

Retirement Perspectives

Thank you for your interest in Wismer Wealth Management Group. With a myriad of investment advisors and philosophies available to you, it becomes important to differentiate oneself when preparing clients for the road ahead. Each person's needs are unique. One size doesn't fit all. Financial planning is an integrated process that weaves together many threads. Individually they seem relatively unimpressive but woven together produce a beautiful tapestry. Our objective is to maintain a high level of expertise to integrate these threads into a cohesive financial plan for our clients.

Pre-retirement is filled with many such threads. Retirees get one opportunity to do it correctly. They'll need to make prudent decisions regarding company retirement plans. Should they roll their retirement account to an IRA or leave it alone? Under what circumstances will the IRS require their employer to withhold 20% in taxes? Do they know rule of 72(t) allows penalty-free withdrawals from retirement accounts before age 59 ½ provided certain conditions are met? How will they determine the precise amount of investment needed to retire comfortably? Using discounted cash flow analysis we can provide the information necessary to transition successfully into retirement.

Already retired? Time is now working against them. They're not building an asset base anymore, worse yet they're depleting it. They'll likely need to adjust their investment plan to incorporate income and preservation strategies now. Certain assets must still grow, however others must remain averse to risk providing the income for to maintain their lifestyle. Determining which assets to earmark for growth and which for income is an art in itself. What withdrawal rate will preserve their assets? Most people believe they can withdraw far more than they can without depleting their account. We use a diversified model to help build a portfolio specific to our client's needs and time constraints.

Retirement requires certain expertise in **tax issues** as well. Once tax deferred accounts now must be taxed. Required distributions must be calculated correctly to avoid the sting of a 50% IRS penalty for incorrect distributions. How will part time work affect Social Security or the ability to contribute to an IRA? For those with annuities, how will the exclusion ratio be calculated? This is a significant tax benefit exclusive to the annuity yet is often overlooked when preparing a tax return.

What about **health concerns**? It is suggested that the largest expense a retiree will face in life is not a mortgage or their home or children's education but the expense needed to provide for health during their golden years. How will they handle the proverbial long-term care issue? Will they ignore it or perhaps allow their children to care for them? Do they have the time and resources to do that? Are there cost-effective alternatives? How do they sort through the maze of Social Security and Medicare information to maximize their benefits?

Legacy is also of significance to their progeny. How will they pass your assets to heirs? Should they leave their assets outright to children who might never have had experience managing large accounts? There are means to protect a spendthrift child from himself by adding restrictive beneficiary designations to certain assets. Will the use of a marital trust be beneficial? What tax benefits are available for philanthropy?

These are just a few of the many threads found in the retirement tapestry. Have you ever planted a seed and forgotten to water it? There's more work to growing beautiful flowers than just dropping a seed in the ground. When the ground is dry, we water it, when it's cold, we protect it, when malnourished we fertilize it.

Some investors drop their investment seeds in the ground, and then forget about it. We believe it's what we do after we plant the seed that matters. Here's the kind of service and maintenance you can expect from us.

*Dave Wismer
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