



Immediate Annuities Grow in Popularity for Providing Retirement Income to Baby Boomers

New online resources made available to assist retiring Baby Boomers. Many discover [Immediate Annuities](#) as the preferred financial tool for securing lifetime retirement income.

Medford, OR ([PRWEB](#)) May 21, 2007 -- AnnuityAdvantage.com announced today the availability of new online resources to assist the first wave of retiring Baby Boomers transition from retirement savings accumulation to retirement savings disbursement.

With advancements in medicine and healthier lifestyles, people are living longer than ever. While the prospect of a longer life is certainly appealing, many of today's retirees are not adequately prepared to provide income during what could be a 30-40 year retirement.

In fact, according to the 2003 Retirement Confidence Survey published by the Employee Benefits Research Institute, 41 percent of respondents said they were not familiar with the term "retirement income planning." It seems that many Baby Boomers are confused about the differences between accumulating retirement savings and creating a [retirement income](#) plan.

Retirement income planning refers to the process of investing ones' retirement savings into financial instruments that will provide an assured income during retirement.

"Many people incorrectly believe that the best retirement income plan involves investing in stocks, bonds and mutual funds coupled with systematic withdrawals based upon their life expectancy," says Ken Nuss, CEO of AnnuityAdvantage.com an online annuity shopping service.

According to Nuss, "There are several problems with this type of retirement income plan. First, it makes assumptions about the average annual rate of return expected on the investment portfolio; assumptions that can not be guaranteed. Second, it makes assumptions about ones life expectancy. If the actual performance of the investment portfolio falls short of the assumptions, or if the retiree lives longer than the assumed life expectancy, they may find themselves outliving their retirement income stream."

By contrast, an [immediate annuity](#) will pay a guaranteed stream of income for the rest of their life. Immediate Annuities are generally purchased with one lump sum payment, which is then immediately converted into a series of guaranteed monthly income payments. The funds used to purchase an immediate annuity can come from savings or investment accounts, 401k or individual retirement accounts (IRA) or even an existing deferred annuity. The payments can be structured in a variety of ways. They can be made for an individual's lifetime, for both spouse's lifetimes, or for a certain predefined period of time.

If a lifetime payment option is selected, the insurance company issuing the [annuity](#) assumes all of the investment risk as well as the risk regarding a retiree's potential longevity.

There are several concerns many Baby Boomers have when considering an immediate annuity for part of their retirement savings portfolio. These concerns generally fall into one of three categories: Inflation, Insolvency Risk and Beneficiary Benefits.



Inflation - Most immediate annuities can be issued with an optional Cost of Living Adjustment (COLA) Rider. These riders will reduce the initial income, but enable payments to increase by 1-5% annually.

Insolvency Risk - While insurance company insolvencies are rare, they do occasionally occur. "Because in many cases retirees are entering into a lifetime financial arrangement with an insurance company, it is vitally important that they select a company with excellent financial strength ratings," says Ken Nuss.

Beneficiary Benefits - If providing for beneficiaries is a concern, most immediate [annuities](#) can be issued with an installment or cash refund rider which will provide payment to a named beneficiary of any undistributed premium in the event of the policyholder's premature death. A Period Certain guarantee can also be added to any lifetime immediate annuity that will pay beneficiaries for a specified number of years in the event of premature death.

Payout rates can vary dramatically from one insurance company to the next. Therefore, it is advisable to enlist the assistance of an independent immediate annuity broker such as those found at [AnnuityAdvantage.com](#). [AnnuityAdvantage.com](#) provides a free annuity shopping service, obtaining quotes from dozens of insurance companies to ensure that its clients receive the best payouts possible from the highest rated insurance companies in the country.

Immediate Annuities may not be the most glamorous or exciting investment product on the market, but the tried and true immediate annuity is finding new popularity among retirees and aging Baby Boomers, primarily for its ability to maximize monthly income and guarantee that income for life.

Those interested in learning more about the role of immediate annuities in their retirement income plan should visit <http://www.annuityadvantage.com> or call 1-800-239-0356.

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