Retirement Planning Guide

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Retirement isn't what it used to be. In many ways, it's better. People are living longer and enjoying healthier and more active retirement years. On the financial side, however, trends are not as positive. For a combination of reasons, the goal of a financially secure retirement is becoming increasingly difficult to achieve.

This retirement guide is designed to show you how to take charge of your future by beginning to plan for your retirement now. The booklet is not intended to take the place of professional advice. You'll want to consult with us before using any of the planning tools or strategies we discuss.

Estimating Your Retirement Income Needs

Retirement used to be a relatively short period of ten years or less. Now a 20- or 30-year retirement isn't out of the question. A longer and more active retirement requires greater financial resources. Underestimating your retirement needs now can put a crimp in your future retirement lifestyle or put you at risk of outliving your resources.

How much income will you need when you retire? A financial planning rule of thumb is to figure on needing 70% to 80% of the income you'll be earning at the time you retire. Some of your day-to-day living expenses will be less in retirement. For instance, you won't have work-related clothing and commuting expenses, and your home mortgage may be paid off. Other expenses, such as medical costs and leisure-time travel, may be higher in retirement. In fact, if your dream retirement would include extensive travel, you may want to base your estimates on a higher percentage of your preretirement income.

BUILDING A RETIREMENT NEST EGG

Monthly Investment Required To Accumulate Each $100,000 of Savings Assuming an Average Annual Return Of

Years to Retirement	5%	6%	7%	8%	9%
35	$88	$70	$56	$44	$34
30	$120	$100	$82	$67	$55
25	$168	$144	$123	$105	$89
20	$243	$216	$192	$170	$150
15	$374	$344	$315	$289	$264
10	$644	$610	$578	$547	$517
5	$1,470	$1,433	$1,397	$1,361	$1,326

Rates of return are hypothetical, for illustrative purposes only, and do not represent the rate of return for any particular investment. Your investment return and account balance will be different, and you may have more or less in your account when you retire.

Source: NPI

SETTING A SAVINGS GOAL

	Example	Yours
Current Annual Income	$45,000	________
Percentage of Preretirement Income Needed for Retirement	× 80%	×________%
	$36,000	________
Minus Social Security (estimate your Social Security benefit by going to *www.ssa.gov/estimator/*)	–$13,000	–________
	$23,000	________
Inflation Factor (from below; example assumes 25 years until retirement)	× 2.67	×________
	$61,410	________
Minus Projected Annual Income from Pensions	– $5,000	–________
Estimate of Retirement Income Needed (in addition to Social Security, pensions, etc.)	$56,410	________
Savings Necessary To Produce Needed Income (multiply needed income by a payout factor from below; example assumes a 20-year retirement, so the payout factor would be 14.88)	$839,381	________
Value of Current Assets (savings, investments, etc.)	$90,000	________
Growth Factor (from below; assumes 25 years until retirement)	× 5.43	×________
Estimated Future Value of Assets	$488,700	________
		________
Total Amount You Need To Save (subtract the estimated future value of assets from savings necessary to produce needed income: $839,381 – $488,700)	$350,681	________
Annual Amount You Need To Save (divide total amount by the savings factor below: example $350,681 ÷ 63.25)	$5,544	________
Monthly Amount You Need To Save (annual amount divided by 12)	$462	________

Number of Years Until Retirement:	**5**	**10**	**15**	**20**	**25**	**30**	**35**
Inflation Factor (4% inflation):	1.22	1.48	1.80	2.19	2.67	3.24	3.95
Growth Factor (7% return):	1.40	1.97	2.76	3.87	5.43	7.61	10.68
Savings Factor (7% return):	5.75	13.82	25.13	41.00	63.25	94.46	138.24

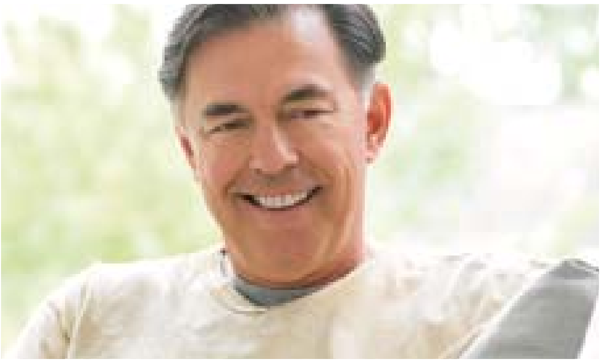
Number of Years in Retirement:	**10**	**15**	**20**	**25**	**30**
Payout Factor (7% return; 4% inflation):	8.53	11.93	14.88	17.42	19.61

Rates of return are hypothetical, for illustrative purposes only, and do not represent the rate of return for any particular investment. Actual rates of return will vary over time, particularly for long-term investments.

