

Are You Clueless?

You work and save over many years to build a nest egg for the ultimate reason in retirement, and that is to provide yourself an income throughout your retirement years. Thus, it can be said that income is the outcome of retirement planning. Unfortunately, most people, financial advisors included, are simply clueless as to how to setup their retirement plan properly for providing this lifetime income.

The retirement objective and focus changes as you enter your pre-retirement and retirement years, shifting from an accumulation mode to a preservation and distribution mode. Taking income from your nest egg the proper way comes down to many factors and considerations. Of course, each is based on your unique set of goals, objectives and desires, but here are some main provisions to consider.

What should you do with your money once you retire? Specifically, which accounts should you tap first and why?

How old are you? Different plans have different age rules and requirements to tap into your nest egg. There is strategy involved here to maximize income, minimize taxes and avoid penalties.

Are you still going to work after retirement age? If so, you need to be aware of and understand the rules and provisions that will affect savings, taxes, Social Security and RMDs. Again, different plans have different age rules and requirements.

Beware of the tax man. Tax planning is critical in retirement. You want to setup your income plan and distributions to minimize the taxes that you pay. Remember, tax evasion is illegal, but tax avoidance, using the right tools and strategies, is not.

To rollover or not? There are reasons that you should or should not rollover a 401(k) plan to an IRA for income purposes. You have to find out what is best for your specific situation.

There are many more factors to consider, including one distribution strategy that should be done even if you don't need income right away. To learn more about all of these factors and strategies, tune into the *It's Your Money Show* this coming weekend. The show airs on WMEQ (880 AM) on Thursday morning at 7:30 and Saturday morning at 9:00, as well as on WWIB (103.7 FM) on Wednesday evening at 7:30 and Saturday evening at 5:30. You can also find me at www.KeyStoneCV.com and obtain this information, and independent and unbiased advice for your specific situation, by contacting me at KeyStone Financial at (715) 835-6022 or info@KeyStoneCV.com.

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