

Year End Planning

What steps should I take?

With any assets, you should review them on a periodic basis to see if they still meet your goals and needs. In the case of your retirement portfolio, the end of each tax year is a good time to see if your account is up to date and maximizing your retirement possibilities. The first item to review is your annual contribution. Have you made the maximum contribution for the year? After all, if you do not contribute you cannot grow the account to its maximum. Remember that contribution limits increase periodically, for 2005 your maximum contribution amount was increased to \$4,000 if you are under 50 and \$4,500 if over 50. If you have not made the maximum contribution, plan to make the contribution by April 15, 2006. You might want to make it even sooner to begin earning tax-deferred income right away.

Make a review of the assets you currently hold and determine whether some of them will be maturing soon and plan how you might want to invest the proceeds at maturity. Your financial representative can assist you in this review. He/she can provide you with suggestions, diversification ideas and make your asset review more thorough and complete. It is important to be ready with a plan when your assets mature or have maximized their value so that your retirement assets are working for you continuously.

If you are approaching age 70½ or are planning to begin using your account to fund your retirement, now is the time to think about how the required/requested distributions will be funded. Do you have liquid assets that can be converted to cash to make the distribution? If not, how long will it take to liquidate assets to make cash available? Remember, if you are in a

Traditional IRA or SEP you are required to take distributions when you reach the age of 70½. Since penalties for not taking the required distribution can be as much as 50% of the missed distribution, it is important to have your portfolio ready to meet these obligations. Again, your financial representative can assist you in evaluating your portfolio and determining the assets to liquidate, how to invest excess funds pending a distribution, etc.

Finally, it is a good time to review some of the basics of your account. Is your address and telephone number current so that we can contact you to assist in any of your requests? Are your beneficiaries current on the account?

A few minutes of your time at the end of each year will ensure that your retirement account is working to maximize your retirement. Give us a call if you have any questions. ❖

Consolidation, a Good Idea?

A number of investors have asked whether it is a good idea to consolidate all their IRA accounts into a single account. There are obvious pros and cons in doing so. The greatest benefit is that you minimize the number of accounts you need to track within your retirement portfolio. On the other hand, some types of custodians are simply better and more cost effective if used for specific types of accounts. If you invest in bank CDs, it probably would be more cost effective if you established an account with the bank. It is usually free and may allow for a premium rate. A brokerage account might be appropriate if you trade market assets regularly. Here, the brokerage platform may be better suited to your trading needs. So, if you are thinking of consolidating accounts, pose your questions to a retirement specialist at IRA Services. ❖

IRAs at the bookstore

Here are some of the books that our investors have found at the bookstore that may be of interest to you. IRA Services does not endorse any of the specific titles.

📖 [New IRAs and How to Make Them Work for You](#), Neil Downing

📖 [Parlay Your IRA into a Family Fortune](#), Ed Slott

📖 [All About Self-Directed IRA Investing](#), Steve Merritt

📖 [Fairmark Guide to the Roth IRA](#), Kaye Thomas

📖 [IRA Wealth](#), Patrick Rice

📖 [Roth to Riches](#), John Bledsoe

COMING IN FUTURE ISSUES

1 What is UBTI and what do I need to do?

2 Do fees really matter?

3 Useful websites and other internet resources