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The

NEW RETIREMENT REPORT

(16 Page Total Guide)

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Introduction

Retirement today is fundamentally different from previous generations. As of 2024, more than 11,000 Americans turn 65 every day, and the retiree population is expected to exceed 80 million by 2040. These changes bring unique challenges, from managing rising healthcare costs to dealing with market volatility and longer life expectancies.

Economic factors like inflation, which has averaged over 6% in recent years, have drastically impacted retirees' purchasing power. Healthcare expenses now account for a significant portion of retirement budgets, with the average 65-year-old couple projected to spend over \$325,000 in medical costs throughout their retirement.

This report is designed to address these new realities, helping retirees and those approaching retirement navigate a complex and ever-changing financial landscape. It outlines the latest risks, solutions, and strategies to build a secure and comfortable retirement lifestyle.

Tens of millions of Americans are retired, and tens of millions more will be retiring in the years ahead. In the wake of economic uncertainty, many people have concerns about the future. You may be worried about whether you will have enough retirement income, and what measures it will take to get it.

Today's volatile financial landscape brings new challenges. We face new hurdles which are far different than what our parents and grandparents faced. Gone are the days of when you would receive a lifetime pension and health benefits after working at the same company for many years. Now it falls completely on us to map out our futures – and then to stick to the plan.

Unfortunately, some people make retirement decisions without fully understanding all of their options. It could take years before the negative effects of these choices are clear. What otherwise appears to be good decisions may actually diminish a retiree's finances. It impacts their ability to cover basic living, healthcare, and long-term care needs, which affects their quality of life.

Having worked hard for many years, you look forward to a comfortable retirement lifestyle. These times are uncharted territory. Nothing is certain. We have prepared this report to give you some semblance of greater retirement certainty. Its purpose is to provide sound, objective information for your own journey.

I hope this report helps educate you about these new retirement challenges, various solutions, and empowers you to make the right decisions for your future. Should you ever have any questions or need help, please do not hesitate to call us at 877.GROW.SAFE (877.476.9723).

All the best,

Brent Meyer

THE NEW RETIREMENT LANDSCAPE

The Growing Retiree Population

The United States is experiencing an unprecedented wave of retirements. By 2030, all Baby Boomers will be aged 65 or older, making up over 21% of the population. With advancements in medical care, life expectancies continue to rise. Today, a 65-year-old man has a 50% chance of living to age 86, and a woman of the same age has a 50% chance of reaching age 89.

These demographic shifts are putting immense pressure on government programs like Social Security and Medicare. The Social Security Trust Fund is projected to be depleted by 2033, which could lead to reduced benefits unless significant reforms are implemented.

Evolving Workforce Trends

Hybrid and part-time work have become increasingly popular among older adults. As of 2023, approximately 35% of individuals aged 65+ remain in the workforce, driven by the desire to stay active, maintain social connections, or supplement income. These trends reflect a changing retirement model, where many retirees pursue a mix of work and leisure.

Shifts in Retirement Funding

The traditional pension model has largely been replaced by defined-contribution plans like 401(k)s and IRAs. This shift has transferred the responsibility for retirement savings from employers to individuals. Unfortunately, many retirees are unprepared; recent studies show that nearly 40% of Baby Boomers have saved less than \$100,000 for retirement.

EVOLVING RETIREMENT RISKS

Retirement planning today requires navigating a more complex and uncertain financial environment. Inflation, market volatility, rising healthcare costs, and longer life spans all present new challenges that retirees must address to maintain financial security.

Inflation and Its Impact

Inflation has emerged as a significant threat to retirees. Between 2021 and 2023, inflation surged to levels not seen since the 1980s, with essentials like food, housing, and medical care rising faster than expected.

- Over the past three years, inflation averaged over 6%, significantly eroding the purchasing power of fixed incomes.
- A \$50,000 savings account in 2020 would require over \$55,000 today to maintain the same purchasing power.

This underscores the need for retirees to adopt strategies that protect against inflation, such as allocating funds to low-risk assets that offer inflation-adjusted income.

