10 THINGS *to know* *about* PLANNING YOUR RETIREMENT INCOME


ENSURE THAT YOUR RETIREMENT INCOME WILL
LAST AS LONG AS IT'S
SUPPOSED TO LAST

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Historically, the United States had three strong legs of the retirement stool: a well-funded Social Security system, substantial corporate pensions with retiree health benefits and a strong personal savings rate. Unfortunately, the booming population coming of retirement age has changed all that. Now, the responsibility for providing for retirement income has largely shifted away from the government and employers to individuals.

State and local government pension plans are typically underfunded, cutting back on benefits and raising retirement ages. In the private sector, only 42% of Fortune 1000 companies still maintain a defined benefit plan in which participants continue to accrue retirement benefits.[1] As for retiree health plans, the percentage of large employers that sponsor them has dropped from 46% in 1991 to just 8% today.[2]

We now have a proliferation of employer-sponsored, defined contribution plans that take the form of 401(k), 403(b), and 457 plans. These plans are an excellent way to save, but we are only now witnessing the first wave of "401(k) retirees" who will live off of this type of savings. It remains to be seen whether defined contribution plans will be adequate for anticipated longer lives.

There are many variables involved in creating an income plan for today's retirees. What follows are 10 things to know when working with an advisor to devise your personal income plan for retirement.

[1] Watson Wyatt Insider, "Pension Freezes Continue Among Fortune 1000 Companies in 2009," August 2009.

[2] U.S. Chamber of Commerce, " Private Retirement Benefits n the 21st Century: A Path Forward," 2012.

#1: PLAN FOR A LONG LIFE

In 1935, when the Social Security Act was passed, 65-year old beneficiaries received payouts for an average of 12 to 15 years.[3] Now, however, a couple aged 65 has an 85% chance that at least one of them will live past age 85 – which means providing for 20 years or more of income once you qualify for Social Security benefits.[4] The Social Security system wasn't built to sustain that long of a retirement – particularly not for 76 million Baby Boomers.

Average Life Expectancies Through the Ages

Those longevity statistics are quoted as averages for both men and women, but keep in mind that men weigh the average down since women in modern times outlive men by about five to six years. Not only are women more likely to live longer than men, but they appear to be a factor in helping men live longer, too. On average, married men tend to live many years longer than single men.[5]

[3] Life Expectancy for Social Security, http://www.socialsecurity.gov/history/lifeexpect.html; retrieved June 2012.

[4] Annuity Mortality Tables, 2000.

[5] Scientific American, "Why Women Live Longer," October 21, 2010.

#2: HEALTH CARE EXPENSES WILL INCREASE

Just because we are living longer doesn't mean we're going to be healthy throughout our longer lives. In fact, the more active you are now, the more likely you'll need a hip or knee replacement in your senior years. Not to mention that the longer you live, the more likely you'll experience chronic health conditions such as diabetes, arthritis and/or heart disease.

While some credit goes to more active, health-conscious, smoke-free lifestyles, it may be safe to say that today's seniors owe more to prescription drugs and medical advances for lengthening their lifespan. And as we all know, health care costs money. Lots of it. In fact, Fidelity Investments found in its most recent Retiree Health Care Costs Estimate study that a 65-year-old couple retiring this year with Medicare coverage will need about $240,000 to pay for medical expenses throughout retirement, excluding nursing-home care.[6]

In 2011, 74% of American employees had not considered a plan to cover health care expenses in retirement.[7] This is a key component of any well-conceived retirement plan, as health care expenses typically increase to represent a significant portion of a retiree's income. When creating a retirement income plan, it's important to consider that a couple's retirement assets may be diminished by the health care costs for the spouse who dies first. While you may end up spending less on things like travel and entertainment than when you first retire, be advised that medical and long-term care in your later years may require even more income.

One of the 10 things you should know is that seniors spend nearly as much money on health care services and prescription drugs as they do on food.[8]

[6] Fidelity Investments, Retiree Health Care Costs Estimate, 2012.

