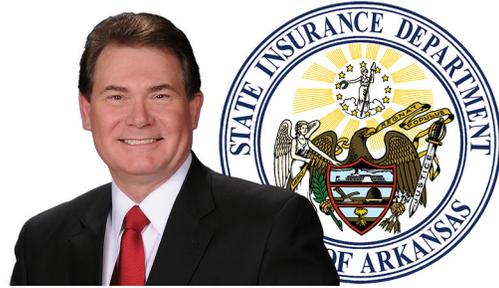


Arkansas Insurance Department

NEWS RELEASE

*Allen Kerr
Insurance Commissioner*



FOR IMMEDIATE RELEASE

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CONTACT: Kenneth Ryan James (ryan.james@arkansas.gov; 501-371-2622)

Consumer Alert: Are You Ready for Retirement?

Kerr encourages Arkansans to “plan ahead to live securely”

LITTLE ROCK – Arkansas Insurance Commissioner Allen Kerr today released the following statement encouraging Arkansans to take the time to start planning their retirement today, no matter their age:

“Planning for retirement can be daunting at any age. No matter your life stage, everyone should think carefully about retirement preparedness. I invite Arkansans to use this retirement checklist to help them plan ahead to live securely and comfortably in their retirement.”

Review your finances

If your workplace offers a 401(k), 403(b), ESOP, profit sharing plan, IRA or Roth IRA, you should consider taking advantage and start saving now if you haven't already. Many employers will match contributions up to a certain amount. The sooner you start a retirement savings account, the more money you'll have for retirement. You should consider at least contributing the amount needed to obtain all the funds an employer is willing to match.

If you're over 50, you can increase the amount you're allowed to contribute to your retirement savings with catch-up contributions. The Internal Revenue Service allows increased contributions depending on plan type.

Review your finances to see how financially prepared you are for retirement. Track down and value your assets including cash, investments and anything else you can exchange for cash such as your house, savings bonds and even fine jewelry. Find the retirement accounts you have put money into throughout your career. You might want to think about consolidating some accounts so your money is easier to manage. If you decide to consolidate retirement accounts, seek advice on how to implement a roll-over to avoid immediate taxation of your funds.

Review your specific needs for health insurance, long-term care insurance and life insurance. Your need for various coverage will change throughout your life. Insurance can help provide financial security if a catastrophe happens, including an event that disrupts your ability to earn a living. You might consider long-term disability insurance to cover the main breadwinner of the family.

Assess your life situation

Although life insurance may seem like something only to consider at a later life stage, life insurance policies can provide benefits throughout life including whole life policies that build cash value. Whole life policies also allow you to borrow from them but doing so does reduce the amount your beneficiaries will receive. Do your research carefully to determine if such a policy is right for you at your current life stage.

If you're married, you may face the possibility of spending part of your retirement years without the support of your spouse. As a widower, you could face the loss or reduction of benefits, changing your financial situation. Plan for the possibility of losing your partner and focus on financial resources as a single person.

Consider the following questions:

- Ask yourself how financially comfortable you would be if your spouse passed away tomorrow.
- Does your spouse have life insurance?
- Are you the named beneficiary?
- Are you raising grandchildren?

Annuities

An annuity is a contract (policy) between you as the policyholder and an insurance company. An annuity pays a periodic (monthly, quarterly, semiannual or annual) income benefit for the life of a person (known as the annuitant) or persons. Annuities can also be purchased for a specified time period. Annuities can play an integral role in a financially secure and stable retirement. You can use annuities to secure additional income throughout retirement. However annuities are not for everyone. There are different types of annuities. Research your options thoroughly prior to deciding to purchase one. Consider the costs associated with the annuity, such as the broker commissions.

Annuities are regulated as insurance products. They are sometimes used in retirement strategies to provide retirement income. There are four main types of annuities:

- Variable annuities with guaranteed lifetime withdrawal benefits: Long-term, tax-deferred insurance products that contain investment and insurance components with optional guaranteed withdrawal benefits.
- Fixed and fixed-indexed annuities: Long-term, tax-deferred insurance vehicles which offer a guaranteed minimum interest rate.
- Single premium immediate annuities products: Provide a guaranteed income for life or a specified period in exchange for a one-time lump sum payment.
- Deferred income annuities: Provide for guaranteed income but don't begin until a specified age, such as 80 or 85.

Grow your nest egg

Having a clear financial plan is important. A rule of thumb: 80 percent of your current annual income is a good amount to save up for retirement. Consider if you'll receive a pension and Social Security and subtract that amount from your annual income. Use that number to calculate a financial plan running out to age 100 for how much you'll need every year based on the year you retire.

Learn about investing and consider seeing a certified financial planner for help. You might be keeping your money in accounts that have low rates of return, and could earn more simply by moving the money. A professional can help you invest your money for the best rate of return.

Setting financial goals in five-year increments can help you gauge where you want your money. Monitor your annual returns to check if you're hitting your goals. Make adjustments as needed.

Health Care

A longer life means more medical care. Twenty percent of all retirement income is spent on health care, according to the United States Department of Labor. Whether you plan to receive coverage through Medicare, Medicaid or through an employer or the market place, understand what services will be covered and what isn't. You may want to purchase a Medigap policy or Medicare supplement to cover costs that Medicare doesn't. Out-of-pocket medical costs can eat away your savings without proper planning.

Arkansans receiving Medicare benefits are encouraged to visit our [Senior Health Insurance Information Program](#) for free one-on-one counseling, education, and more information.

For more information on the Arkansas Insurance Department, please visit <http://insurance.arkansas.gov>, follow us on Twitter at <http://twitter.com/ARInsuranceDept> and Facebook at <http://www.facebook.com/ArkansasInsuranceDepartment>.