Healthcare Costs on the Rise

Healthcare is one of the most significant retirement expenses. The average 65-year-old couple retiring in 2024 can expect to spend approximately \$325,000 on healthcare throughout retirement, excluding long-term care expenses.

- Private nursing home care now averages \$105,000 per year.
- Home healthcare costs have risen to \$28 per hour, with demand continuing to grow.

Many retirees underestimate these costs, leaving themselves financially vulnerable. Incorporating healthcare planning into retirement strategies is critical to avoiding shortfalls.

Market Volatility and Investment Risks

Market volatility poses another challenge. Between 2022 and 2023, the S&P 500 experienced sharp swings due to interest rate hikes and geopolitical tensions. For retirees relying on market-based investments, these fluctuations can significantly impact income streams and portfolio longevity.

Retirees should consider strategies like diversification, reducing reliance on equities, and incorporating guaranteed income solutions like fixed annuities to mitigate these risks.

Longevity Risk

Thanks to medical advancements, people are living longer than ever. While this is positive, it also means retirees must stretch their savings over a more extended period.

- The average life expectancy for a 65-year-old today is 84.3 for men and 87.9 for women.
- About 1 in 4 retirees will live past age 90, requiring additional years of income.

Failure to account for longevity can lead to outliving savings, underscoring the importance of building a retirement plan that ensures sustainable income for life.

NAVIGATING NEW CHALLENGES

Retirees today face a unique set of challenges as they attempt to balance income security, rising expenses, and longevity risks. Adapting to these changes requires informed decision-making and innovative strategies to protect assets and ensure a sustainable income stream.

Secure Act 2.0: Key Legislative Updates

The Secure Act 2.0, passed in 2022, introduced several changes to retirement planning, including enhancements to required minimum distributions (RMDs) and catch-up contributions:

1. **Increased RMD Age:**
 - Starting in 2023, the RMD age increased to 73 and will rise to 75 by 2033.

- This provides retirees with more time to allow their tax-deferred accounts to grow before making withdrawals.

2. Higher Catch-Up Contributions:

- Individuals aged 50+ can contribute additional funds to their 401(k)s and IRAs. Starting in 2025, those aged 60–63 can make even larger catch-up contributions of up to \$10,000 annually.

3. Expanded Access to Employer Plans:

- Small businesses can now offer simplified retirement plans, allowing more employees to participate.

These updates create opportunities for retirees and pre-retirees to optimize their savings and manage taxes effectively.

Addressing Healthcare Inflation

Healthcare inflation consistently outpaces general inflation, making it one of the biggest concerns for retirees. To address this:

- Consider **long-term care insurance** to offset potential nursing home or in-home care expenses.
- Explore **health savings accounts (HSAs)** for tax-advantaged healthcare savings, particularly if you're still in the workforce.
- Allocate retirement funds to accounts designed to grow with inflation adjustments.

Balancing Growth and Security

The traditional approach of relying heavily on equities for growth may no longer be suitable for many retirees due to market volatility. Instead, retirees should focus on balancing growth and security:

- **Diversify Portfolios:** Include a mix of equities, bonds, and conservative instruments like fixed annuities.
- **Incorporate Guaranteed Income:** Products such as fixed index annuities can provide a steady income stream while protecting principal.
- **Plan for Multiple Time Horizons:** Use a bucket strategy to address short-term needs (cash and bonds), medium-term goals (balanced funds), and long-term growth (equities).

SAFE MONEY STRATEGIES

Planning for retirement requires a comprehensive approach to managing assets, ensuring income security, and minimizing risks. The following strategies emphasize preserving wealth, generating guaranteed income, and addressing potential financial pitfalls.

The Role of Fixed Index Annuities

Fixed index annuities (FIAs) have emerged as a popular option for retirees seeking a balance between growth potential and principal protection. Key benefits include:

- **Guaranteed Income:** FIAs provide a steady income stream for life, ensuring you won't outlive your savings.
 - **Protection Against Market Downturns:** Your principal is protected from losses, even during market declines.
 - **Growth Potential:** Interest credits are tied to the performance of market indices like the S&P 500®, allowing for reasonable growth without direct market exposure.
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Laddering Strategies

Annuity laddering involves purchasing multiple annuities with staggered start dates and durations. This strategy provides flexibility, enhances income security, and helps retirees adapt to changing financial needs.