[7] Sun Life Financial Unretirement Survey; "Flying Blind: How Working Americans View Healthcare Costs in Retirement," pg. 3; May 24, 2011.

[8] Bureau of Labor Statistics; Focus on Prices and Spending, February 2012, Volume 2, Number 15.

#3: YOU'LL NEED A HOUSING PLAN (OR TWO)

As you are well aware, home values across the entire country have dropped in the last few years – in some areas significantly. According to the Case/Shiller Index, which tracks U.S. housing values, home prices have traditionally followed a slow but steady incline. The upward spike we experienced from 2005 to 2007 was quite the anomaly, and not one we're likely to see again in the Baby Boomer lifespan.[9]

This may impact you in several ways. Perhaps your home no longer provides as great a backup retirement income plan as you may have anticipated. Or, perhaps you've considered relocating to a Senior community but have delayed that move to sell your home when prices recover.

It's not likely we'll return to the over-valued housing bubble of 2006 anytime soon. Even though it feels like we've experienced a tremendous drop in value, consider what your home was worth back around 2003-2004. At the national level, we've not only returned to those levels but are, in fact, near where they would be had prices simply continued their slow, steady climb without the spike.[9]

Looking ahead, the rate of house appreciation is likely to revert closer to the long-term norms (pre-2006) of .75 to 1% per year over the rate of inflation – not double digit annual increases. [10] In today's environment, taking on a modest mortgage and paying it off before retirement is the goal. At that time, and based on individual situations, you may have the option to downsize your residence or use the equity to help fund your retirement income via a reverse mortgage. You can also stay in your home until you pass away and let its equity serve as an inheritance for your heirs.

[9] Fiserv Case-Shiller; Fiserv Case-Shiller Home Price Insights: For Many U.S. Markets, the Return to Peak Home Prices Will Be a Long, Slow Road," April 8, 2010. Standardandpoors.com; "2012 Home Prices Off to a Rocky Start According to the S&P/Case-Shiller Home Price Indices," March 27, 2012.

[10] Urban Land Institute, "Housing in America: The Next Decade," 2010.

Housing away from home

Plenty of elderly individuals who live independently in their own home may do so indefinitely. But realistically, you should be prepared with a back-up plan. If you've ever been laid up for a significant amount of time due to injury or illness, you know what it's like to need assistance. As we age, it takes even longer to recover; even an acute health condition may take months of home health assistance for recovery.

In-home professional health services offer a variety of fee-based options provided by home health aides, in-home physical or occupational therapists, nutritionists, and nurses, but these services can be quite expensive. Many seniors will spend an unexpectedly great amount of money living at home and paying for a mortgage or rent, utilities, maintenance, groceries, home care and transportation.

While senior living communities run the gamut of care from independent living to assisted living, rehabilitative care, memory care, and complete 24-hour skilled nursing and long-term care, they can also be quite expensive. Consider the possibility that one spouse may suffer a stroke or some other debilitating condition that requires full-time nursing care, while the other spouse continues to live in the family home. Preparing for two housing situations is more than many retirees plan for, and as a result, this scenario can deplete retirement income sources.

It's good to have a contingency plan in place, such as a long-term care policy or an annuity that offers long-term care benefits, in the basic contract or through optional riders, to ensure that such a change in your housing situation doesn't drain your income resources.

Relying on family for assisted living

Today, 78% of seniors who need long-term care depend exclusively on family and friends. [11] However, family caregivers shoulder a heavy burden when caring for elderly parents, which can lead to significant health issues for caregivers themselves.

The average caregiver tends to be a woman in her forties who spends more than 20 hours a week providing care for a senior family member and also works a full or part-time job.

She is at risk for high levels of stress, frustration, anxiety, exhaustion, anger, depression, increased use of alcohol or other substances, reduced immune response, poor physical health and chronic conditions.

Furthermore, long-term care giving also can have significant financial consequences for a family caregiver, such as time off work – which can subsequently lead to loss of income, reduced retirement plan contributions and lower Social Security benefits.

[11] National Family Caregivers Association; 2010.

