

The Optimal Retirement Withdrawal Strategy

Ian M. Weinberg, CFP

Thursday May 1, 2008

NYU Stern School of Business



Family Wealth &
Pension Management LLC

7600 Jericho Turnpike, Suite 403
Woodbury, NY 11797

Phone: (516) 921-8300 ian@familywealthandpension.com

Visit us at www.familywealthandpension.com

Investments offered through LPL Financial, Member FINRA/SIPC



Retirement Solution Discussion

- **Realities of retirement planning**
- **Curveballs that could kill a retirement plan**



Realities

Inflation – Not Factored Correctly

- **Health Care, Medical, Taxes, Home Maintenance**
- **Different parts of country (i.e. Florida)**
- **Budgeting – People always underestimate**
- **Forget: Taxes, Gifts, Events, New Purchases, Children's Needs**
- **In retirement periodic distributions almost always increased until we interceded**



Retirement Plan Heavy

- **Large IRA's or Qualified vs. Non-Qualified Presents Problems**
- **Any Extra Cash flow need is “Taxing the Tax”**
- **Economic Change**
- **Current Interest Rates**
- **Return Expectations for Equities and Fixed Income**
- **Upside / Downside capture ratios**



Qualified Account Nuts and Bolts & Curve Balls

- **Beneficiary designations, Spouses, 2nd Marriages, Kids, Etc.**
- **Splitting IRA's good idea**
- **Keeping assets in a company plan or IRA affords creditor protection, company plan loan provision**
- **Watch out for IRD, Trusts as Beneficiaries (Minors), State Pension Tax Credits (Exclusions), NUA**



Investments: Don't Get Too Exotic

- **Moderate portfolios with smoother ride usually give better odds of longevity**
- **Inside qualified accounts rebalancing more frequently could pay off → locks in profits → when equity profit booked; fixed income buy should be in the form of individual bonds/vehicles with coupons and maturity dates**
- **In retirement, leverage of immediate annuities seems attractive at later ages**
- **Charitable Trusts**
- **Munis—Big input issue now**



Bottom Line

- **If difference is marginal in withdrawal order, then clients should do what is less stressful for them**
- **If qualified plan heavy, explore insurance and/or charitable planning to replace chunk IRA that will have to go to IRS**
- **Future tax rates likely to increase – across the board**