STANGIER
WEALTH MANAGEMENT

A Retirement Reality Check

If you have already retired or if you can count the number of years until retirement on your fingers then please heed this friendly warning: Unless you're already making the most of your current retirement planning strategies, then it may be difficult to lay the groundwork for a financially secure future.

Don't just take my word for it, though. Look at the numbers: The median income in households of Americans who are at least 65 years old is under $25,000, whereas the median household income for Americans under 65 is more than double that amount.*

Is your portfolio on a course that's destined to lead to a retirement income shortfall? Consider these strategies that can help improve your long-term outlook.

During Your Working Years?
Determine an appropriate time frame for applying for Social Security benefits. If you plan to apply before your so-called "full retirement age," then you can expect to receive lower monthly benefits. Delaying your application could increase your benefits. Detailed information about your specific situation is available in the Social Security Statement mailed to you each year about three months before your birthday. Contact Social Security at least three months before retirement to apply for benefits.

When You Reach Retirement?
Make arrangements for your retirement account distribution strategies. If you participate in a workplace retirement plan, contact your employer's human resources office to learn what withdrawal options are available to you. Once you have that information handy, you'll need to decide whether to begin withdrawing money from your taxable accounts first or from tax-deferred accounts first.

Keep in mind that the IRS requires most retirement savers to begin taking withdrawals known as required minimum distributions (RMDs) from employer-sponsored retirement accounts and traditional IRAs after reaching age 70½. If you don't take your RMDs, you could be forced to pay substantial tax penalties. RMD rules recently became less complex, but it's still important that you understand them and implement an appropriate distribution strategy.

All Retirement Investors?
Review your post-retirement medical insurance needs. For example, you might want to think about purchasing coverage to supplement Medicare benefits.

If you have made all eligible contributions to other qualified plans, then you may also want to consider funding an annuity now in order to receive a guaranteed income stream later in life.**

Your retirement security is very important. A smart first step to keeping your retirement strategies on track is to contact a qualified financial professional.

**Source: AARP, August 2005.*
***Fixed annuities are long-term, tax-deferred investment vehicles designed for retirement purposes. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Withdrawals made prior to age 59½ are subject to 10% IRS penalty tax and surrender charges apply. Guarantees are based on the claims paying ability of the issuing insurance company.*

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