The cost of long-term care [15]

Homemaker Services (Licensed)
$18/hour

Home Health Aide Services (Licensed)
$19/hour

Adult Day Health Care
$60/day

Assisted Living Facility
(One bedroom/single occupancy)
$3,261/month

Nursing Home (Semi-private room)
$193/day

Nursing Home (Private room)
$213/day

Continuing Care Retirement Community (CCRC)
(a Senior community with assisted and/or LTC available)
$20,000-$500,000 entrance fee
$500-$3,500/monthly fee

#4: PLAN FOR LONG-TERM CARE ASSISTANCE

With a longer life comes the greater likelihood of needing assisted living or long-term care. According to the Genworth 2011 Cost of Care Survey, assisted living averages $39,000 a year and nursing homes average more than $70,000 a year per person. [12] For a couple, this kind of care could cost far more than their annual household income during their highest earning years.

Medicare pays for acute care, not long-term residency. Medicaid pays for long-term care but requires that you "spend down" your assets before coverage kicks in. Many of today's Seniors who have not prepared adequately may have to move in with their adult children. In fact, one quarter of Baby Boomers already have an aging parent living with them. [13] Consider the impact of longer lifetimes in just one household, with potentially two generations of Seniors cohabitating.

Individuals who delay buying long-term coverage are typically considered high risk – and can expect to be denied coverage or charged sky-high premiums. A policy that pays out $100 a day for three years would cost an average 55-year-old $709 in annual premiums. That same policy would cost a typical 65-year-old $1,342.[14]

One of the ten things you should know is that the sooner you start thinking, researching, preparing and structuring your long-term care plan, the more time and choices you'll have to meet your personal needs and desires.

[12] Genworth, 2011 Cost of Care Survey, 2011.

[13] Senior Journal, "Thirteen Million Baby Boomers Care for Ailing Parents, 25% Live with Parents," October 2005.

[14] American Association for Long-Term Care; The 2009 Sourcebook for Long-Term Care Insurance, July 2009.

[15] Genworth Financial Cost of Care Survey, 2011; Seniorhomes.com, 2011.

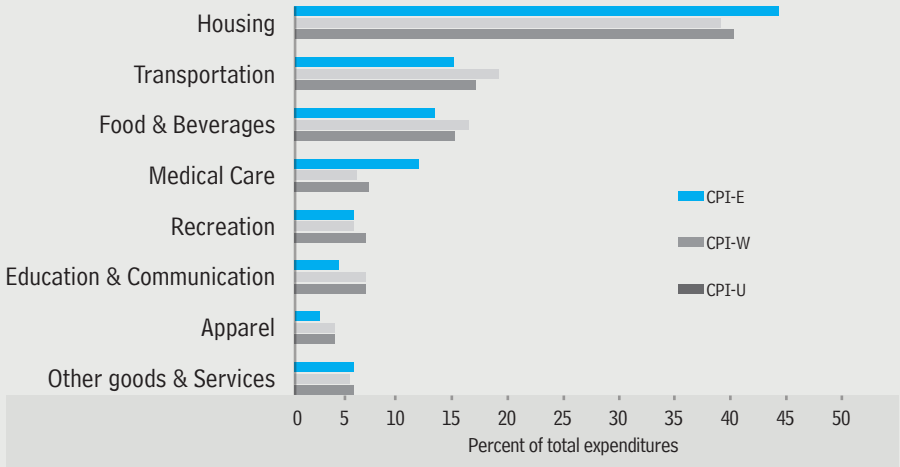
#5: INFLATION MAY MATTER MORE IN THE FUTURE

Inflation is measured a little differently when you retire because you spend money proportionally on different things. Unfortunately, retirees tend to spend more money on the things that experience a higher rate of inflation. For instance, health care, which has an inflation rate of about 8% – currently two to three times greater than the overall inflation rate. [16]

As you can see in the accompanying graph, older Americans devote a substantially larger share of their total budgets to medical care and housing, which is why these categories receive a higher weighting in the Consumer Price Index-Elderly (CPI-E).