Benefits of Laddering:

1. **Diversification of Timing:** Access funds at different points to account for inflation or unexpected expenses.
 2. **Income Optimization:** Allows retirees to lock in higher payouts as annuities mature.
 3. **Reduced Risk:** By spreading investments across different products, retirees minimize the impact of interest rate fluctuations.
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Managing Inflation Risks

Inflation erodes purchasing power, making it critical to include strategies that combat its effects:

- Use **inflation-protected income products**, such as annuities with cost-of-living adjustments.

- Diversify assets into sectors that historically perform well during inflationary periods, such as real estate or commodities.
- Consider Treasury Inflation-Protected Securities (TIPS) as part of your bond allocation.

Emergency Funds and Liquidity

Retirees should maintain a portion of their assets in liquid reserves to address emergencies, unexpected healthcare costs, or other financial surprises. Recommendations include:

- Keeping **6–12 months' worth of expenses** in cash or high-yield savings accounts.
- Using short-term, penalty-free withdrawal features in certain annuities or retirement accounts for added flexibility.

REDUCING THE IMPACT OF RETIREMENT RISKS

Mitigating retirement risks involves proactive planning, diversification, and leveraging financial tools to create a sustainable income stream. Addressing these risks can help retirees maintain their quality of life and financial independence.

Protecting Against Market Volatility

Market downturns can significantly impact retirement savings, especially for those relying on withdrawals to cover living expenses. Strategies to reduce exposure include:

- **Diversification:** Spread investments across asset classes, such as equities, bonds, and fixed income products.
- **Guaranteed Income Solutions:** Use annuities to provide predictable, market-independent income.
- **Reduce Equity Exposure:** Shift portfolio allocations to more conservative investments as retirement nears.

Planning for Longevity

Longevity risk, or the possibility of outliving savings, is one of the most significant challenges retirees face. Solutions include:

- **Lifetime Income Annuities:** Provide a guaranteed income stream for life, regardless of how long you live.
- **Withdrawal Strategies:** Implement rules like the 4% withdrawal rule, adjusted for inflation and market performance.

- **Regular Reviews:** Periodically reassess spending, savings, and investment returns to ensure long-term sustainability.

Addressing Rising Healthcare Costs

Healthcare inflation can severely strain retirement budgets. Retirees should plan for both routine medical expenses and potential long-term care needs:

1. **Long-Term Care Insurance:** Protect against the high costs of nursing homes or assisted living facilities.
2. **Health Savings Accounts (HSAs):** If available, use HSAs for tax-advantaged savings on qualified medical expenses.
3. **Medicare Planning:** Optimize coverage by selecting the right Medicare plans, including supplemental or Advantage plans, to reduce out-of-pocket costs.

Minimizing Tax Liabilities

Taxes can reduce retirement income, especially when withdrawing from tax-deferred accounts like 401(k)s and IRAs. Strategies to manage taxes include:

- **Roth Conversions:** Convert traditional IRAs to Roth IRAs during lower-income years to minimize tax burdens later.
- **Tax Diversification:** Maintain a mix of taxable, tax-deferred, and tax-free accounts to draw income strategically.
- **Charitable Giving:** Use Qualified Charitable Distributions (QCDs) to reduce taxable income while supporting causes you care about.

Estate Planning and Legacy Goals

Effective estate planning ensures that your assets are distributed according to your wishes while minimizing taxes and fees.

Steps to Take:

- Create a **will and trust** to outline how assets will be allocated.
- Name beneficiaries for all retirement accounts and life insurance policies.
- Consider using life insurance to leave a tax-free inheritance for heirs.

BUILDING A COMFORTABLE RETIREMENT LIFESTYLE

Retirement is about more than financial stability—it's about creating a fulfilling and enjoyable lifestyle. A well-thought-out plan can help retirees balance their financial needs with their personal goals, ensuring peace of mind and happiness throughout retirement.

