How to Insure Your Retirement Like You Do Your Car (Almost)

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You can insure your home and car from disasters and accidents. Life insurance essentially protects your family from the loss of your income should tragedy strike. You can't insure your retirement accounts in the quite same way, but there are a few tried and true strategies that can safeguard them.

1. Continue Saving for Your Retirement Even During Your Golden Years

There is no rule that you have to stop investing when you hit your golden years. One of the best hedges to outliving your retirement assets is to continue investing even when you reach retirement age. While there are mandatory age distributions from 401(k) retirement plans and traditional IRAs, you can continue to make investments in other assets during your retirement.

"With increasing life expectancy and retirements that could last for decades, investing may be a necessity for many retirees, says J.J. Montanaro, a certified financial planner with USAA. "If you just look back at the last 30 years, a dollar has lost nearly 60 percent of its purchasing power to inflation. Investing offers a way to combat that loss of purchasing power. The key is to develop a plan that will allow you to achieve what you want to achieve without causing chronic insomnia."

2. Work Longer

While some Americans must continue to work during retirement because of a lack of savings, others simply want to work and enjoy the social aspect of working during retirement.

Mitch Anthony debunks the old concepts of retirement in "The New Retirementality." "A longer work life means continued engagement as well as continued paychecks," he says. "The day you cash your last paycheck, the price of everything begins to matter. Why enter a shrinking economic reality sooner than you need to?"

Retirement today looks very different than it did decades ago, and that isn't necessarily a bad thing. The real problem is getting over our preconceived notions as to what retirement means in today's economy and society.

3. Invest in Passive Income Strategies

Many financial experts believe that you need several buckets of income to supplement your retirement. For example, you could have a pension, income from real estate, Social Security and an annuity to help replace the income that you had before you retired.

"Typical retirement planning is that you work like a dog for 40 years, save up and spend from principle until you exhale your last breath," says Todd Tresidder, financial mentor and author of "How Much Money Do I Need To Retire" and other books. "If you flip that upside-down and -- rather than amassing a big pile of assets -- save assets that produce cash flow in excess of your expenses, we then eliminate risks. We create perpetual income."

Retirement is a euphemism for old-age financial independence. The core of financial independence using passive investments is that you create cash flow from investments that exceed your expenses and only spend the cash flow, not the principle balance. A passive income requires minimal input from you after you invest in it to start.

4. Invest in Annuities

An annuity is essentially an insurance product. You trade a lump sum for equal monthly or yearly payments when you invest in an annuity. For example, a $1 million lump sum payment to an insurance company could provide you with more than $40,000 in yearly payments for you and your heirs the rest of your lives. (Of course, details vary.) "Annuities shift risks from you to the insurance company," says Tresidder. "Retirement planning as it's commonly practiced today is nothing more than self-insurance, where you are accepting most of the risk. Using annuities shifts market risk, actuarial risk and longevity risks from you to the insurance company."

There are many benefits and several drawbacks to annuities. They may provide higher yields than traditional pension plans and other retirement options, but they also leave no assets for your heirs when you die.

5. Hedge Your Investments

My father-in-law retired after working as an executive for decades at a large, national bank. In addition to his pension, he held a lot of company stock that he received as options. After the financial crisis in 2008, his stock and dividends took a severe hit. The stock has recovered, but my in-laws endured several rocky years.

You can use option strategies to protect your stock positions in many cases. An option gives you the opportunity to sell or buy shares of stock with contracts at a future time at a set amount of money, instead of relying on the fluctuations of the market. If you don't feel comfortable with options, you can enlist a financial planner to hedge your retirement investments.

6. Get Professional Help

It never hurts to get professional financial help if you are worried about your retirement accounts and if you will have enough saved for retirement. It has never been easier to find qualified financial planning -- fee-only, commissioned-based, or even by the hour for giving advice without creating a financial plan.

Insurance companies do not offer retirement portfolio insurance, but there are ways that you can hedge against calamity with your retirement accounts.

Should there be insurance for your retirement accounts? Should insurance

companies offer this type of insurance coverage just like they insure your car or home? Would you buy retirement insurance?

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