Even without the higher inflation rate on certain expenses, you still have to account for the fact that many things cost more over time when planning for retirement income in the future. Not only do the basic necessities for living increase in price over time, but inflation decreases the value of long-term savings and investment returns. No matter how much income you plan on having when you retire, you'll need more as time goes on.

Relative importance of expenditure categories in Consumer Price Indexes for three population groups



The Rule of 72

The Rule of 72 illustrates why you need more income every year you're retired. Just divide the number 72 by the inflation rate to estimate how quickly the prices you're paying now will double. For example, if you need $50,000 to live on today and estimate a 3% average annual inflation rate going forward, in 24 years (72 divided by 3 = 24) your income could need to double to $100,000 a year to maintain your current lifestyle.

One of the 10 things you should know is that once you stop working, you may need to either live on less income or generate additional income to offset the impact of inflation.

[16] FundQuest, "A Process-Centered Approach to Retirement Income," June 2010.

#6: TRANSITION YOUR GOALS

The retirement income phase differs from the accumulation phase of investing because, once retired, you no longer have the investment timeline to help you recover from the impact of a down market. Your goals should revolve around what it is you want your money to do for you in retirement. What is the purpose of it – to be comfortable and secure or to live in luxury?

Combine growth opportunity with guarantees
Traditionally, as pre-retirees approached retirement, they would transition assets from growth-seeking investments to more conservative, fixed-income vehicles. This worked fine back when retirement was expected to last only five to 10 years.

(You are strongly encouraged to work with your investment advisor and insurance agent to achieve that balance.)

#7: SOCIAL SECURITY BENEFITS

Perhaps the most impactful decision you can make regarding Social Security benefits is at what age to begin drawing them. You may be able to apply for Social Security benefits as early as age 62. However, doing so will permanently reduce the payout you are eligible to receive. If you wait until full retirement age, you'll be eligible for the maximum amount of payout available based on your lifelong earnings. Delaying benefits as long as you can will increase the amount you are eligible to receive, as illustrated in the accompanying table.

Sample Benefits Based on Retirement Age[17]

Starting Age	Monthly Benefit
62	$1,125
63	$1,200
64	$1,300
65	$1,400
66	$1,500
67	$1,620
68	$1,740
69	$1,860
70	$1,980

Continuing to work in order to delay drawing Social Security benefits also allows you more time to contribute to qualified retirement plans, potentially accruing higher gains than you might have otherwise.

[17] Mercer, "Guide to Social Security, 39th Edition"; January 2011.

Are you eligible for benefits based on your former spouse's work history?[18]

Divorce Facts

For a divorced spouse to receive benefits based on the ex's work history, the couple must have been married for 10 years or longer and both must be age 62 or older. The death of a spouse increases the survivor's benefit.

If a former spouse is eligible for a benefit but has not yet applied for it, the ex may still apply for the spousal benefit as long as they have been divorced for at least two years. Widows and widowers are entitled to the higher earner's full retirement benefit and may begin receiving benefits at age 60.

Once a divorced spouse remarries, he or she is no longer eligible to receive a benefit based on the first spouse's work history – unless the subsequent marriage ends in death, divorce or annulment. A surviving spouse may claim a reduced benefit on one working record and then switch to the other.

A former spouse may claim the highest benefit based on the work history of any number of ex-spouses as long as each marriage lasted at least 10 years. The higher earner can increase the survivor's benefit by waiting to receive any benefits until age 70.

A qualified divorced spouse may receive the same benefit as the current spouse. The current spousal benefit is not reduced as a result of this.

Spousal Benefits

Once you reach full retirement age, you may claim either your own benefit or a derivative (50%) of your spouse's benefit – whichever is higher. When it comes to Social Security benefits for spouses, the determining factors are the length of marriage, work history and the age of both spouses. Each spouse needs 10 years of work history (40 credits) to qualify for individual benefits, which will be based on an average of the 35 years of highest earnings.

