In our presentation today, we have a new law to talk about that expands Roth opportunities for certain retirement plans. This new law might make solo 401k plans even more popular. Speaking of popular - we also have a brand new tax for you this year, the unearned income Medicare contribution, or UIMC. Then we’ll jump around to some seemingly random, but important retirement topics.

Having a beneficiary designated for each of your IRA or retirement plan accounts is an important tax-planning tool. Sitting here today, would you be able to identify the beneficiary on all your accounts?

Maybe you have an ex-spouse that will benefit because you never changed your beneficiary designation. Better yet, maybe you’ll be the unintended beneficiary.

Then we’ll discuss another approach to a safer retirement - longevity annuities.
Within Plan Roth Conversions

- Within plan Roth conversions to a designated Roth account are available in:
  - 401(k) plans
  - Governmental 457(b) plans
  - 403(b) plans
- Today, we’re going to concentrate on 401(k) plans

Roth conversions within a plan are referred to by several names. At the IRS, we prefer to use the technical description - In-plan Roth rollovers. We picture it as if it’s a distribution that was then rolled over to a designated Roth account.

Outside the IRS, people think of an in-plan Roth rollover as a Roth 401k conversion. They are very similar to a Roth IRA conversion, but occur inside a plan instead of an IRA. Today, we’re going to refer to these as within plan Roth conversions.

Within plan Roth conversions to a designated Roth account are available in salary deferral plans such as 401k, governmental 457b, and 403b plans. We’re going to spend our time on 401k plans, but the rules are very similar for each of these plans.
Within Plan Roth 401(k) Conversions - Prior Law

- Amounts eligible – Elective deferrals and safe harbor contributions
- Distribution restriction – Amounts could not be rolled over to a designated Roth account unless they were eligible for a distribution
- Generally, only taxpayers that reached 59½ or separated from service were eligible to roll over elective deferrals

We’re going to get into the new law on within plan Roth conversions on the next slide. First, let’s talk about prior law. Under the prior law, only salary deferrals and any safe harbor contributions were eligible for conversion to a designated Roth account within the plan.

Only amounts eligible to be distributed under the plan could be converted to a designated Roth account.

Since 401(k) salary deferrals can never be distributed prior to the earlier of reaching age 59 ½ or separating from service, very few participants had the chance to convert their salary deferrals to a Roth.

Since so few participants would’ve been eligible to take advantage of this opportunity under the prior law, most plans didn’t go through the expense of adding plan language permitting within plan Roth conversions.
We have a new law, the American Taxpayer Relief Act of 2012. It made some big changes to these within plan Roth conversions. Under this new law, all amounts in a 403(b), governmental 457(b) or 401(k) plan are now eligible to be converted to a Roth account within that same plan.

This means that all salary deferrals, any other employee contributions and all vested employer contributions made to your account, plus the earnings, may now be converted to a designated Roth account within that same plan.

Also, under this new law, amounts no longer have to be eligible for distribution to be eligible for a within plan Roth conversion. Any plan participant at any age is now able to do a within plan Roth conversion.

The plan must first contain language that allows for a designated Roth account, so a plan has to be in place that allows for salary deferrals to both a pre-tax 401k account and to a designated Roth account.

If you want to provide for the new within plan Roth conversions and your plan already allows for a designated Roth contribution program, the plan must be amended by no later
than the last day of the plan year during which a within plan Roth conversion occurs. If you’re thinking of making this happen for the current year, you may need to tap the brakes a little. IRS is working on guidance to show you how to make all this happen.
A within plan Roth conversion merely changes the account in which the monies are held and the tax character of that account. It doesn’t change any distribution restrictions on that amount.

If an amount was subject to distribution restrictions before the within plan conversion, it’s still subject to the same restrictions. If your 401k plan has a provision that allows for the distribution of employer profit-sharing contributions upon reaching age 55, after the within plan Roth conversion, it would carry the same restriction.

Also, salary deferrals have their own distribution restrictions. They may not be distributed prior to reaching the earlier of 59 ½ or terminating employment.

