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Mark J. Warshawsky

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Mark J. Warshawsky : Retirement Income: Risks and Strategies (MIT Press) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Retirement Income: Risks and Strategies (MIT Press):

7 of 7 people found the following review helpful. Complex Book on Using Laddered Annuities Mutual Funds By JJohnstone This is a complex book on using laddered annuities and mutual funds to create a very low risk retirement income. It's really more of an academic text than a general public explanation, but the stuff is there if you can wade through it. Principally it's about allocating a portion of your retirement account to immediate fixed income annuities and a portion to a mix of mutual funds to create an income stream protected against inflation and stock market risk. The book explains all the relevant information including the risk of an insurance company going broke. The book is

sound and the advice is good for the vast majority of Americans who can't, won't or don't understand how to manage their investments. Frankly this is how social security should be structured. If it were every American would be better off and the system wouldn't constantly be on the verge of bankruptcy because there are more older workers than younger workers paying. SS is a ponzi scheme. This is a method of creating a low risk retirement cash flow. The word risk makes most people cringe. They think SS is riskless. Wrong! How many times over a person's lifetime has the government increased SS taxes, changed the terms and reduced the payouts. Using laddered immediate pay annuities with a mix of mutual funds has none of those risks. There is nothing that is risk free. Even government bonds have risk. The government's credit rating was recently reduced to AA from AAA. That's an increase in risk but they didn't raise the interest rate paid on bonds to match the downgrade the way a corporation would have to do. This is a good allocation of retirement funds to avoid running out of money during the retirement years or losing huge amounts of purchasing power due to inflation which is the major risk with buying long term government bonds. Combining the laddered immediate pay annuities in this book with the market asset class allocation models in William Bernstein's books, *Investors Manifesto* (simpler version), *The Four Pillars of Investing* (complete explanation version) or *The Intelligent Asset Allocator* (the mathematical version) would provide a very secure long term portfolio. Another good combination is laddered immediate pay annuities with a Vanguard fund like Wellesley Income Fund. Look up the 40 year track record of Wellesley Income Fund on Yahoo finance and you'll see why I believe this is an excellent combination. For absolute security nearly equivalent to a government bond, one strategy is to use a mix of laddered immediate pay annuities with a guaranteed lifetime withdrawal benefit through a Vanguard annuity wrapped around Wellesley Income fund that provides a fixed annual payment that can rise in future years and provides access to the fund when it is converted out of the annuity. Vanguard can explain how it works. There are a few other insurance companies that offer GLWB's. They are different from annuities and provide extra benefits at a nominal cost including insurance against losses. All of these strategies are explained in this book and *Pensionize Your Nest Egg: How to Use Product Allocation to Create a Guaranteed Income for Life*. 2 of 2 people found the following review helpful. Well worth reading. Find a quiet nook and bring your highlighter. By Farmer Phil from Billygoat Hill Very thorough. A bit heavy on academic research. Future editions will have to emphasize defined contribution data as the defined benefit option disappears. 2 of 2 people found the following review helpful. Very useful reading. By James M. Sfiridis Very helpful book that's written like a college textbook in a finance curriculum. That makes it hard to understand for most readers.

As members of the baby boom generation head into retirement, they face an economic environment that has changed noticeably since their parents retired. Most of these new retirees will not be equipped, as many in the earlier generation were, with private pension plans, early retirement options, and fully paid retiree health benefits in addition to Social Security and Medicare. Today it is increasingly left to retirees themselves to plan how to maximize retirement income and minimize risk. In *Retirement Income*, Mark Warshawsky and his colleagues describe strategies, products, and public policies that will help a new generation achieve financial security and income growth in retirement. Warshawsky, a noted expert in the field who has worked in both government and private industry, analyzes two insurance vehicles, life annuities and long-term care insurance, and their capacity to protect against the extra costs arising from longevity and disability. He proposes two innovations. The first is a strategy that includes a set percentage withdrawal from a balanced portfolio, which is gradually used to purchase a ladder of life annuities. The second proposal, which includes a description of the potential choices in product design and available tax characteristics, is a product that integrates the immediate life annuity and long-term care insurance. With *Retirement Income*, Warshawsky offers practical ideas based on the results of empirical investigations and analyses, which can be applied to household decision making by retirees and their financial planners and to the design of insurance products and public policy.

Mark Warshawsky's contributions to retirement security span a long and prolific career in business, research, and policy. His newest collection will be invaluable to the financial advice community as well as policymakers and analysts in the retirement security field. (Olivia S. Mitchell, Professor of Insurance/Risk Management and Business/Public Policy, The Wharton School, University of Pennsylvania) A collection of essays that survey key issues in the theory and empirics of annuitization -- who annuitizes, what are the pros and cons of annuities vs. other forms of retirement investments, how do current and potential future health statuses affect the desirability of annuitization, what kinds of product innovations have made annuities more attractive, how does tax and regulatory policy influence annuities markets? Important reading for academics, advanced students, and retirement income advisers. (Estelle James, Professor Emeritus, SUNY, Stony Brook, Former Lead Economist, World Bank, and International Consultant on Pensions and Social Security) All retirees who have accumulated savings to support their golden years face several financial challenges, including providing for the chance of a very long life and financing potential late-life health care costs. *Retirement Income* outlines these challenges, then examines a number of ways in which they can be addressed. Anyone interested in lifetime financial planning, or in the financial security of the growing numbers of elderly households, will find this book a lucid introduction to a complex but vital field. (James Poterba, Mitsui Professor of

Economics, MIT, and President, National Bureau of Economic Research) Mark Warshawsky is one of the world's genuine experts on the subject of retirement income. This book is a collection of his most important contributions to the central policy issue -- the quest for financial security in old age. I recommend it highly, especially the parts concerning life annuities that combine income benefits with long-term care. (Zvi Bodie, Barron Professor of Management, Boston University School of Management) About the Author Mark J. Warshawsky is Director of Retirement Research at Towers Watson, former member of the Social Security Advisory Board, and coauthor of *The Role of Annuity Markets in Financing Retirement* (MIT Press).