Source: NPI

The Advantages of **Tax Deferral**

The earlier you start planning and saving for your retirement, the easier it will be to meet your retirement income needs. However, it's never too late to start saving for retirement. One way to boost your returns is to take advantage of opportunities to defer federal income tax on your retirement investments. An easy way to defer taxes is to invest through a tax-advantaged retirement plan, such as an employer-sponsored 401(k) or 403(b) plan or a traditional deductible individual retirement account (IRA).



401(k) and 403(b) Plans

If your employer offers a 401(k) salary deferral plan, take full advantage of it. With a 401(k) plan, you contribute part of your pay to a retirement plan account set up just for you. (IRS and plan limits apply to the amount you may contribute.) You don't pay taxes on the amount you contribute or on the investment earnings in your plan account until you withdraw funds from the plan, usually when you retire. If your employer matches any of your contribution, this is an added tax-deferred benefit.

Many public schools and certain tax-exempt organizations sponsor 403(b) plans, also called tax-sheltered annuities (TSAs), for their employees. As with a 401(k) plan, a 403(b) plan may allow employees to defer a portion of their pay on a tax-deferred basis.

401(k) and 403(b) plans can offer participants the option of making after-tax Roth contributions. While traditional tax-deferred contributions and related earnings are taxable when withdrawn, distributions of Roth contributions and earnings are tax free if certain tax law requirements are met. We can help you determine whether Roth contributions would make sense for you.

Individual Retirement Accounts

During your working years, you have the option of contributing to an IRA. Your contribution to a traditional IRA will be completely tax deductible if you don't participate in an employer-sponsored retirement plan. If you or your spouse actively participates in an employer plan, your IRA deduction may be limited or eliminated, depending on your adjusted gross income (AGI). Ask us about the limit applicable to you.

The Roth IRA is another option that may be available to you. Contributions to a Roth IRA are not deductible but aren't taxed when distributed. And, after you've had a Roth IRA for at least five tax years, withdrawals of

YOUR INDIVIDUAL RETIREMENT ACCOUNT OPTIONS

Type of IRA	Contribution Status	Deduction/Eligibility Phaseout Applies?	Withdrawals
Traditional IRA	Deductible	Yes	All Taxable
Traditional IRA	Nondeductible	No	Earnings Taxable
Roth IRA	Nondeductible	Yes	Nontaxable

investment earnings also are tax free if you are at least age 59½, become disabled, or withdraw up to $10,000 for first-time home buying expenses. Eligibility to make annual contributions to a Roth IRA is phased out for high earners. A traditional IRA can be converted into a Roth IRA regardless of income level.

The IRS periodically adjusts the IRA contribution limit for inflation. A married couple generally can contribute twice as much as an individual, even if one spouse doesn't work outside the home. If you are age 50 or older, you can make additional "catch-up" contributions.

Annuities

Annuities are another tax-deferred way to save for retirement. While contributions to annuities are not tax deductible, they offer you three advantages over many other types of savings plans:

- You can structure an annuity to provide you with an income you can't outlive.
- Annuities don't limit the annual amount you can contribute toward your retirement.
- The annual earnings on the annuity's investments are tax deferred.

When you buy an annuity, you enter into a contract with a life insurance company. The company agrees to make payments to you and/or your beneficiary over your lifetime(s) or a set period, usually beginning at retirement. If you die before payouts begin, a death benefit is payable to your beneficiary.

With a variable annuity,* you may choose investments from a family of investment portfolios (or funds) that are professionally managed to seek certain investment objectives, such as growth or income production. These portfolios generally include stock, bond, and money market funds. Investment returns are not guaranteed, and you could lose money. A fixed annuity pays a set, guaranteed rate of return over a specified period.

Before you invest in an annuity, consider the issuer's financial health, since annuity payments are dependent on the claims-paying ability of the issuer. Also be sure you understand the charges that may be imposed. Among others, these may include surrender charges, mortality and expense risk charges, administrative fees, underlying fund expenses, and feature charges that can reduce the value of your account and the return on your investment.

