

Episode #269: Do You Have Retirement Income Insurance?

Video Transcription

Hello, everybody. Welcome to another episode of "Money Script Monday." My name is Michael Clementi, and first of all, thank you for your time today. Thank you for joining us. Today, I'm going to ask you the question, do you have retirement income insurance? Now, this is maybe a new topic, new phrase you've heard before, retirement income insurance. I'm not really familiar with that. Well, we're going to show you how you, today, can put insurance on that stream of income for your retirement. But first, let's see what you probably have insurance on right now.

If you are currently either owning a house, or you are renting from somebody, you need to have renter's insurance and you need to have home insurance. If you drove your car to work today, or are driving just to places to get around, you need to have auto insurance to own that car to drive. If you're working for a company, they may have a medical plan, some sort of disability insurance, or you have a personal medical plan. And lastly, if you have some kids, you own a business right now, you want to protect that mortgage, you may have some life insurance on you. You may also have some disability insurance on you.

These are all things that are near and dear to us that we need in our life, and we need insurance on that. Because if something were to happen to you, in any event, the insurance carrier, that company has the money to pay you out. They will insure your needs. So, what we're going to do is pivot that mindset, and get away from the insurance we know that our parents have that we need right now, and think about retirement income insurance, and how does that function.

What retirement income insurance does, the first thing it does is protects your principal. You give, usually a lump sum to an insurance carrier, maybe from an old 401(k), an old IRA, and we're going to give that to the insurance company. And what they're going to do is make sure you never lose any money ever again. It's going to stay there protected from any downside market. It's also going to generate gains on the money. So, because we're not fully invested, it's technically what's called an indexed account. The 0% floor provides no bottom downside, so you're only taking advantage of growing that money. Next, it also accounts for inflation. It accounts for increasing cost of retirement. So, when you do start getting those payments, getting the money back, it'll increase each year to make sure that it'll account for that inflation risk. And then, it also is going to provide a source of guaranteed lifetime income that can be structured for personal, or also on a joint income basis, so you

and your spouse will never have to worry about this income stream ever again in your life.

I say retirement income insurance, but what I'm really talking about is a specific product, and they're called fixed indexed annuities. A lot of our clients, a lot of people out there use this to create another mimic to social security plans. They're creating kind of a personal pension plan, but what we're doing is creating more of an income stream, more of a feeling that you never have to worry about this source of income, this money losing it to any market losses. And I always ask clients really, what do you want your future to look like? What do you see in retirement, in terms of feelings and emotions?

What I see people say is they want to get out of the market, meaning that, when you turn on the news, you go on your computer and you read the newspaper, and see the ups and downs of the S&P 500, of these markets that we're tied to, your money is directly tied to that. So, when you see those losses, that's taking away money out of your pocket, which may cause stress, may cause anxiety. So, we want to do is get you out of the market and get in what's called the indexed account, that 0% floor. And I say it again, this is going to give you that stress-free feeling. So you can sit back and relax. No matter what conditions are going on in the market, you're completely insured, because you have that retirement income insurance.

The next thing it provides, I call mailbox money. One of the best benefits of fixed indexed annuities is that each month, or each year, you're getting a check directly from an insurance carrier that you can deposit into your account and spend for your bills, spend for a date night out with you and your spouse, spend it on anything you want. This is your money for retirement. And lastly, it's a never-ending source of income. I cannot harp on this enough, that no matter what happens when that money comes back to you, you get paid as quick as possible from the insurance carrier. That money will reach to zero at some point, the amount that you deposited. The promise from the insurance carrier is the never-ending stream of income, all the way until life expectancy, no matter what age that is. So, no matter what happens in the market, no matter how much money you're putting in, you're still getting it guaranteed for life. And like I said before, we have all the insurance on everything we talked about, the essentials. Why not put that insurance on your retirement income so you never have to worry about it ever again? So, if this is something you're thinking about, something you've been thinking about for a while, I encourage you, get with your financial advisor and see, can I get myself some retirement income insurance?

Again, my name is Michael Clementi. I want to thank you for attending another episode of "Money Script Monday," and we'll see you next week.