

Achieving the Happy Factor in Retirement

By Terry Heys

When talking about retirement, it only seems natural to discuss savings and income. After all, that is what will get you "where you want to go" in terms of being able to pay your living expenses, and hopefully a little extra so that you can enjoy all that retirement has to offer. But there is another element that people rarely talk about when planning for retirement - even though it can make a tremendous difference - and that is the "happy factor."

Several years ago, the Wall Street Journal conducted a study, and they discovered something very interesting. What they found is that those who are surrounded by their family and friends - and who also have a guaranteed paycheck coming in every month for the rest of their lives - are much happier than those who do not possess these things. Here's something else that is even more interesting. Those individuals who have a guaranteed income for life also live longer than people who don't.¹

Why is that?

One reason could very well be that because these individuals are assured that they have a set income for life, and that they have ensured that certain living expenses will be paid for each and every month going forward, they have alleviated a great deal of stress from their lives. In so doing, they have in turn eliminated many potential illnesses that are brought about by stress and worry.

How to Rid Yourself of the #1 Worry That Retirees Have Today

Today, it is a fact that the number one worry of retirees is that of running out of money². Whether it is due to poor market conditions, historically low interest rates, not saving enough over time, or a combination of all - people today are extremely stressed about running out of retirement income before they run out of time.

In the past, retirees could typically rely on the ongoing income from Social Security and an employer-paid pension.

Unfortunately, many companies have done away with pension plans today, leaving the responsibility of saving enough for retirement mostly up to the employee. And, while income from Social Security still makes up a sizeable income staple for many retirees, this cash flow source only makes up for about 40 percent of the average wage earner's pre-retirement income.³

So, how can you supplement the remainder of that guaranteed income in order to achieve your happy factor?



First and foremost, it is important to understand that you have much more control over creating this type of income than you may think. Today, many of the big insurance companies are offering income annuities, which can provide you with a guaranteed lifetime income option. (Footnote 1)

By choosing this annuity payout option, you will be able to receive a guaranteed income for the remainder of your life - regardless of how long that may be. Many annuities will also offer an option for a joint income recipient.(Footnote 2) This means that your spouse or another individual of your choosing can also receive a guaranteed lifetime income for the remainder of his or her life, too.

How to Get Started with Creating Your Lifetime Happiness

There are a number of ways that annuities can be set up and funded. Deposits may be made as a one-time lump sum either using cash from a checking or savings account, or by "rolling over" funds from an IRA, 401(k), or other retirement account.

Alternatively, you may also choose to make a series of regular, smaller deposits over time. Annuities also provide you with numerous tax advantages, as well.

If the thought of outliving your retirement income makes you somewhat uncomfortable, an annuity could be a solution for creating long-term income security - along with the happiness that goes along with knowing that your expenses will be paid for

the long term, no matter how long into the future your retirement takes you.

1. Gallup, "Retirement Remains American's Top Financial Worry" April 2014.
2. <http://freakonomics.com/2013/01/10/how-to-live-longer-a-new-marketplace-podcast/>
3. <http://www.ssa.gov/pubs/EN-05-10024.pdf>