Prioritize Your Lifestyle Goals

Start by defining what a “comfortable retirement” means to you. Consider questions like:

- Do you plan to travel, pursue hobbies, or spend more time with family?
- Are you considering part-time work, volunteering, or starting a new business?
- What kind of home and community environment do you envision for your retirement?

By clarifying your priorities, you can allocate your financial resources accordingly and ensure your retirement reflects your values.

Create a Retirement Budget

A comprehensive retirement budget is essential for managing expenses and avoiding financial stress. Key components include:

- **Fixed Expenses:** Housing, utilities, healthcare premiums, and insurance.
- **Discretionary Spending:** Travel, dining out, hobbies, and entertainment.
- **Emergency Savings:** Reserve funds for unexpected medical or personal expenses.

Use tools like retirement calculators to estimate monthly and annual costs, accounting for inflation and rising healthcare expenses.

Health and Wellness

Staying physically and mentally healthy is critical for enjoying retirement. Consider the following:

- **Stay Active:** Incorporate regular exercise, whether it's walking, swimming, or yoga.
- **Focus on Nutrition:** Maintain a balanced diet to support long-term health.
- **Engage Socially:** Participate in community activities, clubs, or social groups to stay connected.

Preventative healthcare measures, such as annual check-ups and vaccinations, can help reduce medical costs in the long term.

Leverage Community Resources

Explore resources available in your area that can enhance your quality of life:

- Senior centers often offer low-cost fitness classes, educational programs, and social events.
 - Libraries and community colleges may provide free or inexpensive learning opportunities.
 - Local organizations might offer volunteer opportunities to keep you engaged and fulfilled.
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Balance Income and Lifestyle

Ensure your financial strategy aligns with your lifestyle goals:

- Use **annuity income** to cover fixed expenses, freeing up other assets for discretionary spending.
- Invest in experiences that matter to you, such as travel or family gatherings, without jeopardizing long-term financial security.
- Periodically review your financial plan to ensure it remains aligned with your evolving needs and interests.

SOLUTIONS FOR TODAY'S ECONOMY

Retirement in today's economy requires a blend of traditional planning techniques and innovative financial solutions. By leveraging the right tools and strategies, retirees can safeguard their savings, generate reliable income, and achieve financial peace of mind.

The Need for Guaranteed Lifetime Income

In an era of uncertainty, guaranteed income streams are invaluable. Annuities, particularly fixed index annuities, offer retirees a dependable source of income regardless of market fluctuations. Key benefits include:

- **Protection Against Longevity Risk:** Annuities ensure income for life, mitigating the risk of outliving savings.
 - **Market Downturn Protection:** Fixed index annuities shield your principal while allowing for growth linked to market performance.
 - **Flexibility:** Many annuities allow for customization with riders, such as inflation protection or long-term care benefits.
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Diversifying Retirement Portfolios

A diversified portfolio reduces risk and helps retirees achieve a balance between growth and stability. Consider the following asset allocation strategies:

- **Equities:** Retain a modest portion of stocks for long-term growth potential, keeping risk tolerance in mind.
 - **Bonds:** Include bonds for steady income and lower risk. Consider inflation-protected bonds like TIPS.
 - **Fixed Income Products:** Incorporate annuities to provide guaranteed income and reduce reliance on market-based investments.
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Navigating Healthcare Costs

Healthcare expenses are a major concern for retirees, but careful planning can mitigate their impact:

1. **Medicare Optimization:** Choose the best combination of Medicare plans (Parts A, B, D, or Medicare Advantage) for your healthcare needs.
 2. **Supplemental Insurance:** Consider Medigap or employer-provided retiree plans to reduce out-of-pocket costs.
 3. **Tax-Advantaged Savings:** Use Health Savings Accounts (HSAs) to cover qualified medical expenses if you're still working.
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Annuities for Today's Retirees

For those seeking secure and predictable income, fixed index annuities remain a reliable choice. These products provide the following:

- **Income Stability:** Guaranteed monthly or annual payouts for life.
 - **Inflation Adjustments:** Optional riders to protect purchasing power.
 - **Tax Efficiency:** Deferred growth until withdrawals, minimizing tax burdens during working years.
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Adapting to a Low-Interest-Rate Environment

In recent years, low interest rates have made it challenging for retirees to generate adequate income from traditional savings accounts or bonds. Solutions include:

- Fixed index annuities for secure growth.
- Dividend-paying stocks for income generation.

