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## Yes, I Finally Bought an Annuity

By Kerry Pechter    *Thu, Mar 5, 2020*

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Last week's market bungee-jump told me that my wife and I were right to buy an income annuity in late 2018. We bought a deferred period-certain contract that will deliver monthly income for our first 10 years of retirement.

By luck, we bought it before the 2019 rate cuts. Added to Social Security, it will cover our basic expenses. Our other savings is in stock funds, balanced funds, my wife's small TIAA annuity, or cash. Annuity experts may groan at our decision. We bought "an expensive bond ladder." We got no "mortality credits."

But my wife is six years younger than I am. The payout from a joint life annuity looked unattractive. And she rejected any solution that jeopardized our heirs. The term-contract also gave us the nominal monthly income we needed for the portion of savings that we were prepared to spend on it. (The deferral period helped close the gap.)

Yes, we "discounted" our chances of living too long; but future equity gains might allow us to buy more years of safe income. (We hope.) As a backup, we have home equity and three daughters. Deciding to buy the contract wasn't easy. Maybe it wasn't even rational. But we feel relieved. We don't sweat these short-term market slides.



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