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# THE WHITE PAPER

Your Retirement Planning Newsletter

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## Retirement Planning for Dual-Wage Earning Households

With job changes so prevalent throughout our society, it is likely that a couple may have multiple retirement accounts, including 401(k), 403(b), or 457 plans, rollover IRAs, and possibly defined benefit plans. Because of the variety of investment options offered under such plans, it is important for couples to understand the possible detrimental effects that an uncoordinated retirement nest egg can have on reaching financial goals. Potential red flags include:

### Inappropriate investment strategy

Like any investment portfolio, retirement accounts should work as a unit to help you pursue a specific accumulation goal. Success requires a coordinated investment strategy. Is the overall asset allocation appropriate for a couple's objectives and risk tolerance? Are the portfolios adequately diversified? Are they overweighted (or underweighted) in any one asset class or individual security? Do the portfolios complement a couple's taxable investment accounts, real estate, and other assets?

### Poorly timed distribution strategy

Couples nearing retirement or already retired must consider the timing of their distributions in light of their income needs, tax situation, and market dynamics. For instance, should they begin taking distributions earlier than the required age to avoid a potentially higher income tax hit later? Should they take periodic distributions; annuitize; or take a lump sum and pay the taxes, then reinvest the proceeds elsewhere? Might it make sense to convert a traditional IRA to a Roth IRA to put off distributions as long as possible and/or receive tax-free income? Which accounts should they tap first, and in what order should the others follow? What if the market is in the midst of a downturn when required distributions must begin?

### Fees

Couples should consider the fees associated with all of their retirement accounts and how they might affect returns. Would it make sense to consolidate some accounts to help minimize fees?

### Estate planning

Couples planning their estates will face a number of questions surrounding their retirement plans. A key concern centers on the naming of beneficiaries and the income and estate tax treatment of the proceeds. Should the spouse be the beneficiary, or would naming children or a trust as beneficiary be more appropriate?

These are just a few of the questions that couples must grapple with when managing their individual retirement plan accounts. Yet no two couples' financial situations are alike. There is no set formula or mathematical equation that can be applied easily to all circumstances. Keeping track of the range of investments involved is necessary to successfully pursue long-term financial goals -- but doing so is no simple task. It often requires objectivity and professional insight. If you are part of a dual-income family, speak with your financial advisor about how you and your spouse can review and coordinate your separate retirement investments to create an effective, comprehensive plan.

This communication is not intended to be tax advice and should not be treated as such. Each individual's tax situation is different. You should contact your tax professional to discuss your personal situation.


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