencies, and growth potential for increasing income and legacy goals.



The Implementation Timeline: Making It Happen

Creating your complete retirement plan happens in four stages:

1. **Assessment:** Determining your Need and Want Numbers, evaluating current resources
2. **Design:** Crafting your customized strategy across all four pillars
3. **Implementation:** Executing your plan with careful attention to timing and coordination
4. **Management:** Regular reviews and adjustments as life and markets evolve

Next Steps: Your Personalized Retirement Strategy Session

You've now walked through a complete framework for how a properly structured retirement plan can provide lifetime income, growth potential, and peace of mind. You understand the strategies. But the strategies only work when they're built around your numbers.

The next step is to apply these principles to your unique situation.

Your Complimentary Retirement Strategy Session

We invite you to schedule a one-on-one Retirement Strategy Session with an independent licensed retirement professional. During this complimentary session, you'll receive:

- A personalized analysis of your current retirement readiness
- Calculation of your specific Need and Want Numbers
- Identification of your Income Gap and potential solutions
- A clear picture of how these strategies apply to your situation

This session involves no cost or obligation — it's simply an opportunity to see how these strategies apply to your specific numbers.



What to Expect During Your Session

Your Retirement Strategy Session is a strategy conversation focused on your situation. You will work with an independent licensed retirement professional to:

Review your current financial situation and retirement goals

Identify your specific Income Gap

Explore appropriate solutions tailored to your unique needs

Leave with clear next steps, regardless of what you decide to do

As an independent professional committed to a Consumer First approach, their focus is on understanding your situation and what works best for your specific needs. That's always the starting point. From there, you decide what steps make sense for you.

How to Schedule Your Session

Sessions are available by phone or via secure video conference.

To view current availability and book your time, please return to your Resource Dashboard (where you accessed this guide) or click the scheduling link in your welcome email.

Select a time you can fully commit to.

Come prepared with your questions and ready to engage.

This is your opportunity to take meaningful steps toward a confident retirement.



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The information provided in this guide is informational in nature and should not be considered specific financial advice. Individual situations vary, and readers are encouraged to consult with a licensed retirement professional regarding their specific circumstances. The examples provided in this guide (Thomas, Ellen, Michael, Jennifer, Barbara, Robert, Richard, and Susan) are hypothetical scenarios used for illustrative purposes only. They do not represent actual client data or specific performance guarantees.

