



Protecting A Lifetime Of Memories

Retirement Resource Management
Lewis Nason

Where Your Retirement Dreams Become Reality...



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Income Taxes, The Silent Wealth Killer

It's no secret that income taxes are the silent wealth-killers, preventing people from easily achieving their financial goals. That's why we urge our clients to use tax-deferred vehicles, whenever possible.

To truly appreciate just how much taxes eat into your ability to generate significant wealth, consider the following.

If you double a penny every day for 30 days, you wind up with an unbelievable amount of \$5,368,709.12. But, if you paid 28% in income taxes every day that penny doubles. You'd have a paltry \$48,714.41. Thus, it's clear that tax-deferred retirement accounts can add a lot of money to your long-term wealth.

And don't worry about the taxes due on your \$5.3 million. Even if your now-huge net worth pushed you into the 50% estate tax bracket, you'll still have more than

\$2.6 million left over after taxes - a lot more than the \$48,000 you'd have by paying taxes each day on the pay-as-you-go system.

Let's look at some real numbers and time frames.

If you invest \$100 per month (\$3.33 per day) for 35 years, tax deferred at 10%, you will have \$382,827.67. However, if you are in a 28% income tax bracket, and you pay taxes each year on the accumulation, in the same 35 years, you would only have only \$190,056.24 or about half the taxed deferred amount.

Thus, there is no question that tax deferred investments offer better accumulation on your money. But consider, that if the money is for your retirement, then your primary consideration is retirement income. Your

continued top page 2

Special points of interest:

The top 10% of funds in any 12 month period since 1988 dropped to the 48th percentile the following year. During the same period, only about 40% of the past performers had better than average performance the following year.

"39.4% of 614 aggressive growth funds crashed between 1962 & 1995" - "if you had chosen your funds from among each year's stars, you would have bought lots of funds that expired."

Jason Zweig - Money Magazine / August 1997

New Savings Vehicle

Now you can get stock market type returns without the stock market risks.

Plus, it offers tax deferred interest and tax free income at retirement.

Call us now
772-334-4106

Living Trusts - A Quick Overview — —

A living trust, sometimes called a will substitute, for many people, can be more effective than a will. One of its advantages is that your assets move to your heirs without having to go through probate -- the process by which a court examines your will and declares it valid.

Avoiding probate can be a big plus in most states, especially California and Florida, where probate can drag on for

months. And, if you own property in several states, multiple probate proceedings may be required to settle your estate in the absence of a living trust.

Moreover, a living trust is private, while probate is a public process -- a big plus if you don't want people to know who got what.

continued bottom page 2



Call now for your **FREE** report 'A Worry Free Retirement'

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DO YOU KNOW?

If you plan to leave all of your IRA assets to your heirs, you should consider transferring to a Roth IRA.

Why? The main reason is that unlike traditional IRAs, Roths require no minimum withdrawals during the life of the IRA owner. If the surviving spouse inherits the Roth account, he or she need not take any minimum withdrawals either.

With a regular IRA, you must begin taking taxable withdrawals from that account no later than the year after you turn 70 1/2. So, you lose out on the chance for that money to continue to compound without paying taxes. That can mean a lot less money for your heirs.

For many retirees converting to a Roth IRA can mean a significant reduction in quarterly income tax payments...

Income Taxes, The Silent Wealth Killer — —

tax deferred investment of \$382,827.67 (@10%) will generate an after tax annual income of \$27,563.36.

But, if your tax deferred investment also offers tax free income, you could then have \$38,282.77 of annual income during retirement. A significant difference.

There are many investments that offer the advantage of taxed deferred accumulation: the 401K; Traditional IRA; Savings Bonds; Annuities; TSA; qualified pension plans.

However, there are only two investments that offer both tax deferral and tax free income: the Roth

IRA and Cash Value Life insurance. Yes, that's right "Cash Value Life Insurance"

Surprised, most people are. While cash value life insurance may not have the best investment returns, it does offer some unique tax features. And, it's one of the best ways to pass money on to future generations, tax free...

If you need the protection of life insurance for a loved one, then you may want to consider life insurance as a part of your investment portfolio.

**For more information call
561-221-8557**

Living Trusts - A Quick Overview — —

But living trusts, which are often recommended as an estate planning cure-all, aren't for everyone. At \$2,000 to \$3,000 a pop, they're more expensive than wills.

Caution, to make them effective, all your assets -- your house, your brokerage accounts, everything -- must be transferred into the trust.

So, make sure the attorney who does the trust, does the whole job and transfers all your assets into the trust.

It may surprise you to learn that, according to Consumer Reports, 70% of American adults don't have a will or a trust. Why? Blame inertia. People know they're going to die

eventually. But nobody plans to die in the next year, The trouble is, if you die suddenly without a will or a trust, you'll be sticking your family with a lot of unneeded confusion at what could be a difficult time.

A will or a trust can be quick and easy to produce. So do one now.

Generally, you'll want to hire a lawyer, which will cost between \$300 and \$1,000 for a will. If you want to set up a bypass or QTIP trust arrangement, you will need a more complicated will and some additional trust paperwork. You may spend around \$1,500 to \$3,000 for the whole will and trust package.