- Real estate investment trusts (REITs) for diversification and income potential.

Periodic Plan Reviews

Retirement strategies should evolve as financial conditions and personal needs change. Schedule regular reviews with a trusted financial professional to ensure your plan remains on track. Adjust asset allocations, income strategies, and savings goals as necessary.

BUILDING YOUR PERSONALIZED PLAN

Creating a personalized retirement plan ensures that your financial strategy aligns with your goals, lifestyle preferences, and potential challenges. The foundation of a strong retirement plan includes understanding your unique needs and working with qualified professionals to design solutions.

Start with a Comprehensive Assessment

Evaluate your current financial situation, including:

- **Savings and Investments:** Review balances in retirement accounts, personal savings, and other investments.
- **Income Sources:** Identify income streams such as Social Security, pensions, annuities, and dividends.
- **Expenses:** Categorize expenses into fixed (housing, utilities, insurance) and discretionary (travel, entertainment).
- **Healthcare Costs:** Factor in projected medical expenses and long-term care needs.

Define Your Retirement Goals

Establish clear goals for what you want your retirement to look like. Consider the following:

- Will you stay in your current home or relocate?
- Do you plan to travel extensively, start a business, or engage in volunteer work?
- Are leaving a legacy or assisting family members important to you?

Your financial plan should reflect these aspirations, ensuring you have the resources to achieve them.

Work with the Right Professional

Retirement planning is complex, and working with a trusted advisor can simplify the process. Choose a professional who:

- Understands retirement income strategies, including annuities, Social Security optimization, and tax-efficient withdrawals.
- Prioritizes your needs and tailors solutions to your circumstances.
- Operates with transparency and integrity, providing clear explanations of fees, benefits, and risks.

Monitor and Adjust Your Plan

Retirement is dynamic, and your plan should adapt to changing needs and conditions. Schedule annual reviews to:

- Reassess spending patterns and income adequacy.
 - Evaluate portfolio performance and make adjustments.
 - Respond to legislative changes, such as tax law updates or new retirement account rules.
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THE PATH TO FINANCIAL PEACE OF MIND

Retirement is an exciting new chapter, but it requires careful preparation and ongoing management to ensure financial stability and fulfillment. By addressing risks, leveraging guaranteed income solutions, and working with knowledgeable professionals, you can create a secure and enjoyable retirement lifestyle.

At SafeMoney.com, we are committed to empowering individuals like you with the knowledge and resources needed to make informed retirement planning decisions. Each year, we publish fresh, independent articles, research, and consumer guides focused on safe financial strategies. These include insights into how fixed insurance products, such as annuities and life insurance, can help you achieve your financial goals.

Our mission is to promote financial education, providing unbiased information that fosters understanding and confidence. We believe an informed public and knowledgeable financial professionals are key to creating a more transparent, fair, and effective financial marketplace. Your retirement success and peace of mind are at the heart of everything we do.

If you have questions about the content of this report or would like additional information, we are here to help. For personalized guidance, SafeMoney.com offers access to a network of trusted financial professionals. A SafeMoney.com Advisor member can help you explore tailored financial strategies to preserve your assets and secure the income you need for retirement.

Getting started is simple. Schedule a no-obligation appointment with an independent licensed professional to begin your journey toward a secure financial future.

It's important to note that annuities are not a one-size-fits-all solution. Every individual's situation is unique, and your financial plan should reflect your specific needs, goals, and circumstances. We also offer a wide range of resources on additional topics to help you navigate today's financial landscape with confidence.

To request these resources or to speak with a member of our team, please contact us. Thank you for placing your trust in SafeMoney.com. It's our privilege to support your journey toward a secure and fulfilling retirement.

If you're ready to take the next step or have any questions, please visit us at **SafeMoney.com** or call us directly at **1.877.GROW.SAFE (1.877.476.9723)**.

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