

November 10, 2010

TO: RETIREMENT PLANNING COMMITTEE

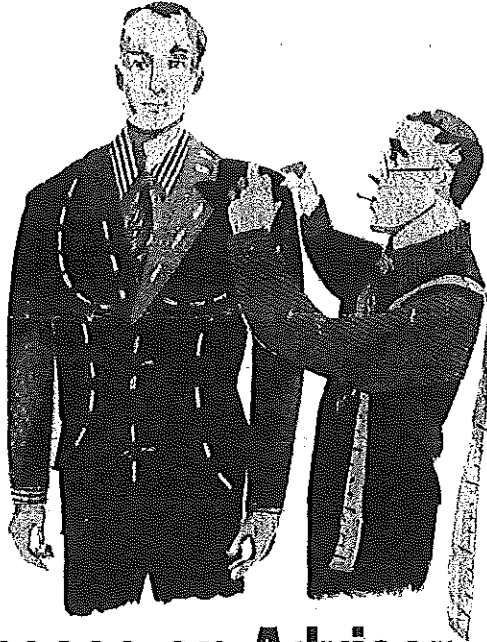
FROM: LARRY BEAL, CHAIRMAN

Attached find 4 very important handouts for you to share with future MRTA members in your area. Although they are designed for people who are yet to retire and are planning retirement they might be of great interest and importance to our members who have already retired. I would encourage you to make copies and share with any interested group that you represent; both those already retired and those about to retire. Please continue to let me know of any retirement meetings in your area that you think MRTA can be of assistance to you. I will continue to make you aware of any conferences in your area that we need assistance in manning MRTA's booth at current educational conferences as we continue to spread the MRTA gospel. As always let either me or the state office know if there is anything we can do to help you in your role as a member of MRTA's Retirement Planning Committee. Our committee is very important to MRTA and your input and assistance is of great value.

# Kiplinger's RETIREMENT REPORT

*Your Guide to a Richer Retirement*

VOLUME 17 ■ NUMBER 10 ■ OCTOBER 2010 ■ \$5.00



## Choose an Adviser Who's the Right Fit

**S**ELECTING A PRO to provide financial guidance is a critical decision. But how do you sort through the mind-boggling array of titles, from financial adviser to wealth manager and financial counselor to investment consultant? And how do you figure out who you can trust?

To start, ignore those designations. If you need help, the only titles that matter are broker, registered investment adviser and certified financial planner. For tax guidance only, hire a certified public accountant. The category you choose depends a lot on the type of service and advice you seek, and the amount of money you're willing to spend.

CHRIS SHARP

Generally, registered investment advisers will develop a comprehensive investment strategy and a diversified portfolio based on your retirement goals and risk tolerance. They will also manage your investments.

Many registered investment advisers are also certified financial planners, providing guidance on taxes, insurance, charitable giving and estate planning. If you don't need ongoing portfolio management, you can hire a planner for occasional advice or to make sure you're on the right financial track.

Brokers can provide advice, but primarily help with trading. They charge a commission for each stock and bond they buy and sell for customers.

A big difference between a broker and registered investment adviser is their duty to a client. Only registered investment advisers have a legal fiduciary duty to put an investor's needs first. "Any product recommendations, such as for a mutual fund or insurance, would have to be in the best interest of the investor," says Knut Rostad, chairman of the Committee for the Fiduciary Standard, which is a fiduciary advocacy group. Certified financial planners have a fiduciary duty based on ethical standards set by the Certified Financial Planner Board of Standards ([www.cfp.net](http://www.cfp.net)).

A broker follows a lesser "suitability" standard.

### IN THIS ISSUE

#### MANAGING YOUR FINANCES

- 7 Roth Conversion Myths
- 8 Calculate Your Cost Basis
- 9 Benefit Strategy in Jeopardy
- 10 Information to Act On
- 12 Your Questions Answered

#### YOUR HEALTH

- 13 Impact of the CLASS Act

#### TAXES

- 14 State Tax Havens and Hells

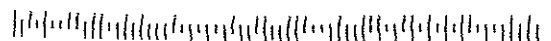
#### ESTATE PLANNING

- 16 Tips for Selling a Burial Plot

#### RETIREMENT LIVING

- 17 Say Goodbye to Your Clutter
- 18 Honoring World War II Vets

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Dear Reader:

Those who are happiest in retirement tend to be those who had some kind of a plan before retirement. It doesn't have to be a full, detailed plan. Any planning you can do to minimize surprises and align your expectations with reality is helpful.

All your retirement planning, however, shouldn't be financial. You definitely want to minimize the chances of running out of money. Yet, you won't be spending all of retirement counting pennies and monitoring cash flow. The point of the financial side of retirement planning is to enable you to do what you want with the retirement years and make them satisfying.

Even many who do the financial side of retirement planning neglect the non-financial side. You need to do what you could call soul searching before retirement.

Leaving the workforce leads to many changes. A large part of the structure of your daily life is gone. Also disappearing are purpose, social contacts, goals, and mental challenges. You need to replace these to be satisfied in retirement.

In retirement you have to rebuild the structure and purpose of your daily life from

scratch. This wasn't necessary in the early period of modern retirement. People retired at around age 65 or so and died around 70. Retirement didn't last long, and a few years of relaxing made for a happy retirement.

Many retirees find they need more purpose and structure. You need to explore what will make you satisfied. For many people that means establishing new challenges. That could mean either learning new things, or becoming better or spending more time on things you already enjoy.

Some people establish the structure of their daily lives through volunteer work, social groups, or community involvement. Others do better with less formal combinations of friendships, hobbies, and new activities.