When applying for Social Security benefits, each spouse will automatically receive the highest amount for which they are eligible. For instance, a wife may qualify for a higher benefit based on her husband's work history over her own. To receive benefits based on a spouse's work history:

- Both spouses must be at least age 62
- They need to have been married for at least one year
- The spouse with the stronger work history must apply for Social Security retirement benefits in order for the other spouse to collect (although he or she may then choose to delay collecting benefits until later in order to qualify for a higher benefit)

If the higher earning spouse begins drawing benefits after attaining full retirement age, the other spouse may receive a spousal benefit of up to 50% of the higher earner's benefit. If the higher earner starts drawing early, his benefit and the spousal benefit will be reduced accordingly.

[18] Mercer, "Guide to Social Security, 39th Edition"; January 2011.

Are you eligible for benefits based on your former spouse's work history?[18]

Widow(er) Facts

The death of a spouse increases the survivor's benefit.

Widows and widowers are entitled to the higher earner's full retirement benefit and may begin receiving benefits at age 60.

A surviving spouse may claim a reduced benefit on one working record and then switch to the other.

The higher earner can increase the survivor's benefit by waiting to receive any benefits until age 70.

At this point, no one can predict whether Social Security will be funded well enough to provide this level of benefits in the future. Even the Social Security Administration admits that by 2040, there won't be enough young people working to pay for all of the benefits owed to those who are retiring (only 74 cents for each dollar of scheduled benefits). [19]

As President Franklin Delano Roosevelt (1935) once said, "We can never insure 100% of the population against 100% of the hazards and vicissitudes of life, but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age."

Note that President Roosevelt did not infer that Social Security was framed to provide full income for retired Americans, only that it was designed to prevent poverty in old age. Your approach to Social Security should be to determine how much annual income you need to live comfortably in retirement and then to position your assets to fill the gap between your retirement needs and Social Security benefits.

One of the ten things you should know is that Social Security currently replaces only about 40% of the average retirees income—so you need a plan to provice for at least 60%.[19]

[18] Mercer, "Guide to Social Security, 39th Edition"; January 2011.
[19] Social Security Administration, 2012.

#8: TAXES IN RETIREMENT

The income tax cuts enacted in 2001 and 2003 are scheduled to end in 2012, with 33% and 35% tax rates increasing to 36% and 39.6%, respectively. While changes are expected to divert from the current schedule, it is unlikely any tax legislation will be passed before the presidential election in November.

Furthermore, the present 15% long-term capital gains tax rate is scheduled to return to 20%, while dividends will return to ordinary income rates in 2013 – with a top rate as high as 39.6%. On top of those increases, capital gains will be subject to an additional 3.8% Medicare tax imposed by the Health Care and Education Reconciliation Act of 2010 for single taxpayers with incomes over $200,000 ($250,000 for married taxpayers). All combined, the total capital gains tax rate is scheduled to be 23.8% starting on January 1, 2013.

Social Security

Social Security benefits are income-tax free for the majority of beneficiaries. However, a portion of your benefits may be taxed if your overall income is higher than established thresholds. If your earned income falls within these thresholds, up to 85% of your Social Security benefit must be included as taxable income on your federal tax return:

- $25,000 for a single taxpayer
- $32,000 for a married couple filing jointly
- $0 for a married couple living together and filing separately

Annuities

Annuity income from a non-qualified contract is considered a combination of return of principal and earnings, and only the earnings are taxed as ordinary income. If the annuity is purchased with pre-tax dollars in a qualified contract such as a 401(k) or traditional IRA, the entire payout is subject to income taxes since the contributions were never taxed.

You may wish to reconsider your current asset allocation and perhaps reposition the allocation for a specific goal, such as retirement income.

Have you answered these questions?

- What is your "personal rate of return" – the rate of return, based on the income you need, that you have to earn to avoid running short of money during retirement?
- When should you begin Social Security benefits?
- Will your income and savings last throughout retirement?
- What impact will taxes and inflation have on your income needs?
- If you pass away, will your spouse have enough income?
- How will a down market impact your income plan?

#9: DISTRIBUTION STRATEGIES

Saving for retirement may seem like an insurmountable challenge in and of itself. It's like standing at the foot of a tall mountain and beginning the slow, steady climb towards your retirement savings goal. However, once you reach the top of that mountain and are ready to retire, you face an even bigger task: figuring out how to take the sizeable nest egg you've accumulated and dole it out over what may be a very long retirement. If you're not careful, you could end up running short of money midway through your descent.