As with most other tax-deferred savings plans, you will have to pay federal income tax on any earnings you withdraw from the annuity at or before retirement, and withdrawals before age 59½ may be subject to the 10% early withdrawal penalty. Also, surrender charges may apply if funds are withdrawn before the contract's surrender period has expired.

* *You should carefully consider a variable annuity's investment objectives, risks, and charges and expenses before investing. The prospectus contains this and other information about the investment company. For a current prospectus, contact your registered representative. Read the prospectus carefully before investing.*

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Life Insurance

Other insurance products, such as cash value life insurance, also can be used to build tax-deferred savings. When you invest in cash value life insurance, you not only provide your family with financial protection against your premature death, but you also build cash value in the investment portion of the insurance product — cash value you can later use to help finance your retirement. Like many other people, you may find that once you reach retirement age and your children are grown, you no longer need the insurance coverage provided by your policies. The cash value of your insurance policies thus becomes another potential retirement income source.

Plans for Self-employed Individuals

If you're self-employed, you have other alternatives for building a tax-deferred retirement fund. Consider the following:

Keogh Plans. Keogh plans offer self-employed people an excellent way to set aside money for retirement in a tax-advantaged way. The plan also must include any eligible employees you may have. Contributions to the plan and any earnings on plan investments are not taxed until distributed from the plan.

SEP Plans. Simplified Employee Pension plans are another type of plan available to self-employed individuals. With a SEP, you, as the "employer," contribute to IRAs set up for yourself and any eligible employees. You may deduct the amounts contributed to the plan, and those contributions, together with any earnings they generate, grow tax deferred until the time of distribution.

SIMPLE Plans. Another type of retirement plan to investigate if you are self-employed or own a small business (generally, 100 or fewer employees) is the Savings Incentive Match Plan for Employees, or SIMPLE. This plan may be structured with either IRAs for you and each of your eligible employees or as a 401(k) salary deferral plan. Employer contributions are required with both types of SIMPLE plans.

Solo 401(k) Plans. If you are a sole proprietor or operate another form of owner-only business, a solo 401(k) plan is another option to consider. This type of plan generally may cover the owner's spouse as well, provided the spouse also works in the business.

Investing for **Retirement**

After you've estimated your retirement income needs and decided what method or methods you're going to use to build your retirement savings, you need to determine how you're going to invest your money to reach your goals. When investing for retirement, most people use equities (stocks), fixed-income investments (bonds), and short-term investments (cash equivalents) — or mutual funds investing in these securities — to achieve their retirement goals.

Equities

Very simply, equity investments give you an ownership interest in the corporation issuing the stock. If the corporation does well, your investment should also do well. If not, you could lose some (or all) of your money. Equities offer higher potential returns over time than most other investments and returns that historically have outpaced inflation.

Fixed-income Investments

These investments pay a set income over a set term. At the end of the term, the amount you have invested is returned to you. Fixed-income investments offer a steady income stream and, historically, less volatile price fluctuations than equity investments. However, fixed-income investments aren't without risk. Sometimes, a bond issuer, for example, can run into financial difficulties, default on its bonds, and not be able to return the money you invested. And bond prices do move up and down, largely in reaction to interest-rate swings. Thus, investors in bond mutual funds, as well as investors in individual bonds who don't plan on holding them to maturity, cannot rule out the possibility of losing principal.

Short-term Investments

Like fixed-income investments, short-term investments pay a defined income over a set term, with your invested principal returned at the end of that term. (The income may be fixed or variable.) The advantage of short-term investments is that many of these investments are backed by the U.S. government or insured by the Federal Deposit Insurance Corporation (FDIC), so return of your principal is practically guaranteed. The major

disadvantage is that short-term investments may not produce a return greater than the inflation rate.