When those salary deferrals are converted to a designated Roth account, they still carry the same age 59 ½, termination from service restrictions.

Under this new law for within plan Roth conversions, the monies never leave the plan, so there isn’t any 10% early distribution tax.
Pending guidance will indicate whether there’s a 20% withholding requirement.

A within plan Roth conversion in 2013 will have taxes due on the 2013 Form 1040. The amount of a within plan Roth conversion that’s taxable is the fair market value of the amounts converted less the after-tax amount of the amounts converted.

If you do a within plan Roth conversion of $10,000, and $3,000 of that amount is attributable to after-tax contributions, then you only pay tax on $7,000 of the conversion.

The issue of whether spousal consent is required in conjunction with a within plan Roth conversion will also be decided in pending guidance.

No recharacterization is allowed on within plan Roth conversions. Once the account is converted, it stays converted.

We’ve mentioned pending guidance a few times on this slide. The piece of the new law dealing with Roth, as passed by Congress, was only about a page long. IRS will have to provide guidance on how with-in plan Roth conversions will work in your retirement plan.
The goal is to have a qualified Roth Distribution because it’s tax-free. A qualified Roth distribution

- must be made on or after the participant attains age 59 ½, dies, or becomes disabled; and
- the distribution must be made after a 5-taxable-year period.
  - Year 1 is the year your designated Roth account first received a contribution or Roth conversion,
  - Year 5 is just the end of the fifth consecutive taxable year.

What if you take a non-qualified distribution from your Roth? Contributions to a Roth are after-tax contributions, so only the accumulated earnings would be subject to tax. If that Roth account isn’t five years old, or if you haven’t met the age 59 ½, death, or disability rule, the earnings in your account will be subject to tax upon distribution.

The 5-year clock on a Roth 401k account runs separately from the 5-year clock on a Roth IRA.
What if your Roth 401k account is less than five years old and you roll it over to a Roth IRA?

The earnings rolled over from the Roth 401k, along with any earnings accumulated after the rollover are subject to tax if you take a distribution until the Roth IRA is at least five years old. So the rolled over money takes on the 5-year clock of the Roth IRA.

If your Roth 401k account is at least five years old when you roll it over to the Roth IRA, only the earnings accumulated after the rollover are subject to tax if distributed prior the Roth IRA being at least five years old. The earnings from the Roth 401k that are rolled over to the Roth IRA retain their original clock.

In all qualified distributions, not only must the account be at least 5 years old, you must also meet the age 59 ½, or death, or disability rule.
We have a new tax for you this year, the Unearned Income Medicare Contribution tax. UIMC is a 3.8% tax on the lesser of your:

- Net investment income, or
- Modified adjusted gross income reduced by $250,000 for married filers, $200,000 for all other filers.

You might be wondering what a slide about the new UIMC tax is this doing here. We wanted to discuss whether a within plan Roth conversion will affect the UIMC tax.

Retirement distributions and Roth conversions are NOT included in the calculation of net investment income. However, distributions and conversions may increase the modified AGI, which could cause your net investment income to be subject to the special UIMC tax.
We have a very simple example on how this may work:

- Net investment income is $10,000
- Modified AGI is $200,000
- Married Filer

In example 1, if you reduce the $200,000 of Modified AGI by $250,000, you’re at less than zero. There’s no UIMC due in example 1.

In example 2, our taxpayer does a Roth conversion of $100,000.

Their AGI is now $300,000. $300,000 reduced by $250,000 is $50,000.

This taxpayer now faces a 3.8% UIMC tax on up to $50,000 of their net investment income, in this case on their $10,000 in net investment income. So their Roth conversion is not part of their net investment income, but the increased AGI did cause them to be subject to UIMC.
We often talk about solo 401k plans at the Tax Forums, not because we dislike them; it’s just that they were being marketed as if they were the best retirement plan for everyone, when maybe they weren’t.