This is what a distribution income plan is all about: how to descend the mountain as steadily, carefully and securely as possible. How long your retirement income will last is significantly impacted by whether you stay within your pre-determined budget and not withdraw more income than planned for each year.

To develop an effective distribution strategy, the first step is to identify the retirement income sources you have available to help pay for your lifestyle in retirement. On one hand, you're likely have some reliable income sources such as Social Security benefits, a pension, an annuity or income from a job. You may also have retirement assets designated to fund your retirement, such as a 401(k) plan, IRA, savings, CDs, mutual funds and brokerage accounts.

One strategy is to position your reliable income sources – the income you have contractual guarantees to receive in retirement – to pay for your basic needs, so you know they'll be covered. Next, use your other retirement assets to supplement any gap in the income you absolutely need, and then pay for the things you want to enhance your lifestyle.

#10: THE PARADIGM HAS SHIFTED TO INCOME PRODUCTS AND STRATEGIES

The three strong legs of the retirement stool are not the only things that have changed in the 21st century. The way we design a retirement income portfolio has changed as well, with a shift from an accumulation mindset to distribution mode.

The closer you get to retirement and once you are in retirement, it is prudent to start limiting your downside exposure in exchange for upside potential as you transition to the income distribution phase. Consider allocating your assets among different types of products.

Product allocation is basically the strategy of transferring some of the risk of assets to an entity (such as an insurance company) in exchange for limiting the upside potential. Product allocation ranges from conventional savings vehicles to annuitized payout instruments.

When determining the portions of your product allocation, the following considerations should be taken into account:

- Your age
- A ballpark estimate of your life expectancy, based on your health and family history
- Actuarial life expectancy rate based on the overall population
- The amount you expect to spend in retirement for basic needs and discretionary purchases
- Desired value of inheritance you wish to leave behind
- The risk and return characteristics of risky and risk-free assets

It is certainly worth considering strategies to place assets in insurance vehicles such as annuities that are designed to convert a lump sum of cash (or a series of premium payments) into a guaranteed stream of lifetime income (guaranteed by the financial strength and claims-paying ability of the insurance company). This strategy essentially moves a variable income resource into the reliable income category. Some of the more retirement income-oriented products you may wish to consider include a systematic withdrawal plan from growth investments, lifetime income annuities, life insurance and long term care insurance.

IRAs

This year, more people are able to make contributions to IRA plans. The income limit for eligible tax deductions for a traditional IRA has increased to $58,000 for single filers or head of household (up from $56,000) and to $92,000 for those married and filing jointly (up from $90,000). As for the Roth IRA, single filers with adjusted gross income up to $110,000 (up from $107,000 in 2011) and joint filers with income up to $173,000 (up from $169,000 in 2011) can make a full contribution. The maximum contribution to a traditional or Roth IRA remains $5,000 ($6,000 for age 50-plus).

If you waiver back and forth between the wisdom of saving via a tax-deductible traditional IRA or a tax-free distribution Roth, consider using them in concert with a tax-efficient IRA strategy. For example, contribute to a traditional IRA to defer more income when taxes are higher, and then convert the assets to a Roth when taxes are lower so you position them for tax-free distributions in retirement. You may repeat this process indefinitely. *(This is not intended to provide tax, legal or accounting advice. Please see professionals in these areas to see how this strategy applies to your situation.)*

Annuity

An annuity is a contract you purchase from an insurance company. For the premium you pay, you receive certain fixed and/or variable growth options that compound tax-deferred until withdrawn. When you're ready to receive income, an annuity offers a variety of guaranteed payout options through a process known as "annuitization."

The array of annuity contracts on the market today include immediate, fixed, variable and indexed annuities. The choices allow you to match very specific, individual needs with a suitable product. Within each contract, you have the flexibility to select from a range of payout terms, death benefits and income riders. An annuity purchase can be strategically positioned within your overall portfolio for any number of personal objectives, such as inflation protection, income for your spouse should you die or an inheritance for your children. Coverage is available for two people within one contract, so you don't have to purchase a separate contract for your spouse. All guaranteed benefits are backed by the financial strength and claims-paying ability of the issuing insurance company.