Mutual Funds

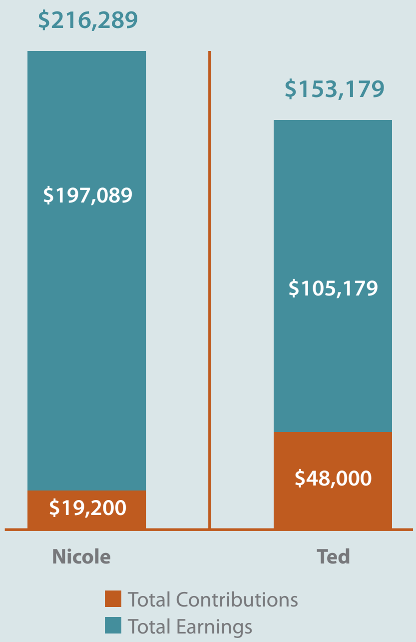
Mutual funds are one of the most popular ways to invest. With a mutual fund, your money is pooled with that of other investors to purchase a variety of securities that are professionally managed as a single investment account. Mutual fund portfolios may contain dozens of different securities. So when you buy a share of a stock mutual fund, for example, you are actually buying an investment in the stocks of many different companies. A mutual fund's prospectus explains the fund's investment objective and tells you what securities the fund holds.*

** Mutual funds are sold by prospectus. You should carefully consider the fund's investment objectives, risks, and charges and expenses before investing. The prospectus contains this and other information about the fund. For a current prospectus, contact your registered representative. Read the prospectus carefully before investing.*

Making a Choice

Which types of investments are right for your retirement savings? It depends on your investment time frame, your savings goals, and how much risk you are willing to take to achieve your goals. If you are 25 years away from retirement, for instance, you probably can afford to assume more investment risk than someone who plans to retire in five years. With 25 years ahead, you should have time to make up any short-term losses your investments may experience.

However, even if retirement is on the immediate horizon, you will want to make sure your retirement savings are growing at a rate greater than inflation, which is why many investment advisors counsel retirees to continue to include stocks in their retirement portfolios. Over time, stocks have had the best record of producing returns greater than inflation.



Rates of return are hypothetical, for illustrative purposes only, and do not represent the rate of return for any particular investment. Your investment return and account balance will be different, and you may have more or less in your account when you retire.

Source: NPI

THE SOONER, THE BETTER

Ted and Nicole are the same age. Nicole begins saving for retirement when she's age 30. She contributes $160 a month to an IRA for ten years and then stops, but leaves her money in the IRA. Ted doesn't begin saving for retirement until he turns 40, when he begins contributing $160 a month to his employer's 401(k) plan. Both Nicole and Ted earn an average annual return of 8% on their retirement money. (Your returns and balances will be different.)

Ted continues to contribute $160 a month to his 401(k) account for 25 years until he retires at age 65. Nicole also retires at age 65. Who do you think will have the larger retirement nest egg? Surprisingly, it's Nicole. Her ten-year head start gave her a distinct advantage over Ted, even though she saved less than half the amount he did.

Weighing Risk and Return

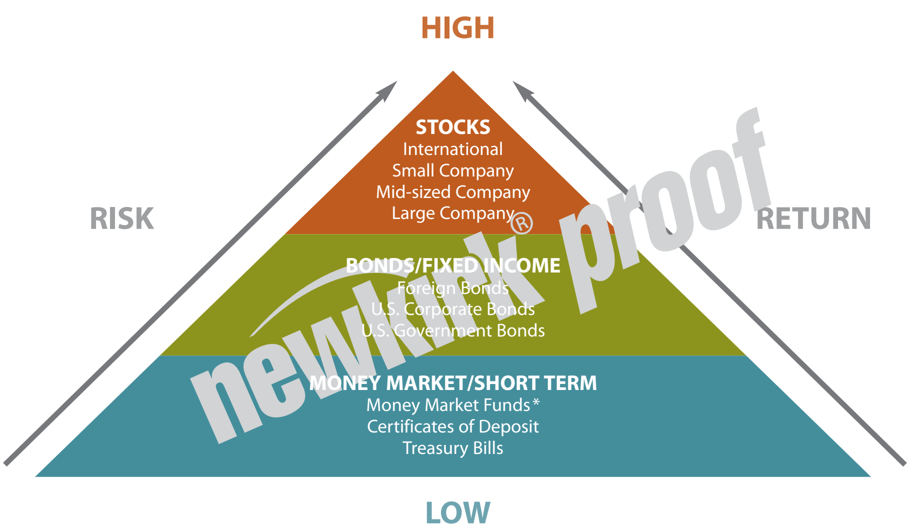
Generally, the more risky an investment is, the higher the investment's potential return. The more risk you are willing to take, the more your savings may grow over the long term. In addition to market risk — the possibility that your investment will lose value — and inflation risk, other types of risk also can affect your investments. Before choosing an investment, you should make sure you understand the investment and any risks it carries.

