

## Bouncing Your Last Check

Billionaire philanthropist, Chuck Feeney, is credited with saying, "I want the last check I write to bounce." He essentially wanted to give all his money to various charities while he was still alive. However, many people consider themselves to be their own favorite charity. They want to be able to use all their money while they are alive to be able to live life to the fullest. Unfortunately, it is difficult to spend down your principal and have your last check bounce unless you know exactly when you are going to die and what the annual returns are going to be on your investments.

Studies have shown that most people try to not invade their principal and simply live off the earnings on their investments. By doing this many people are accepting a lower standard of living than they would otherwise be enjoying if they could spend their principal without fear of running out of money. However, there is one way to safely increase how much money you can spend each month without fear of running out of money.

Many insurance companies are now offering income riders on deferred annuity accounts. Contract owners receive interest each year, but they are also permitted to spend some of their principal each month without the fear of ever running out of money. The income rider provides that if the owner lives a long time and depletes all their principal, the income will continue as long as they live.

Imagine going into a bank and putting \$100,000 in an account and earning 4% interest. The bank says, "even though you are only earning 4% you can withdraw \$8000 per year as long as you are alive." If you pull out 8% per year from an account earning 4%, you will eventually run out of money, in which case the bank would have to pay you out of their pocket. Although banks do not offer income riders, insurance companies do offer accounts just like this, for those looking to bounce their last check.

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