TEN BRILLIANT IDEAS FOR RETIREMENT PLANNING

1. **Consider delaying social security** – while not always the best answer (we can help determine when it's not), delaying social security is provides a low-cost, guaranteed return that can't be matched by annuity products.

2. **Touch the principal** – many retirees aim to "live off the dividends and interest" of their portfolio. For most retirees living in the DC area during these low interest rate environments, it would require a $3M portfolio, and a poorly diversified portfolio to achieve that. It's also a tax-inefficient way to provide your income. When market environments warrant, it often makes sense to sell stocks or funds (touch the principal) to fund your retirement goals.

3. **For federal retirees, choose the survivorship option on the pension** – we have identified and worked with a few clients where this does not make sense; however, most often, the 55% survivorship option is the lowest cost life insurance available. To replicate the inflation-protection benefit would cost substantially more than the 10% reduction in your pension.

4. **Rollover your Thrift Savings Plan (TSP)** – it streamlines your financial life and allows more flexibility to decide where to take your distributions from after age 70 ½. It also will provide better estate planning protection. See this article about how TSP loses its tax deferral characteristics once it becomes a beneficiary TSP.

5. **The federal Voluntary Contribution Plan** – if you have cash sitting in the bank in excess of what you need, you can put up to 10% of your lifetime earnings into a Voluntary Contribution Plan prior to retirement. Then, you can rollover that Voluntary Contribution Plan to a Roth IRA before retirement, bypassing the Roth contribution limits. As long as you keep the Roth for 5 years, it becomes another tax-advantaged account to withdraw from, bequest to heirs, or help pay for your long-term care....

6. **For the charitably inclined, open a Donor Advised Fund** in your last few years of high earnings to get the most bang for your itemized deductions. Your donation is invested and can earn tax-free returns, increasing the dollars you actually give to charities, thanks partly to the markets.

7. **Consider taking money from your IRAs before you have to** – for those in their 60s and whose income will drop significantly in retirement, consider taking money from your IRA even if you just reinvest it in your taxable brokerage account. Getting money out of your IRAs when in the 10 or 15% tax brackets can prove very wise. Tax legislation in the future may wipe out those tax brackets. We do multi-year tax projections to see if this makes sense for clients.

8. **Streamline your financial life** – consolidate accounts where appropriate, designate beneficiaries to your accounts, view all your accounts as one cohesive unit working together to achieve the highest, most tax-efficient, returns it can achieve. The sum is much more powerful than the individual parts.

9. **Take only the risk you need to take to achieve your own personal objectives.** For most, retirement is not about maximizing returns anymore; it's about living your own retirement goals. Nothing more. Develop and stay disciplined with a portfolio that achieves those goals. Greed can, and has, ruined retirements.

10. **Hire an advisor** – even the best professional athletes have coaches and trainers to keep them disciplined and performing at their peak abilities. A fee-only, trusted advisor, who looks out for your best interests and is there for you when retirement presents its challenges, can be invaluable. Sometimes an advisor's biggest role is preventing one from making an irreversible mistake.