As our investment pyramid shows, short-term investments offer the least risk. Fixed-income investments offer higher returns with added risk. Equity investments offer the highest potential returns, with the greatest amount of risk. A combination of money market, fixed-income, and equity investments can provide potentially higher returns than either money market or fixed-income investments alone at only a slightly greater risk.

You don't want to constantly change your investments every time a financial market goes up or down. If you do, you run the risk that you will buy or sell an investment at the "wrong" time. You may sell at too low a price or buy at too high a price. A good way to avoid this pitfall is to review your investment program periodically and change your investment approach only if your circumstances have changed or your investment choices are no longer working toward your retirement goals. Many professionals advise an annual review at minimum.

For most people, circumstances do change as they get closer to retirement. When you reach your late 40s or 50s, for instance, your tolerance for risk may become lower.

RELATIVE RISKS OF DIFFERENT INVESTMENTS



* An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

Source: NPI

By gradually switching some of your stock investments to fixed-income and short-term investments, you can reduce your overall exposure to stock-market risks. Keeping at least part of your savings in stocks will help you retain the potential for a moderate amount of growth.

Later, when retirement is only a few years away, your risk tolerance will probably take another drop. Protecting and preserving your savings will be more important. You may be willing to give up even more of your long-term growth investments in favor of the greater security offered by short-term investments.

Asset Allocation

Before you decide which specific investments to choose for your retirement savings, you should work out an asset allocation for your investments. Very simply, asset allocation is the process of deciding what percentage of your money to put in the different investment classes: stocks, bonds, money market securities, and others, such as real estate. Recent studies show that asset allocation has a greater effect on investment success than the individual investments you choose.

Some people are just naturally conservative, moderate, or aggressive risk takers. For your retirement investment program to be successful, you have to feel comfortable with your investment choices. Our worksheet and asset allocation examples may help you determine your risk tolerance and assist you in developing the right allocation for your investments.

Here are some points to keep in mind when you set your asset allocation:

- How long you have until retirement
- Whether your spouse will also contribute to your retirement
- Your estimated retirement income needs
- Any special needs your dependents may have
- How willing you are to accept risk

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WHAT TYPE OF INVESTOR ARE YOU?

Please read the following statements. Rank yourself on a scale from 1 to 5 according to how strongly you agree or disagree with each statement. Circle your choice.

1 = strongly disagree **2** = moderately disagree **3** = neutral **4** = moderately agree **5** = strongly agree

1.	I would not change my retirement investments if the value of my investments declined by 10%.	1	2	3	4	5
2.	I am willing to risk losses to my retirement investments.	1	2	3	4	5
3.	As a rule, I wouldn't use CDs or other "very safe" investments in my retirement planning.	1	2	3	4	5
4.	I don't consider myself a conservative investor.	1	2	3	4	5
5.	I might be willing to invest a small part of my retirement money in bonds or money market investments, but I prefer to keep most or all of my investments in stocks.	1	2	3	4	5
6.	I prefer using stock funds for my retirement money, even though bond funds usually are less risky.	1	2	3	4	5
7.	I prefer using investments that are likely to produce higher returns, even though these investments are riskier.	1	2	3	4	5
8.	Stock funds are better investments for retirement than bonds, money market investments, or CDs.	1	2	3	4	5
9.	I seek the highest potential return for the investments in my retirement plan.	1	2	3	4	5
10.	In choosing retirement investments, the growth of my investments is more important to me than risk.	1	2	3	4	5

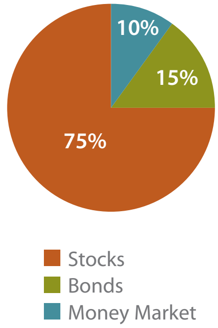
Now, total the numbers circled and see where your score falls on the Investor Profile. Remember, neither the ten statements nor your total score is meant to tell you which investments to choose. Rather, the questionnaire may help you better understand your objectives and feelings about risk so you can select investments that are right for you.

Investor Profile

SAMPLE ASSET ALLOCATIONS

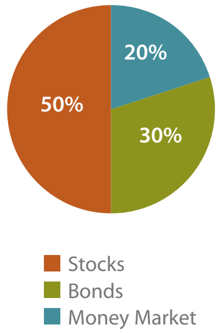
AGGRESSIVE

Sophie is a computer programmer in her early thirties. She counts skydiving among her leisure-time activities. Sophie has seen how her parents have both had to work past age 65 because they can't afford to retire. She's determined not to let the same thing happen to her. Since her retirement is still more than 25 years away, Sophie feels she can afford to be an aggressive investor. Consequently, Sophie's allocation of her retirement investments is weighted heavily toward stocks, with 75% of her retirement money diversified among several stock funds, 15% in two different bond funds, and 10% in a money market fund.