Of course, you aren't locked for all of retirement into the activities you choose at the start of retirement. When something doesn't work or you are tired of it, move on to something else.

In retirement you need to replace more than your income. You need to fill the time that was devote to work and the structure and other activities that came with the workplace.

Don't waste the first few years of retirement realizing these things need to be replaced. Have a plan of activities going into retirement and be prepared to change it over time.

## Ensuring Wealth, Heirs are Secure



You worked hard to build your estate, and you're working harder than ever to keep it. One of your goals is for the estate eventually to make life easier for younger loved ones. Yet, you want to ensure the wealth isn't wasted and also that it doesn't make your heirs too comfortable. You don't want them to become wastrels and stop living useful lives. You also don't want to risk having your money end up with ex-spouses, creditors, gambling houses, or drug dealers.

There's a way to balance these interests. Leave your wealth in a trust or trusts with the right provisions. Your loved ones have the security of the wealth. You'll be reasonably assured the wealth won't spoil them and they won't spoil it.

Don't be put off by the idea of creating a trust. Trusts once were the province primarily of the very wealthy, but now many upper middle class and middle class estates include one or more trusts. They're cost effective and can be drafted to fit many situations.

I'm going to give you some key provisions to consider for your trust. These generally are

(Continued on page 2)

**"You want to ensure a lifetime's accumulated wealth isn't wasted and doesn't turn your loved ones into wastrels."**

**in  
this  
issue...**

- Strategies for Recharacterizing IRAs
- Preparing for Medicare Open Season
- Evaluating the New CLASS Program
- Building Your Own Equity-Index Annuity
- Making Gifts While Avoiding Taxes
- Losing a Social Security Option

- Page 3
- Page 4
- Page 5
- Page 6
- Page 7
- Page 7

## RETIREMENT PLANNING

Briefly speaking, retirement planning is that planning we do from our first full time job until we die. There is an accumulation phase and a spend down phase. We must utilize both phases if we are to have sufficient assets to last through retirement. It is becoming increasingly our responsibility to plan for our own retirement. Conditions never stay static and change with the economy and tax law changes. Some of our greatest concerns are inflation, longevity, health care costs, investments and taxes.

Ten years ago there were few resources available to help us with retirement planning. The following represents selected books and publications for your consideration:

### BOOKS

Carlson, Robert , The New Rules of Retirement, Strategies for a Successful Retirement, John Wiley & Sons, 2005.

Kiplinger, Knight, Retirement Planning 2010, Kiplinger's (this publication revised each year)

Orman, Suze, The Road to Wealth, Riverside Books, 2008.

O'Shaughnessy, Lynn, Retirement Bible, John Wiley & Sons, 2001

Petras, Katheryn and Petraa, Ross, The Only Retirement Guide You will Ever Need, Simon and Schuster, 1991.

### SUBSCRIPTIONS

Consumer Money Adviser, Box 5617, Harlan IA 51593-3119  
800-2341970 \$29.00

Kiplinger's Retirement Report, Box 3298, Harlan, IA 51593-2478  
800-544-0155 \$39.95

Retirement Watch, Robert Carlson, Box 9009, Waldorf, MD 20679-  
800-552-1152 \$67.00 0406

Kiplinger's Personal Finance, Box 3292, Harlan, IA 51593-0472  
800-544-0155 \$15.00

Money Magazine, Box 30007, Tampa, FL 33630-0607  
800-633-9970 \$15.00

Smart Money, Box 8602, Red Oak, IA 51593-8602  
800-444-4204 \$15.00

### TAXES

Kiplinger's Tax Letter, Box 3299, Harlan, IA 51593-0479  
800-544-0155 \$67.00

J. K. Lasser Tax Letter, Box 422450, Palm Coast, FL  
800-678-0484 \$39.95 32142-2450

## RETIREMENT PLANNING

### Suggested Reading

- Eagan, Hope                    Retiring Well, 256 p., Copyright 2004  
Barnes & Noble
- Esperti, Robert  
Peterson, Renne                Protect Your Estate, 329 p., Copyright 2000  
McGraw-Hill
- Israelsen, Craig                The Thrifty Investor, 265 p., Copyright 2001  
McGraw-Hill
- Kiplinger's                      Retire Worry Free, 269 p., Copyright 2005  
Dearborn Publishing (Kiplinger's)
- Morris, Kenneth                Guide To Planning Your Financial Future,  
Guide To Planning For Retirement, 160 p.,  
Copyright 1995  
Lightbulb Press (Simon & Schuster)
- O'Shaughnessy, Lynn            Retirement Bible, 566 p., Copyright 2001  
Wiley Publishing Co.
- Orman, Suze                     The Road To Wealth, 593 p., Copyright 2003  
Riverhead Books (Berkley Publishing)
- Ottenbourg, Robert             Retire and Thrive, 280 p., Copyright 2003  
Kiplinger's
- Petras, Kathryn                 The Only Retirement Guide You'll Ever Need,  
544 p., Copyright 1991  
Fireside Books (Simon & Schuster)
- Tobias, Andrew                 The Only Investment Guide You'll Ever Need,  
287 p., Copyright 2005  
Harcourt

#### Note:

There were significant tax law changes in 2001 and 2003. Copyrights prior to that may be good information but keep in mind they do not contain current tax laws.

### Free Materials

Attorney General  
P. O. Box 899  
Jefferson City,  
Missouri 65102  
(573)751-3321

Consumer Fraud  
Life Choices (End of Life Issues)  
Senior Citizen Handbook

Missouri Bar  
P. O. Box 119  
Jefferson City,  
Missouri 65102  
(573)635-4128

Probate Law Resource Guide  
Durable Power of Attorney  
For  
Health Care & Health Care Directive