Here it is again, but with a twist. Let’s look at an example of a solo 401(k) plan where the sole owner/employee has W-2 compensation of $204,000. The SEP, profit-sharing and 401(k) plan all provide the maximum $51,000 deduction.

Since catch-up contributions aren’t included in the deduction limit, the solo 401(k) provides an advantage only if you’re age 50 or over and make a catch-up contribution.

All the added costs and additional administrative headaches of a solo 401(k) plan provide an additional $5,500 contribution, and that’s only if you’re at least age 50.

This is where we point out that a solo 401(k) plan may not be the right plan for everyone, that if you’re planning to contribute less than the max, there are other plans with fewer administrative headaches that will work just as well.
Example 2: Maximum contribution based on $204,000 W-2 comp, owner/employee age 50

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<th>Contribution</th>
<th>Roth 401k</th>
<th>Roth Catch-up</th>
<th>ER</th>
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<td></td>
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<td>$0</td>
<td>$51,000</td>
<td>$51,000</td>
</tr>
</tbody>
</table>

Here’s our little twist. Our solo 401k is now a Roth solo 401k and you’ve amended it to include the new Roth within plan conversion rules. At the $204,000 compensation level, you wouldn’t be able to contribute to a Roth IRA, so a Roth 401k is already a good deal for taxpayers wanting to take full advantage of the Roth rules.

With the Roth solo 401k plan, you’re able to contribute $17,500 of your salary to the designated Roth account, plus an additional $5,500 since you’re age 50. That’s a total Roth contribution of $23,000.

And with the new within plan Roth conversion rules, after the employer contribution of $34,000 is made to the plan, you can convert it to a designated Roth account. Your new solo Roth 401k gives you a possible Roth total of $56,500 for the year. For some, that can be a real advantage for the Roth solo 401k plan.
In an IRA or retirement plan account, distributions must begin by the required beginning date. That’s the April 1 following the year the account holder turns age 70 ½. In a retirement plan, those required minimum distributions can be delayed if the participant is still employed and isn’t a 5% owner of the employer.

For distributions made because of the death of the account holder, there’s also a required beginning date and minimum amounts to be distributed.

Since these distribution rules can get more complicated than the rules for when someone reaches age 70 ½, we’ll cover some of those after death rules on the next several slides.

Congress was very serious about these tax-deferred accounts not being a permanent deferral of taxes, so they established a 50% tax on those amounts not timely withdrawn.
Recently, I was watching a documentary on the rock group, The Eagles. Joe Walsh, their guitarist, had an interesting quote he thinks he lifted from some philosopher. He doesn’t remember much about the 70s or 80s...or yesterday. But the quote I found interesting went something like this.

“As you live your life, it appears to be anarchy and chaos and random events, non-related events smashing into each other and causing this situation and then this happens and it’s overwhelming and it just looks like, what in the world is going on? And, later, when you look back at it, it looks like a finely crafted novel, but at the time, it don’t.”

Saving for retirement happens throughout that chaos and affects what we carry with us into retirement. In the 40 years we’ve had to save, things happen.

Many of us have had periods of unemployment, some very low-paying jobs, very good-paying jobs, divorces, children, children that can’t or won’t leave home, family illnesses, paying for our college or paying for our children’s college, and enough what-ifs to drive us crazy if we let them.

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And all that time, we were trying to build a retirement nest egg that will last our entire retirement life, with maybe a little left over for our family.

You’ve been making the sacrifices for 40 years to have a good retirement, so if something happens and you’re not able to reap the benefits of those sacrifices, you’ll want to make sure what you’ve saved quickly makes it into the hands of the right people, with the least amount of pain, and with the best possible tax advantage.

What are the options in a retirement plan after the death of the participant? If the surviving spouse is the designated beneficiary, this is the easy one…until you ask the question -

What is a spouse? That’s an important question because a surviving spouse is the only beneficiary with full rollover rights.

Some states recognize domestic partnerships or civil unions or same sex marriages. How does this affect the special treatment a spouse receives as a beneficiary?

