

# Why is the Guaranteed Lifetime Income Annuity So Beneficial for Retirement Savings?

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<http://retirement-wisdom.com/>

The Guaranteed Lifetime Income Annuity essentially allows you to create your own pension, guaranteeing you an income stream for life (and your spouse's lifetime, if you choose). In essence you transfer risk to the insurance company to provide income for the employee's entire life, without asset management fees on the income, which could save ½ – 3% a year compared to other income options.

The drawback—which is a big one—is once you cash the first payment, your decision is irrevocable, similar to a pension plan. Once you start, you can't stop the payments. And now may not be the best time to invest in a plan as typically you'll want high interest rates. Insurance company base the annuity factor on long-term bond rates, which with the present rates could be the worst time to lock in a guaranteed rate.

This option works well for retirees that don't need liquid assets and like to know the exact amount of their check each time. If this option sounds like it might be a good fit for you, check with your employer to see if it is offered as a 401(k) payout option or talk with a professional retirement planner who can present a host of options best for your retirement plan.

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## About California Pensions

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