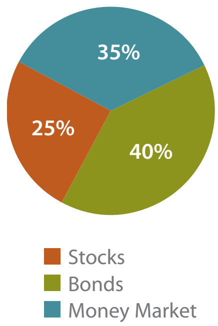
BALANCED

Dennis and Marie are professionals in their late forties. With two children in college and another headed there next year, they are pinched for extra cash to contribute toward their retirements right now. They want to make sure the amounts they have already saved can potentially grow, without taking any undue risks. For the time being, Dennis and Marie have adopted a moderate, balanced investment approach, placing 50% of their savings in several stock funds, 30% in several bond funds, and 20% in a money market fund.



CONSERVATIVE

Luis is 55 and would like to retire in five years. With retirement so close and only his retirement savings to depend on, Luis has become a conservative investor. He wants to preserve the money he already has saved while achieving some growth for the future. Memories of the high inflation rates of the early 1980s have him concerned about his retirement savings keeping ahead of inflation. So Luis has worked out an asset allocation of 25% stocks, 40% bonds, and 35% money market investments.



These sample allocations are illustrations only. When applying a particular asset allocation model to your individual situation, be sure to consider your other assets, income, and investments (for example, your home equity and regular savings accounts) in addition to your retirement savings account.

Source: NPI

Diversification

The next step, after setting an asset allocation, is to diversify your money among investments within each asset class. By putting your money in numerous different investments, you "spread the risk." To illustrate: Rather than invest in one stock, you might invest in a variety of stocks. That way, if one stock performs poorly, it represents a smaller portion of your overall retirement savings. Your loss would not be as great as if you had invested the entire stock portion of your savings in one security. However, diversification does not ensure a profit or protect against loss in a declining market.

Mutual fund investments offer you automatic diversification because each fund invests in numerous securities. A stock fund may invest in numerous companies in a wide range of industries. If one company or industry has problems, the fund will not likely suffer a major loss because the fund is diversified. The same holds true for bond funds. Bond fund managers purchase bonds with varying maturity dates, issued by various entities. If one bond issuer defaults or interest rates increase, the diversification of the fund can help protect against large changes in the fund's value.

Thus, you could diversify your retirement investments by investing in one stock mutual fund, one bond mutual fund, and one money market fund. Most people prefer to diversify further, though. You might, for instance, diversify your stock investments among a large company stock fund, a small company stock fund, and an international stock fund. Similarly, your bond investments could be spread among corporate and government bond funds.

You may also have the option of investing in so-called lifestyle, lifestage, or target-date funds. These funds are professionally managed portfolios of individual securities or mutual funds that are geared toward the needs of a particular type of investor or investors in a particular age group or at a certain life stage.

Focusing on Your Goals

Investing for retirement isn't a one-size-fits-all proposition. You have to consider your personal goals and choose the investments that will help you reach them. And remember, you aren't locked in to your investment plan. You can, and should, change it as your needs and goals change. A word of caution, though: Try not to move your money around too often. Give your investments — especially stock investments — time to prove their worth. Oftentimes, an investment will lose money over the short term, then turn around and nicely reward investors who held on and gave the investment a chance over the long term.

Handling a **Retirement Plan Distribution**

If you participate in a retirement plan at work, when you're ready to retire, or if you leave your present job to take another, you'll need to decide how to handle the retirement savings you've built over the years. Any distribution you receive from your employer's retirement plan will probably be an eligible rollover distribution. You also may have the option of receiving your retirement benefits as an annuity or in installments.

Basically, you can do one of three things with an eligible rollover distribution. First, you can have your former employer's plan transfer your assets directly into an IRA or to your new employer's plan (if it accepts rollovers). This option is often the most tax advantageous. All federal income tax — and often state income tax, as well — is deferred until you begin withdrawals from the new plan or IRA.

Second, you can take your distribution in cash and pay income tax on the full amount in the year you receive the distribution. With this option, 20% of your distribution will be withheld for federal income taxes. The withheld portion will be applied toward your income tax for that year. If you're younger than 59½ when you receive the distribution, you also may have to pay a 10% early withdrawal penalty. (Exceptions apply.)