In June of this year, the Supreme Court struck down a provision in the Defense of Marriage Act that defined marriage as a legal union between one man and one woman, and the word “spouse” referred to the person of opposite sex who is a husband or wife.

In August, in response to the Supreme Court ruling, Treasury and IRS ruled that all legal same-sex marriages will be recognized for federal tax purposes. Any same-sex marriage legally entered into in one of the 50 states, the District of Columbia, a U.S. territory or a foreign country will be covered by the ruling.

Under the ruling, these legally married same-sex couples will be treated as married for all federal tax purposes, including income, gift, and estate taxes.

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Expect more guidance from IRS regarding this new definition, especially how it applies to this transition period and how a retirement plan is expected to react. There will definitely be more to follow.

In a retirement plan, payments to the surviving spouse are controlled by the plan document. Certain payments aren’t eligible for rollover treatment.

For example, if the participant has elected payout in the form of a joint and survivor annuity or a 10-year certain annuity, payments will be made to the spouse pursuant to this election.

However, the norm is for a participant to die with an account balance and, hopefully, a designated beneficiary. What are the distribution options for the spouse?

Several options exist with respect to distributions after death of the account holder:

• You may be able to take a lump sum distribution.
• If you’re the surviving spouse, you can transfer assets to your own IRA.
• Any beneficiary that’s a person is allowed to transfer the assets into an inherited IRA.
• Or the assets could transfer to the estate of the deceased account holder, to be distributed based on the estate rules.
• Another option is that any beneficiary can disclaim his or her interest in the decedent’s IRA or plan account.
  • A valid disclaimer must be accomplished within nine months after the year of death of the decedent.
  • Disclaiming the IRA or plan account allows the account to pass to a secondary beneficiary.
  • This could make sense depending on the beneficiary’s tax planning strategy.

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On these next few slides, we’re talking about after death distributions from retirement plans and IRAs. The options we’re discussing are generally available for both IRAs and retirement plans. However, a retirement plan may not always offer all the distribution options we’ll be discussing. For that reason, it’s important to read the plan document to see what the options are for distributions after death.

Upon the death of the account holder, the beneficiary may prefer to take a lump sum distribution of the account. There isn’t any 10% early distribution tax on distributions made after the death of the account holder, no matter the age of the deceased or the beneficiary.

Lump sum distributions are subject to ordinary income tax. Larger lump sum distributions will land you in the highest tax brackets, likely leaving you with the highest tax bill. For that, Uncle Sam says, “Thank you!”

Lump sum distributions from a retirement plan are subject to mandatory 20% withholding. Distributions from an IRA are not. Just remember that 20% isn’t nearly enough to cover the taxes due on most distributions.
If you take a lump sum distribution, please set aside enough for the taxes. 20% isn’t nearly enough to cover the taxes due on most distributions. Many people find themselves at tax time with not enough money to pay the taxes on their distribution. Our Taxpayer Advocate office works with many taxpayers each year that were unable to pay the tax on distributions.
An option available only to the surviving spouse provides a real advantage not available to any other beneficiary.

If the surviving spouse is the sole designated beneficiary - the only beneficiary - they’re able to roll the deceased’s account to an IRA in their own name. Take Jane and John Doe. If John dies and names Jane as his sole beneficiary, Jane is able to roll over John’s account to an IRA in her own name, Jane Doe IRA.

Distributions made from Jane Doe IRA are now based on Jane’s age. Any distributions from Jane Doe IRA prior to her reaching age 59 ½ are subject to the 10% early distribution tax.

An IRA held in the surviving spouse’s name is also eligible for conversion to a Roth IRA.

If the deceased account holder had a required minimum distribution due for the year of death, that distribution must be made prior to the rollover. Once the account is rolled over to the spouse’s IRA, the RMDs are based on the age of the surviving spouse only.
A person who’s a designated beneficiary, including a spouse, may roll over assets from the deceased person’s account to an “inherited IRA.” The inherited IRA would look something like ‘Jane Doe as beneficiary of John Doe.’

