

Making Your Retirement Money Last

The fear of outliving one’s retirement resources is a reasonable one. After all, advances in medical treatment and healthier lifestyles have resulted in increased life expectancies. For financial security and peace of mind, you will need to know that you will have a steady stream of retirement income to keep you comfortable for 20 or 30 years – perhaps even longer. At the same time, a longer life span suggests that you need to have funds in reserve to meet any extraordinary expenses that may arise during your lifetime.

IRA Minimum Distributions

| Distribution | | | Distribution | | |
|--------------|----------------------|----------------------------|--------------|----------------------|----------------------------|
| Age | period (in years) | Percentage distribution | Age | period (in years) | Percentage distribution |
| 70 | 27.4 | 3.6 | 83 | 16.3 | 6.1 |
| 71 | 26.5 | 3.8 | 84 | 15.5 | 6.5 |
| 72 | 25.6 | 3.9 | 85 | 14.8 | 6.8 |
| 73 | 24.7 | 4.0 | 86 | 14.1 | 7.1 |
| 74 | 23.8 | 4.2 | 87 | 13.4 | 7.5 |
| 75 | 22.9 | 4.4 | 88 | 12.7 | 7.9 |
| 76 | 22.0 | 4.5 | 89 | 12.0 | 8.3 |
| 77 | 21.2 | 4.7 | 90 | 11.4 | 8.8 |
| 78 | 20.3 | 4.9 | 91 | 10.8 | 9.3 |
| 79 | 19.5 | 5.1 | 92 | 10.2 | 9.8 |
| 80 | 18.7 | 5.3 | 93 | 9.6 | 10.4 |
| 81 | 17.9 | 5.6 | 94 | 9.1 | 11.0 |
| 82 | 17.1 | 5.8 | 95 | 8.6 | 11.6 |

Source: Internal Revenue Service; Merrill Anderson Company

What can you do to feel confident that you can meet your goals? Here are a few ideas. Plan your distributions from your Rollover IRA.

A rollover of your distribution from your company plan to an IRA can provide you with a flexible source of retirement income as well as a reserve for emergencies. You may leave your IRA untouched, or take as much or as little as you need, as the occasion arises, until you reach age 70 1/2, when you must begin making required minimum distributions (RMDs) every year. You may, of course, take out more than your RMDs, giving you the flexibility to meet your income needs or to cover extraordinary expenses when they arise.

The amount that a retiree must take from his or her IRA in any particular year may be determined from the table here. For example, at age 71 an individual with a \$100,000 IRA would need to withdraw \$3,774.

Delegate Management of Your Other Assets

What about the financial assets that you own outside of the IRA? What's the best way to manage them to last without sacrificing the quality of your retirement?

A living trust is the best answer for many people. With a living trust you can benefit from:

- an asset allocation plan tailored to your circumstances;
- professional investment management and strategic decision making;
- continued financial management in case of your illness or incapacity.

You also get an "executive assistant" for financial management, which can be valuable in sometimes unexpected ways.

For example, here's how we help our clients: Mrs. B, the beneficiary of a trust set up by her late husband, which we manage as trustee, calls us to report that her son-in-law has recommended that her trust should make some investment changes. It might be cattle futures, or a new high-tech stock issue, or covered call options, or any one of any number of investment fads. In any case, Mrs. B didn't understand it, but the son-in-law sounded so certain, so confident, perhaps it would be a good idea?

We'd be happy to consider any investment changes that are consistent with the trust's purpose, we told Mrs. B. Just send your son-in-law to our offices to explain his idea in more detail; tell him that we are acting as your assistant in financial matters.

In the usual case, when Mrs. B asks about the investment idea a month later, it turns out that the son-in-law didn't have enough courage of his convictions to bring the idea to our attention for a professional evaluation. And the trust assets remain intact.

Meeting the Challenge

To reach a comfort level with your retirement planning is a challenge, but one that need not be faced alone. Calling upon the knowledge and experience of professionals who will listen to your concerns and suggest solutions will help you define and meet your expectations.

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Any developments occurring after January 1, 2008, are not reflected in this article.