



PLAN FOR A LONG LIFE ON MOTHER'S DAY

On her last Mother's Day, my mother was over 100 years old. The day was spent with family, including her namesake great-granddaughter, in her private assisted-living apartment. A happy memory, which was a result from my father's "gifts" to her.

Statistically, women live longer than men. Planning income to support a long life was key for my mother, as it is for many women. Whether your clients' work is at home caring for family or outside the home, planning can offer long-term benefits.

On Mother's Day, let's consider some "gifts" that clients might use to create a lifetime of lifestyle for mom.

Note: Some of the gifts are ones that mom can and should give herself!

Moms Who Work Outside the Home

Whatever the job, help clients take advantage of opportunities to save. Whether through [a pretax contribution or a designated Roth account \(DRAC\)](#), employer retirement plans are often a good way to save.

Save to the match. Remind your clients to take advantage of the employer's retirement plan, at least up to any match offered.

Future tax-free income. Have clients consider starting a [Roth IRA](#) for a tax-free retirement income bucket. (Tip: If income is more than the Roth limits, consider a backdoor Roth for your client. Note: Backdoor Roth refers to setting up a traditional IRA, then immediately converting to a Roth.)

Longevity annuity. If the employer plan offers a longevity annuity (that is, a lifetime income option), clients might consider using that option for a portion of the contribution.

Moms Working at Home

Clients at home with children or other family? Retirement planning is just as important. There may not be an employer plan, but there are easy ways you can help clients create future lifetime income.

Spousal IRA. A work-at-home spouse can have his/her own IRA. The spouse working outside the home can use his/her earned income to make the contribution. (Tip: If income is less than the threshold, make it a Roth. If not, consider a backdoor Roth.)

Save for a lifetime payment. For some, suggest the client consider making regular contributions to a deferred income annuity, a type of annuity that will provide a specific amount of lifetime income in the future. This also is a type of longevity annuity.

Other deferred savings. For some clients, a deferred annuity may offer both tax management and future lifetime income. While access is restricted before age 59½, this may be a good option for additional savings.

Moms Near or in Retirement

Review the different sources of lifetime income, such as [Social Security](#) benefits and pensions, with clients. For some with both Social Security retirement benefits and a pension, [essential monthly expenses](#) are already covered. For others, using an annuity as an additional source of income for essential expenses may be beneficial. *(Tip: Remember that non-qualified annuitization may offer tax-advantaged cash flow via exclusion ratio treatment.)*

Annuity with an [additional protection benefit](#).

Some annuities offer a guaranteed minimum accumulation benefit (GMAB), (for an additional cost). Typically, this benefit guarantees a return of all or most of the premium after a period of years. This allows investment for growth while securing a guaranteed amount for future income.

For clients reluctant to stay invested, this strategy can offer the ability to invest and to limit downside risk.

Annuity with an [additional income benefit](#). Some deferred annuities offer lifetime income through guaranteed withdrawals (available for an additional cost). For those with several years until retirement, some benefits offer simple credits that increase the amount available for income. If retirement is “just around the corner,” there also are benefits that start immediately.

What were my father’s “gifts” so many years before? Income that would last as long as my mother lived. Between Social Security benefits and pensions, my mother had a financially secure retirement. What a great gift for any day—including Mother’s Day!

Additional Resources and Links

[IRS: 401\(k\) Plans](#)

[National Vital Statistics System—Life Expectancy](#)

[Retirement: Planning for a Long Life Is Essential](#)

[IRS: Roth IRAs](#)

[Retirement Income Translator](#)

[Social Security](#)

For more information about retirement-planning topics,
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