There are two payout options for an inherited IRA:

- Payments, based on the single life expectancy of the beneficiary, must begin by the end of the year following the year of death, or
- All assets must be fully distributed by the end of the fifth year following the year of death.

For example, Jane Doe is identified as a designated beneficiary by the end of the September in the year following the year of the death. At that time, if Jane Doe wishes to take distributions based on her life expectancy, she has until the end of that year, just three months, to take that first payment.

So, that first payout is due by the end of the year following the year of death. If you miss taking that first payout, then all assets must be fully distributed by the end of the fifth year following the year of death.
Payments made over the life of the beneficiary will be based on the Single Life Expectancy Table found in Publication 590.

There’s one additional option if the account holder dies on or after he reaches his required beginning date – that is the April 1st following the year he turns age 70 ½.

If the account holder died after this required beginning date, the payments from the inherited IRA can be made over the remaining life expectancy of the deceased, if longer.

For example, if the deceased account holder is age 72 at death, but the beneficiary is 77, the required payments can be based on the 72 age. This would mean smaller required minimum distributions.

Amounts in an inherited IRA aren’t eligible to be converted to a Roth.

Distributions from an inherited IRA are not subject to the 10% early distribution tax. For that reason, if a surviving spouse is under 59 ½, they may want to consider keeping the funds in an inherited IRA instead of moving it to an IRA in their own name.

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Most people complete their beneficiary forms on that first day they open their IRA or retirement account, and they never make a change. If it’s been 10-15 years, you’ve likely had some changes in your life. Your beneficiary may no longer be alive. You may no longer feel that now ex-spouse should benefit from your death. Maybe you have new children or new people in your life that you’d prefer to have your money after your death.

What if those beneficiary forms can’t be found after the death. I opened up an IRA more than 25 years ago at my little hometown bank. My bank was taken over by a larger bank, then a regional bank and finally a mega bank that assisted in the 2008 collapse of the financial world.

My original IRA is now held at Mega Bank. I have a hard time believing that the employees of Mega Bank, as they were shredding evidence (allegedly), took the time to put my beneficiary forms back in the file.

If I die without a designated beneficiary, my account will be distributed to my estate. An estate isn’t an individual with a life expectancy, so you can expect the rules to be a little different from the rules we’ve just discussed.
Beneficiary Not an Individual
- Estate, Charity -

• Account owner dies on or after RBD
  Account balance can be distributed based on the life expectancy listed for owner’s age as of birthday during year of death
• Account owner dies before RBD
  Entire account balance must be distributed by the end of the fifth year following the year of the owner’s death
  No distribution is required before fifth year

Distribution rules when the beneficiary isn’t an individual - maybe it’s a charity or an estate - are different from the rules for individuals.

If the account owner dies on or after the required beginning date:
  • The account balance can be distributed based on the life expectancy listed for the owner’s age as of her birthday during the year of death.
  • For subsequent years, reduce that life expectancy number by one each year since the year of death.
  • If the account owner dies in 2012, on or after the RBD, the beneficiary has a RMD due for the 2013-year and all subsequent years as long as a balance remains.

As with any beneficiary, the estate or charity could take a distribution of the entire amount immediately.

If the account owner dies before the required beginning date, the non-individual beneficiary must take a distribution of the entire account balance by the end of the fifth year following the year of the owner’s death. No distribution is required before that fifth year.
Doris, a non-spouse designated beneficiary, is alive at the time of the account holder’s death. Doris subsequently dies. Her beneficiary, David, will be able to take those funds as an inherited IRA. David will be required to take distributions based on Doris’ age.

If David dies, his beneficiary will also be required to take distributions based on Doris’ life, and so on.

What if Doris, the designated beneficiary, was the spouse at the time of the account holder’s death? When Doris dies, her designated beneficiary, David, is allowed to calculate his required distributions based on his own age.
Without a designated beneficiary, your heirs will still receive your IRA or retirement plan monies after death, but they’ll have to distribute and pay taxes on that money within five years after the year of death.

