

## **The True Value of Guaranteed Lifetime Income**

When it comes to deciding what to do with your defined contribution nest egg, the choices can be daunting. It's understandable that a new retiree worries about managing her or his nest egg. If the wrong decisions are made, you could run out of money before you run out of breath. Or, you could become too conservative with your money and be unwilling to spend your assets for fear of running out down the road. The end result may be that you end up living a retirement without fully enjoying it as much as you could have. The stakes are indeed enormous.

As defined contribution plans such as 401(k)s become more popular and traditional pension plans, known as defined benefit plans, become less popular, most of the financial risks are shifted onto the individual retiree. You may feel comfortable accepting these risks and investing your money to make sure it will last as long as you will need it. Alternatively, if you feel uncomfortable bearing all of the risk for all of your savings, you can choose to purchase a payout annuity with some of your savings. Through the purchase of guaranteed lifetime income through a payout annuity, the risk of outliving your savings on this portion of your nest egg can be "pooled" with other retirees. When a lifetime payout annuity is purchased, a monthly income benefit is paid to retirees every month they are alive.

By using a portion of your nest egg to purchase guaranteed lifetime income in the form of an immediate annuity, you can plan to have, along with Social Security, monthly income no matter what the economic conditions may bring or how long you'll need that income to last. You insure against the risk of outliving your savings.

By having a solid base of guaranteed income, you may feel more comfortable investing your remaining assets in other investments, such as mutual funds, to provide for additional asset growth and wealth accumulation. Knowing you have guaranteed income coming in may allow you the patience to ride the ups and downs of the equity and bond markets.

But most of all, a solid base of guaranteed income provided by an immediate annuity may provide you with the knowledge that you have helped secure yourself financially for a retirement that could last two or three decades or more. Knowing this income is guaranteed helps empower you to have the retirement you can enjoy. Whether your retirement dreams involve traveling to Europe, volunteering, starting your own business, or even spoiling your grandchildren, guaranteed income can help provide you the freedom to live out your retirement on your terms.

Group annuities are insurance contracts issued by The Prudential Insurance Company of America, Newark, NJ, and The Prudential Retirement Insurance and Annuity Company, Hartford, CT. The Prudential Insurance Company of America and The Prudential Retirement Insurance and Annuity Company are Prudential Financial companies. Guarantees are based on the claims-paying ability of the issuing company.