Third, you can take your distribution in cash and roll it over to an IRA or a new employer's plan within 60 days of receiving it. However, because you take possession of the distribution, the 20% withholding tax applies, even if you immediately roll over the full amount of the distribution, replacing the missing 20% with funds from another source. You can choose to roll over only the part of the distribution you actually receive (80%), but the withheld 20% will be considered a taxable distribution subject to income tax and the 10% penalty, if applicable.

Distributions of Roth 401(k) amounts can be transferred to another Roth 401(k) or a Roth IRA. Rollovers of distributions from qualified plans, 403(b) tax-sheltered annuity arrangements, and governmental 457(b) plans to Roth IRAs are also allowed, provided you meet tax law requirements. Taxes will be due on previously tax-deferred amounts.

Required Minimum Distributions

Once you reach age 70½, the tax law generally requires that you begin taking annual distributions of a minimum amount from your traditional IRAs and tax-deferred retirement savings plans. (Some employer-sponsored plans allow you to wait until after you retire if you are still working for the plan sponsor and are not a 5% owner of the employer.) The required minimum distribution (RMD) amount is figured using your account balance at the end of the prior year and a factor taken from an IRS table.

Look at All Your Options

Tax planning for a retirement plan distribution can be complicated, especially if you will receive the payout before you actually retire. Many questions are raised. Some examples:

- Should I roll over my distribution to an IRA but then get taxed at ordinary income rates when I take the money out at retirement?
- Should I pay the taxes on my distribution now and invest in a way that takes advantage of the lower capital gains rates?
- Should I roll over the distribution to a regular IRA and then convert it to a Roth IRA, paying tax on the conversion but avoiding any federal tax when I later need the money?

The answers will depend on a detailed analysis of your particular circumstances — how long you have until you retire, your investment goals, your risk tolerance, and your current and future tax picture. Obviously, everyone's situation is different, and as a result, there is no one "correct" response to any of these questions. Because of the multiple options available, though, it is important that you secure professional advice.

A POTENTIAL TAX TRAP

When Jason left his employer for a new job at age 50, he was entitled to a $500,000 lump-sum distribution from his former employer's retirement plan. He decided not to have the lump sum directly transferred by his old employer's plan to an IRA or his new employer's plan. So 20% of his plan savings, or $100,000, was withheld for federal income taxes, leaving Jason with $400,000.

Within 60 days of receiving his distribution, Jason decided he wanted to roll over the full $500,000 to an IRA and have it continue to grow on a tax-deferred basis. He had to supply the $100,000 that had been withheld for taxes from other sources to complete the rollover. (The $100,000 was counted as a credit against his tax liability for the year.)

If Jason had simply rolled over the $400,000 he actually received from the plan, the withheld $100,000 would have been considered a taxable distribution. He would have had to pay taxes on the $100,000, plus a 10% early withdrawal penalty because he was younger than age 59½.

Estate Planning Considerations

Your retirement savings may make up a large portion of your assets. Consequently, you'll want to include provisions in your estate plan for minimizing taxes on your retirement assets and managing the assets for the benefit of your family, where necessary.

Beneficiary Designations

Check to make sure you've designated a beneficiary and secondary beneficiaries, wherever possible, for your IRAs, annuities, and employer retirement plan benefits. This will allow you to provide for your retirement benefits to pass directly to the person or persons you want without being subject to probate. Probate is the court-supervised process of proving and administering a Will. This process is often time consuming and can be expensive. Probate also exposes your assets to public scrutiny.

Trusts

You can use various trust strategies to unify your estate and provide continuing asset management for your retirement savings if you feel your spouse or other family members will need investment assistance. For example, you can direct that, at your death, your retirement plan benefits "pour over" to a living trust — a trust created during your lifetime — to be managed along with the assets already in that trust. Or you can create a trust in your Will to receive your retirement benefits and other assets and manage them all for the benefit of your spouse or other beneficiaries. Other, more sophisticated trust arrangements can help minimize taxes on your retirement plan benefits. We would be happy to explain.

TAKE CHARGE

You could spend a third of your life in retirement. Will you find those years the golden times we all dream of or a constant struggle to pay the bills? It's up to you. Now is the time to take charge of your future. If you haven't begun planning for your retirement, contact us and we'll help you get started. If you already have a retirement program in place, we would be happy to review it with you to help make sure it will meet your retirement needs.

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