Annuity with a guaranteed lifetime withdrawal benefit

Today's annuities offer a variety of income options to ensure that your initial purchase offers income that can last the rest of your life. A guaranteed lifetime withdrawal benefit (GLWB) is available through a rider you can purchase with an annuity that allows for minimum withdrawals without having to annuitize the contract.

Fixed indexed annuity

The fixed indexed annuity combines a guaranteed minimum interest rate plus the opportunity for greater earnings based upon the market index to which it is tied. The principal in the annuity is not exposed to market risk, however. At the end of each contract year, the insurance company measures the growth of the annuity's linked index (such as the S&P 500®) over the previous 12 months and then credits your contract value with that growth, up to a predetermined percentage or cap. This way you receive the guarantee of a conservative return along with the opportunity for additional growth. All guarantees are backed by the financial strength and claims-paying ability of the issuing company.

Life insurance

Whole life insurance provides a component for accumulating assets within the contract, called the cash value. The cash value of a whole life insurance policy can be considered a fixed-income asset. As such, a 2009 study demonstrated that an asset strategy comprised of both fixed income instruments and the cash value from a permanent life insurance policy yielded higher expected returns and with less incidence of risk than a portfolio with only traditional fixed income vehicles.[20] Additional advantages that the cash account of a whole life insurance policy can offer include tax-deferred accumulation over the long-term and the potential for dividends. These advantages are guaranteed by the financial strength and claims-paying ability of the issuing company.

A universal life insurance policy (flexible premium whole life) allows you to vary the amount and timing of when you pay premiums and may also permit you to change the amount of the subsequent death benefit. A variable universal life policy includes an investment feature, which allows the death benefit and cash value of the policy to fluctuate based on the investment performance of a separate account fund.

Long-term care insurance

Long-term care insurance (LTCI) may offer flexibility and a viable choice for Baby Boomers still enjoying good health and relative wealth. LTCI is designed to help people pay for short- or long-term care and housing costs at an assisted living facility, nursing home or even in your own home – by far the preference of most Seniors. The best time to buy a policy at lower rates is around age 55, but late is better than never because an LTCI policy can make the difference between institutional care and something far more comfortable, flexible and personal.

[20] Ibbotson Associates, "Estimating Expected Return and Standard Deviation of New York Life Insurance Company General Account for Investors", 2009.

Have you answered these questions?

- Which assets will you hold in tax-deferred accounts versus taxable accounts?
- From which accounts should income be withdrawn from first?
- When will you start taking Social Security?
- Should you roll over a 401(k) to an IRA?
- Who should be your designated beneficiary(ies) for IRA or qualified plans?
- Would a Roth IRA conversion be appropriate?
- What tax decisions should you address when leaving an employer?

CONCLUSION

While the "Greatest Generation" experienced the burgeoning of government and corporate retirement income and health plans, Baby Boomers and future generations are seeing these safety nets being reduced or eliminated altogether. The Baby Boomer generation will continue to take on more responsibility for providing income for our own essential living expenses in retirement, like housing, food and health care.

The market corrections of 2001 and 2008, followed by the lengthy economic downturn of recent years, have put many Americans' retirement security at risk. You might have had a plan, but the economy threw you a curve ball, so you need to rethink it. In fact, you may need to reposition your assets to accommodate a longer life with fewer assets than you previously thought. This is a good time to think about your true priorities and align your assets to support your personal goals (not just your financial aspirations).

Obviously, with the bulk of the responsibility for providing retirement income shifting to individuals and the asset strategy paradigm shifting to different types of products, there is a steep learning curve. The best advice is to work with advisors you trust to ensure that your financial plan has all of the checks and balances necessary to ensure that your retirement income will last as long as it's supposed to last.

10 THINGS TO KNOW ABOUT PLANNING YOUR

RETIREMENT INCOME