Having a designated beneficiary gives your beneficiaries more options on when they have to take those distributions and pay the taxes.

If you’re not absolutely sure you have a designated beneficiary, don’t be afraid to complete a new form.

If you have multiple beneficiaries, make certain you spell out the percentage for each. Otherwise, if you list your four children as beneficiaries, but with no percentages, the first child on that list will may end up with everything.

Also, if you want your spouse to be able to take advantage of the special IRA treatment available only to spouses, they must be the sole designated beneficiary.
If you list your spouse getting 90% and your child with 10%, the spouse can no longer be considered for the special treatment available to spouses. They will only be able to have an inherited IRA.

That being said, it’s possible to “cash out” the child, or any other beneficiaries, by distributing their full share to them by September 30 of the year following the year of the account holder’s death.

If we cash out the child receiving 10% by September 30 of the year following the death, the spouse receiving 90% will be considered the sole designated beneficiary and will now be eligible to receive the special IRA treatment for spouses.

It’s a good idea to have contingent beneficiaries. If you only list one, and they die before you, you don’t have a designated beneficiary and your account goes to your estate to be divided among your heirs. Through your estate, your beneficiaries would normally be required to take a distribution within five years and pay the tax.

If you’ve done a Roth conversion, your old beneficiary form may no longer be valid. Do another.

And keep copies of your beneficiary designations in a safe, easy-to-find location.
Employees prefer the flexibility and liquidity offered by a lump sum at retirement. When given the choice of a giant wad of cash all at once or a series of small monthly payments, most people will choose the cash.

Why is this important? Retirees have a difficult time limiting the amount of money they draw from that lump sum each year. Studies show that many retirees run out of that lump sum cash and have to live on just their Social Security payment.

Proposed regulations will make it easier for defined contribution plans and IRAs to offer longevity annuity options - an income stream that begins at an advanced age, such as age 80 or 85, and continues as long as the individual lives. It’s no longer an all-or-nothing approach.

Under these proposed regulations, an annuity that costs the lesser of 25 percent of the account balance or $100,000, and that will begin no later than age 85 is disregarded in determining required minimum distributions before the annuity begins.
By using a portion of your retirement savings to purchase a longevity annuity, a participant can protect those later years with a guaranteed income stream. This annuity income, along with Social Security may provide a more secure retirement.

These regulations are still proposed. We’re waiting on final regs before this becomes a viable option.
There are about as many Social Security strategies as there are people in this room. We’re not here to tell you what to do, but just to make sure you’re aware that you do have some options. There are choices to make.

One of the reasons you hear so much about delaying Social Security is that so many of us start taking our benefit at age 62. I was surprised to learn that just under 50% of us begin taking our benefit at 62. When to take your Social Security benefit is an important decision based on many factors that are unique to each individual. How is your health? Are your genetics set up for a long life? Were your parents, grandparents, siblings healthy?

Are you a man or a woman? Your benefit under Social Security is gender neutral, but the fact is, women will live longer than men will. A man and woman at the same age with identical earnings histories who retire at the same time will have identical Social Security benefits. If that same man and woman each take $50,000 to purchase an annuity, the man would receive a higher annuity payment since they aren’t expected to live as long. That may be something to consider.
If you worked your entire life in a blue-collar job, the physical nature of your job may make it difficult to even work to age 62. So the idea that you’ll work until 70 isn’t even an option.

What if you lost your job and have found it difficult to find work again? A friend of mine lost his job last year and found it difficult to find a job at age 61. So when he became eligible for Social Security at age 62, he decided to start taking Social Security early.

If my friend is able to find work again, his Social Security payments may be reduced or eliminated. But he won’t lose that benefit - it doesn’t just disappear. It will increase his benefit at full Social Security retirement.

We talked about the longevity annuities on the last slide. Delaying when you take Social Security can have the same affect as a longevity annuity. It will increase your monthly payment for those later years. By delaying your Social Security beyond 62, you’ll find that your benefit grows 6 - 8% per year, depending on your year of birth.

