Lifelong income with financial flexibility

As you approach retirement, you must make important decisions about how to budget your retirement savings. One common approach is a systematic withdrawal plan (SWiP), which allows you set up a schedule and customize the amounts and frequency of withdrawals. However, a SWiP approach does not account for the possibility that you could live longer than expected, resulting in your money running out too soon. More than half of people entering retirement fear that they will run out of money in retirement.[1]

Rather than relying solely on systematic withdrawals, you may achieve greater security by combining a SWiP approach with the guaranteed lifetime income of an income annuity.[2]

What is an income annuity and how does it work

An income annuity is a contract issued by an insurance company that guarantees a fixed income stream for your entire life and can be purchased using either all or a portion of your retirement savings.[2]

Purchasing an income annuity provides several benefits, including:

- Steady income stream to cover both fixed and unexpected costs in retirement
- Protection against market volatility and fluctuating interest rates
- The option to have payments either start immediately or at a later date and continue for life
- The security of knowing you will never run out of money, even if your liquid assets have diminished, because an income annuity cannot be outlived

What is a SWiP and how does it work?

A systematic withdrawal plan (SWiP) approach consists of retirement plan assets continuing to be invested while you withdraw a scheduled amount, which can be either a fixed percentage or a dollar amount.

With the SWiP approach:

- Retirement savings continue to be invested until they are withdrawn, allowing for potential growth
- Assets remain liquid and accessible
- The timing and amount of withdrawals can be customized to accommodate your particular needs

Since this method keeps savings in your retirement plan exposed to market volatility and fluctuating interest rates, it can be difficult to predict how long the money will last, especially if you live longer than expected. In fact, 1 in 5 retirement plan participants spend their retirement lump sum in an average of just 5½ years.[3] Additionally, if you decide to increase the dollar amount of your scheduled withdrawals over time, you could jeopardize your future income, and risk depleting assets faster than originally planned.

Systematic Withdrawal Plan (SWiP)

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Fixed Income Annuity

Flexibility, liquidity and guaranteed monthly income[2]

A complementary pair

An income annuity is a great complement to the SWiP approach. The combination allows for financial flexibility and liquidity in retirement, while also securing an income stream that is immune to market volatility and cannot be outlived. This allows you to enjoy a more confident and secure retirement.[2]

Contact your human resources (HR) department to learn more about the guaranteed income options available in your retirement plan.

1. Redefining Aging, The Harris Poll on behalf of TD Ameritrade, July 2018.
2. All guarantees are based on the financial strength and claims-paying ability of the issuing MetLife company.
3. MetLife Paycheck or Pot of Gold Study,℠ 2017.

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