

Consider This Program

Episode Date:

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On This Show:

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Show Notes:

Radio Show

- Will this work out or will this crash my retirement plan?
- If you go to the doctor & don't tell them the entire truth, they can't help you, in fact, it could hurt you...
- Required Minimum Distribution
- If it sounds too good to be true, it probably is...

Convo 1:

- The easy part is saving, figuring out how to withdraw is the hard part.
 - Disclaimer: *People who save*, say saving is easy because it becomes a habit.
- Question from a listener: We are 60, retiring with investments of 1.2 million, not including real estate, cars, & \$300k in a Roth. My current plan is to invest \$500k in securities, \$500k in bonds (I like total market index funds), with the remainder of the cash CD, Ladders, Savings Accounts, etc, and I plan to rebalance every quarter.
 - Securities = stock
 - Liquidity
 - Quarterly rebalancing

Convo 2:



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- Refer back to Conversation 1 for details...
 - We use passive investment, but we select the level of passivity we want to be in.
 - John Bogle, author of passive investment
- In addition to rebalancing every quarter, he plans to take profits from securities & bonds and put into cash. If the markets are down, he has sufficient cash to ride out the storm for several years, no debt, few expenses...
 - “Am I heading for disaster with this strategy?”
 - His portfolio is well diversified, his taxes look good, & the cash buffer is wise
 - Make sure you maximize taxation!
 - Prone to live on less income, but delay Social Security & use IRA money up to the 12% tax bracket
- Are you hiding things from your Financial Advisor? If so, it's a bad idea!
 - Bad things to hide from your Financial Advisor:
 - Credit card debt
 - Family issues
 - Health issues
 - Other assets (That you have & don't disclose)

Convo 3:

- Example: One family didn't want to share the mental health battle they were facing with their child.
 - Life Happens!
- Andre Norman (mention), author of Ambassador of Hope
 - Visit to Bridges of Hope
 - “19.7 million Americans, 12 or older, that face substance abuse”
 - Is there a way to set up distribution in a way that prevents unhealthy use of money?
- Recommendations for people holding back?
 - We can't help unless we have *all* the pieces...

Convo 4:

- Required Minimum Distribution's
 - Example: People show up with over a million in assets & don't know they have to take out that money.
 - What happens when you miss an RMD?
 - “You have to begin taking RMD's the year you turn 70.5”



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- Technical Rule: You have to take it out the year after the year you turn 70.5, but if you do that, you have to take two distributions out that year. The first has to be taken out before April 1st & the second depends on IRA's vs. 401(k)'s.
- If you miss an RMD, you have to pay a penalty.
 - It is the largest penalty in the tax code, at 50%! *when this show was recorded
 - **Don't miss an RMD!**
- It is based on your account value on December 31st, the year before.
- RMD's are based on 3 factors:
 - Are you married? (Not married? You have to take out at a faster percentage.)
 - How old are you?
 - What type of accounts do you have?
 - IRA accounts
 - 401(k)
 - 403(b)

Convo 5:

Wrap-up

Disclaimer: Joseph Clark is a Certified Financial Planner™ and the Managing Partner of Financial Enhancement Group, LLC an SEC Registered Investment Advisor. He is the host of "Consider This" found on WIBC Saturday mornings from 6-7a.m. as well as three other Indiana-based radio stations. Joe has served as an Adjunct Assistant Professor at Purdue University where he taught the capstone course for a degree in Financial Counseling and Planning.

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