***'Layin' it on the line'***

You've worked hard all your life, played by the rules, only to have most of your nest egg wiped out due to something you could NEVER have controlled.

For most pre-retires and retirees, the #1 concern is fear of running out of money in retirement! What options do we have as we wonder whether Social Security will be around, and the days of pensions being gone?

It's important to note that we are focusing on our "retirement years", because we may still have time to make up for any losses in our younger working years. Working longer may no longer be an option when we are older, and our health may be compromised.

**Here is the retirement strategy most people take:**

1. Invest their principal in a fixed interest rate vehicle, such as a bond or CD, and then attempt to live off the interest without touching the principal.

2. Purchase an annuity that offers a lifetime income stream.

3. Make systematic withdrawals from a **non-guaranteed**, "market-driven" portfolio containing

the possible risk of loss.

**Let's focus on #3, because options #1 & #2 provide guaranteed results.**

The problem with making systematic withdrawals from a non-guaranteed portfolio containing the possible risk of loss is that you can never rely on that income! Your income will fluctuate because it is based on a performance-based asset.

Here is the most important thing to consider, which most people overlook. For example, if you use a 5% withdrawal rate from a "market-driven" account and that account (portfolio) goes down in any given year, let's say 10%…you just reduced your account value by 15%! That's not even considering a modest 2-3% inflation rate. In that case, you may have reduced the account balance by 17-18%! Now, most would say you need 17-18% to recover those losses. That's the wrong strategy. It would be best to have more because you are starting with a lower value.

Proper comprehensive financial planning needs to provide an appropriate mix of market-driven investments for growth and protected types of investment vehicles like annuities and CDs, to name a few. One should never solely rely on market-driven accounts to generate consistent, reliable income in retirement because it's impossible, and it will always depend on "performance."

When the stock market starts tumbling, daily injections of bad news can spark anxiety, fuel uncertainty, and trigger radical decisions in even the most seasoned investors. Panic isn't a strategy!

**Here are five strategies to consider when volatility strike:**

Stay true to your goals, and don't abandon your strategy for something that will be temporary.

Stay invested, as most of us do the opposite and panic sell at the lowest point.

Always stay diversified, and the old saying “never put all your eggs in one basket” still holds true.

Pay close attention to risk management as it is always a good idea to determine if you could get similar results by taking on less risk.

Stay on top of what your financial professional is doing, and remember it’s YOUR money, and play an active role in managing it.

Lawrence Castillo is a member of *Syndicated Columnists*, a national organization committed to a fully transparent approach to money management.

**Lawrence Castillo Host of Safe Money and Income Radio**. L and C Retirement Income Planners, 4801 Lang St. NE Suite 100 Albuquerque NM 87109.

Interested in additional information? Register for my FREE Newsletter at 888-998-3463 or click my newsletter link: ***https://annuity.com/lawrence-castillo-newsletter/***



By Lawrence Castillo
Guest Columnist