Also, your benefit is based on the highest 35 years of earnings. By continuing to work, you may replace some lower earnings years with later, higher earnings years. When you combine those higher earning years with the increased benefit of a delayed retirement, your Social Security benefit could nearly double between 62 and 70. Warning here – Your mileage may vary.

You should visit the Social Security website every year and make certain your earnings history is correct. While you’re there, you can see what kind of benefit you should expect at different retirement ages, and see what those extra years of earnings do for your benefit.

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Delaying Social Security may not be a question of you taking it now or later. You’re allowed to take a benefit at NRA based on your spouse’s earnings.

- If both parties have reached their Social Security full retirement age.
- Your spouse begins taking her benefit.
- Then you can start drawing Social Security based on 50% of her benefit.
- By taking based on your spouse’s benefit, you can then delay taking your own benefit until age 70.
- At that point, you’d want to begin taking based on your own earnings if it’s a larger amount.
- We said your spouse had to begin taking her benefit, but if she files and then suspends that benefit, she would also be able to delay her taking benefit until 70. You both would have the increased age 70 benefit.

If you both haven’t yet reached full Social Security retirement age, that strategy works a little differently. Check the Social Security website.

You can even take it based on your ex-spouse’s Social Security benefit, as long as you were married at least ten years. That ex is not required to have already started taking their benefit, making the ex a real advantage over the current spouse. The ex is not contacted,
but it’s not a secret. It’s possible they’ll find out, or you may want to tell them yourself. If you have an ex or two… or three…, don’t forget to look at that option.

If you have an ex-spouse, you could begin taking based on that ex-spouse, let your benefits build until 70, then begin taking the larger benefit based on your own earnings. If you remarry, you lose the option of taking based on the ex as long as you stay remarried.

We all want to start taking Social Security so we can make sure we actually collect some of what we put in all these years. Talking to you as a future retiree, we have to get past the emotional aspect of wanting to get our share, and make a sound decision taking into account our own individual factors.

Maybe it’s just simple math. For example, if you delay taking your benefit for four years, how long would you need to take that increased benefit before you’d surpass what you deferred? If you realistically think you’ll live that long, and you can afford to do it, delaying might be a good decision for you.

Retirees do have a serious risk of running out of retirement savings and still be alive. No one wants to live in poverty at any point in their life, but there’s something especially sad about a destitute 80-year-old. You might guess there are countless studies that have taken a look at all this. Several studies were real eye-openers. What they found was that higher wealth individuals have a lower risk of running out of money than lower wealth individuals.

Just to make sure you aren’t confused by those findings, let me repeat that. These studies show that if you have more money, you won’t run out of it as fast as if you have less money.

In reality, for those individuals with less money saved for retirement, Social Security does represent a much larger portion of their retirement resources. By optimizing their

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Social Security benefits, they might be able to reduce the risk of outliving their retirement savings.
Please check out our website. We have tools there to assist you in choosing the retirement plan that best fits your needs. Or maybe you would like to know more about common mistakes made in the operation of your plan or need help correcting some of those mistakes. We have a number of Fix-it Guides and FAQs that you may find helpful in keeping your plan in compliance with the law.

You can visit our website at www.irs.gov/retirement. Or you can find Retirement Plans from the main irs.gov landing page by clicking the drop down arrow to the right of “Information For.”

If you have a question, there are two ways you to get it answered by a retirement plans specialist. You can call our Customer Account Services toll-free at (877) 829-5500, or you can email us at RetirementPlanQuestions@irs.gov. Our specialists must respond by telephone to all email questions, so please include your phone number on those emails.

We also have two electronic newsletters, the Employee Plans News and Retirement News for Employers.

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To subscribe to these newsletters, go to our Retirement Plans landing page and click on “Newsletters,” then “Subscribe.” You’ll have the option of signing up using your email address or a social media account such as Facebook. From there, you’ll be directed to a list of IRS newsletters. Click the box next to newsletters to subscribe. Whenever we issue a newsletter, you’ll receive a message in your inbox with a link.

Questions?