

# Making Your Money Last Through Your Retirement: Immediate Annuities

## Information from WISER and The Actuarial Foundation

---

It can be quite challenging to manage your life savings after retirement, in large part because there are so many unknowns, including how long you will live. Few of us have really thought about how to make our retirement savings last for perhaps 20 or 30 years after we stop working.

*Ron G.'s mother had money in an IRA. Ron convinced his mother to look into purchasing an immediate annuity. She was pleasantly surprised to find that she doesn't have to worry about it running out, even if she lives a long time.*

### Rules of the Road

Immediate annuities give you guaranteed income for life. You buy the annuity with one single payment. In return, the insurance company will provide you with a guaranteed lifetime income, regardless of how long you live. There are two types of immediate annuities:

- ☒ fixed immediate annuities, which pay you a fixed amount each month; and
- ☒ variable immediate annuities, which also pay you income as long as you live, but the amount varies based on what you choose to invest in, like the stock market.

Immediate annuities also have different payment options. You can choose to receive payments for your life only, for your life plus a survivor benefit, or with a "period certain" so that if you die before, for example, a 10 year period certain, your beneficiary will receive the balance. There are other options as well.

You probably don't want to put all your retirement savings into an annuity. However, for many people who are age 70 or older, it makes sense to put a substantial part of your savings into an annuity. This is especially true if you are in good health and want the certainty of knowing you will receive monthly payments for as long as you live.

Immediate annuities should not be confused with deferred annuities, which are used primarily to accumulate funds while you are working.

### Decisions

After retirement, consider whether you want to manage your money yourself. One way to do this is to set up a program to draw money on a regular basis from your retirement savings. Consider the pro and cons of using some of your money to buy an immediate annuity to provide you with payments for the rest of your life.

For additional information on whether an immediate annuity might be right for you, read WISER's booklet *Making Your Money Last for a Lifetime: Why You Need to Know About Annuities*, available in the Publications section at [www.wiserwomen.org](http://www.wiserwomen.org)

Find out more at: [www.wiserwomen.org](http://www.wiserwomen.org)

---



Like us on **Facebook** ([facebook.com/WISERwomen](https://facebook.com/WISERwomen))



Follow us on **Twitter** (@WISERwomen)



Connect with us on **LinkedIn**