

## Annuities Provide a New Piece of Mind



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**M**Y FAVORITE WORD IN THE ENGLISH language is “Alex.” That’s short for “Alexandra,” my wife’s first name. It’s the name of the finest human being I have ever known, the one indispensable creature on this planet, as far as I am concerned. We have been together since 1966, and I still see glorious new elements in her.

For example, I looked very intensely into her brown eyes in the sunset at an outdoor restaurant in Hope, Idaho, one starry night recently. I saw in them a softness and understanding that was new even to me who has known her since Lyndon Johnson was president. (As deep a brown-eyed look as my dog, Julie, a German shorthaired pointer, has, although obviously with far greater intelligence and humor in the eyes of the human.)

My least favorite word in the language is “fear.” I hate having to fear terrorism, illness, and loss of those I love (and a terrifying number of close friends have died within the past few years). But I also deeply fear loss of money and means of living.

As I write this, I am comfortable. But there have been nasty surprises in my life: extortion attempts by household workers, severe illnesses in family members, vicious inflation, housing collapses, and stock market disasters.

These have terrified me about my future and about my wife’s future. I have seen some hard places go down in smoke and ash, as the song goes, and I do not want it happening to me or to anyone I love, especially Alex.

Now, let me circle back here a bit. I have seen a number of friends of long standing become rich. Good luck to them, and I wish them well. But I have also seen way too many of my close friends and relatives who were once well-to-do have markets move against them, find their skills grow obsolete, lose the connections that kept them going in their worlds. (This last is especially true in glamorous Hollywood. You are as good as your patrons and sponsors, and if you lose them, you can lose your livelihood very quickly.) Naturally, if you lose your health, you generally lose your earnings capacity, too.

I have seen a good-sized chunk of my closest friends fall into this dismal fate . . . literally having to watch every dime and live days and nights in deep fear that a single financial slip will push them into (genuine) homelessness

or some nearby situation of calamity. This is a fear that is shared by a great many of the people I talk to — and it should be a fear to be feared.

Obviously, the terribly rich don’t have this fear. The lucky few with large civil service pensions do not have this worry. Corporate executives who leave with golden parachutes don’t need to fret. But most of the rest of us do.

Corporate pensions can be cut on bankruptcy. Our savings can run out. Stocks and real estate have no guaranteed prices. There is something real to worry about.

**S**o, what do we do about it? We buy annuities. An annuity is a simple investment that says that once you have bought it, your payments — which might start at age 65, for example — cannot ever stop in your lifetime (and usually) in your spouse’s lifetime. These are like Social Security payments that you buy for yourself, only, because you control how much you pay for the annuity, you also control how much your monthly payouts will be, and you can make them enough to live on in a modestly decent fashion until you assume room temperature.

They are guaranteed by insurers that have made their payments through Depressions, wars, and inflation.

The insurance companies that sell these annuities don’t do it out of charity. You essentially are making a wager with them. If you and your spouse die quickly after you buy the annuity, you lose the wager. But you’re dead so you don’t care! However, if you live a long life, you win the wager and the insurer has to pay you forever. The insurer (usually) also has to pay your spouse forever.

In the simplest terms, it’s buying insurance against indigence in old age for you and the spouse you love. I have them. I love them. They’re the difference between terror and relative calm (though I rarely have real calm because of that magic word — children).

I don’t want that soft, loving look in my wife’s brown eyes to ever disappear because she’s about to run out of money while I am rotting in my grave. So, I took the wager, and I am glad I did. Look into it. I don’t work for any company that sells them, so go to anyone you like.

The younger you are, the less they cost (of course) and the longer you have to feel reassured about whoever has the name that is your favorite word in the language. ┘