

In This Issue

What is Pension Maximization?

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Business Planning
Trust Administration
Probate
Elder Law

We help families preserve and protect assets and values; we help business owners maximize their businesses' value.

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THOUGHT YOU'D LIKE TO SEE THIS:

Maximizing Retirement Income: THINGS TO CONSIDER

Most of your clients dream of the freedom of retirement—freedom to travel, freedom to spend time pursuing personal interests and the freedom to live a life of financial security independent from a job.

For many, the transition into retirement is a time of unexpected stress. The change in lifestyle and the disappearance of the work social network can cause anxiety and depression. The pressures can make many susceptible to making bad financial choices at a critical time.

For those clients who are participants in *defined benefit* or *money purchase pension plans*, making the right choice between the various pension payout options can mean the difference between a comfortable retirement and one that is financially tight.

I have found in some cases that the strategy of *pension maximization (pension max)* can help ease the financial stress of retirement.

What is pension maximization?

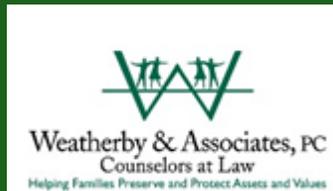
Clients who participate in *defined benefit* or *money purchase pension plans*, may be required at retirement to choose between two types of benefits:

informed!

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- A *life only benefit*, which pays a monthly retirement income for the lifetime of the participant, or
- A *joint and survivor benefit*, which pays a monthly retirement income for the lifetime of both participant and surviving spouse.

The life only benefit is usually higher than the joint and survivor benefit. However, if the clients participating spouse dies first, the benefit will be paid for a shorter time.

So which one is the best choice? It depends on many things, including the dollar difference between the monthly retirement choices and the relative life expectancies of each spouse.

In some cases, it makes sense to choose the single life option and buy insurance on the life of the retiree. That's the pension max concept in a nutshell.

If the retiree dies early, the insurance is available to provide income to the surviving spouse or to protect other family members. If the spouse dies before the retiree, the participant can cancel the policy—and continue to collect a higher pension benefit. Or the retiree can continue paying for the insurance to provide money for other family members.

Figuring out whether pension max makes sense for them involves gathering the information needed and making some calculations. I can help you do that with your clients.

If your clients are planning to retire and pension max is *not* a workable strategy for you, I can also help you decide what other action might be needed so that your clients have a comfortable and stress-free retirement.

AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS THESE OR OTHER FINANCIAL

SECURITY ISSUES OF CONCERN.

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