

The Benefits of an Income Annuity in your Retirement Plan:

An income annuity provides a constant stream of income during retirement. It provides a complimentary balance to the income derived from investments in the equity and fixed income markets. The income stream is not dependent on the fluctuations of the market and since the income payments continue for life, there is no danger of out-living the cash flow.

Scenario:

Participants: Man 65, Woman 62.

Retirement Spending: \$100k annually starting today, with an annual 2% increase.

Retirement Savings: \$2 million in a 401k

Market Returns: Normal Distribution, average return of 9%, annual standard deviation of 16.5%, results based on the average of 3000 simulations.

According to actuarial life tables, 65-year-old couples that are rated preferred health class have life expectancies of 87 for men, 89 for women, a 50% probability that one will live to at least 92, and a 25% probability of living to at least 96. The ages below represent the woman's age.

- Investing 100% of the account in the market can have mixed results. There is a 60.2% probability that the funds can support this retirement past the age of 105. **But there is a 32.5% probability that the account will have a zero balance by the age of 96, and a 24.3% probability the account will have a zero balance by the age of 89.** Statistically, this matches up well against life expectancies. **However, is it a risk you want to take for your retirement, that almost one-quarter of the time at age 89, and almost one-third of the time at age 96, you will run out of money and income?**

Money runs out before 89	24.3%
Money runs out before 96	32.5%
Money lasts longer than 105	60.2%
- The couple decides to invest the balance of their 401k in fixed income, anticipating returning 4% over the long term, and withdraw \$100k a year with annual inflation increases. Unfortunately, the money will run out by age 87, and not a viable option.
- Purchase a joint annuity with the entire 401k balance that will provide a lifetime stream of income. A large life insurance company quotes an annual income stream of \$128,400 that will pay for a minimum of twenty years and pay until the death of the last surviving participant. This amount clearly exceeds the immediate spending expectations of the couple but will fall short due to inflation expectations at age 75. The couple will continue to receive annual payments.
- Electing a hybrid investment strategy, the couple takes 60% of the 401k balance and purchases an annuity. This will provide \$77,040 of annual income for the rest of their lives. **The income generated from the 401k has a greater chance of lasting through the age of 89**

and 96 than portfolio that is 100% invested in the market. Plus, the hybrid strategy will always provide a stream of income, even when the 401k balance is zero.

Money runs out before 89	20.4%
Money runs out before 96	30.9%
Money lasts longer than 105	59.3%

Outliving your savings is always a fear of retirees. If your current retirement strategy is to rely on the market to provide consistent returns, this is not a guarantee. A couple of poor performing years and unexpected expenses can quickly deplete your account balances. Including an income annuity in your retirement strategy provides the security of a guaranteed income and less market dependence. Combining the annuity and social security to match basic living expenses such as rent, utilities and groceries can provide a retirement with less stress.

Contact Triathlon Partners LLC to discuss retirement strategies that best align with your objectives. Our extensive financial market and risk management experience provide a unique perspective to help navigate the process for your success.

Contact us

Visit us on the web: TriathlonPartners.com

Follow us on Facebook

Connect with us on LinkedIn

[To unsubscribe click here](#)

TRIATHLON PARTNERS LLC is a registered investment adviser. The information presented is for educational purposes only and is not intended to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.

Investment Advisory Services are offered through TRIATHLON PARTNERS LLC, a registered investment adviser. Insurance products and services are offered and sold through individually licensed and appointed agents in all appropriate jurisdictions.

Please remember that securities cannot be purchased, sold, or traded via e-mail or voice message system. Likewise, insurance coverage cannot be bound, altered, or cancelled via e-mail or a voice message system.

This email transmission and any documents, files or previous email messages attached to it may contain information that is confidential or legally privileged. If you are not the intended recipient, you are hereby notified that you must not read this transmission and that any disclosure, copying, printing, distribution, or any action or omission of this transmission is strictly prohibited. If you have received this transmission in error, please immediately notify the sender by telephone at 1-475-241-4417 or return and delete the original transmission and its attachments without reading or saving in any manner.