

< Davis Wealth Logo & Letterhead >

Detailed inside, the **Top 10 Mistakes To Avoid** or the IRS will seize up to 50% of your retirement account...!

If You're Between The Ages of 55 & 75...With At Least \$500,000 In An IRA, Or Company Retirement Plan...Every Broker And Financial Advisor From Merrill Lynch To Bank Of America...Wants To Safeguard Your Retirement...Buy You Lunch...And Be Your Best Friend.

And if you think they have your best interests at heart...think again.

Saturday, September 03, 2011

Dear < Name > ,

You're smiling aren't you? Because you already know the above to be true.

Your trash basket is overflowing with solicitations from financial service companies – glossy brochures dripping with full-color pictures of handsome grey-haired retirees sailing and swimming in tropical blue waters...without a care in the world.

They're trying to convince you of course that by investing your IRA or 401(k) with them...this swell life will be yours, too...

And, to bolster that claim, they tell you how venerable their firm is; how many centuries they've been in business, and how many billions of dollars in assets they have under management...as if this is supposed to mean...they really, really care about you.

But...here's something you don't know:

Federal Law determines how and when you or your heirs may take distributions from your IRA or company retirement plan....

BUT...your company, or the custodian of your IRA (the bank or brokerage that holds your IRA), can also decide...when, and how...to distribute your retirement savings to you or your heirs...regardless of what you want, or desire...or what the IRS says!

******True Story:** A new client came to us after her husband passed away. Though long-retired, her husband never rolled his sizable company 401(k) into an IRA. **And this was extremely unfortunate...for his wife.** Because her husband's company has a 401(k) policy that does not allow "spousal beneficiaries" to roll a 401(k) of a deceased account holder into a Rollover IRA. Our client was therefore obligated to take an immediate "lump sum" distribution from her husband's 401(k) – and pay income taxes on the entire amount...as opposed to gradually taking distributions over her lifetime...as she could have, and would have preferred.

Had her husband come to us...we would've inquired about his company's distribution policy (under this and other scenarios) and would've advised him to make the necessary and appropriate changes.

Clearly...there are questions you need to ask your custodian...before it's too late.

But wait...it gets worse.

Unless your current financial advisor truly specializes in retirement planning (and not just says he or she does – because you have a large IRA at a different bank or brokerage – and they want you to bring it to them)...and, he or she is fully versed on all aspects of IRA administration and regulation...

Unless your financial advisor is an experienced Certified Financial Planner and Retirement Specialist...much of your retirement money may become forfeit.

******Your Current “Advisor” Probably Doesn’t Know This******

By Committing Any Of These “10 Little Known Mistakes” The Federal Government Will Wipe Out Up To 50% Of Your Retirement Savings!

And if any of the following is unclear...or if you have any questions...call my office without delay or hesitation....

I'll be happy to explain it to you personally – in detail – so that you understand it completely.

My name is Robin Davis

I've been a Certified Financial Planner and Retirement Specialist for over 20 years.

I have offices in both Florida and New York.

And it is highly unlikely that you now know...or will ever meet anyone...with more experience and knowledge of retirement issues and planning...than me.

A bold statement for sure...but I'll prove it easily enough. **Call me at 772-463-4441**

#1. Startling, But True: By omitting two simple words *after* your son or daughter's name (if they're your primary beneficiaries) – **you will disqualify your grandchildren from ever receiving their intended inheritance!**

******True Story:** A retiree (not our client) had \$1.8 million in an IRA. He named his two grown children as 50/50 primary beneficiaries. Unfortunately, one of his children died before he did....

The deceased heir's children (our clients) eventually came to me, to facilitate their claim to their deceased parent's 50% share. But...I had to inform them that the entire \$1.8 million – by law – goes to the surviving beneficiary (their uncle). They weren't entitled to a penny.

Had the IRA been titled correctly – by adding these two simple words – our clients would've automatically received their parent's 50% share.

#2. Most people know they shouldn't name their trust as the beneficiary of their IRA. They just don't understand why.

By naming your trust as a beneficiary – you may prevent it from becoming a “Stretch IRA” upon your death. A Stretch IRA allows your beneficiaries to take distributions from your IRA over their “pre-calculated” lifetime – instead of your “pre-calculated” lifetime – which is obviously a lot shorter!

That means you'd be depriving your children of the chance to hold and grow your IRA over their longer lifetime – **and thereby, delay paying taxes!**

Yet, under certain circumstances (which I will go over with you) you may actually want to name your trust as a beneficiary – because it may very well benefit both you and your heirs.

#3. Amazing! If you inherit an IRA, and the owner of the IRA did not take their RMD (required minimum distribution) in the year of their death – you, as the beneficiary, are responsible for taking it for them! And if you don't – **you will pay a 50% penalty – over and above the RMD amount! And telling the IRS, “you didn't know,” won't help one penny.**

******For Example:** You inherited a \$500,000 IRA from your uncle Seymour, who died at the age of 79.

Uncle Seymour's RMD amount, for the year in which he died, was \$24,641.05.

And, you didn't know you have to withdraw \$24,641.05 as a RMD – until a year later, when maybe, just maybe, your financial advisor “advises” you to....

Subsequently...you're now "advised" by the IRS that you owe the Federal Government \$12,820.53 (a 50% penalty), plus income tax, on the \$24,641.05 that you still must take.

#4. Roth IRAs do not have RMD's. In other words, you are not required to take distributions from your Roth IRA when you turn 70 ½, as you are with a Traditional IRA.

But...if you are the non-spouse beneficiary of a Roth IRA – you are subject to the same RMD rules that apply to a Traditional IRA.

And again, you can't tell the IRS you didn't know...**because they will hit you with another 50% penalty, plus income tax, over and above the RMD you need to take.**

Did you know you can take early IRA withdrawals – without being penalized by the IRS?

#5. If you're not yet 59½, most of you might know that you can take early withdrawals, called 72(t) payments (named after section 72(t) of the Internal Revenue Code) from your IRA – **without the typical 10% early withdrawal penalty – if you adhere to strict calculation guidelines, and:**

- Payments will continue for at least 5 years or until you reach 59 ½, whichever takes longer.
- Payment amounts will not be changed, once begun.

Otherwise: the typical 10% penalty will be triggered, and will be applied retroactively to payments already received.

******True Story:** A new client brings me all his financial documents for review (always a smart thing to do.) And after careful study, I determine that his previous financial advisor had miscalculated his allowable payments (over the previous 2 years he had withdrawn approximately \$54,000.)

And since withdrawing that amount wasn't allowable – he now owed the IRS \$5,400 plus income taxes....

Had his “permissible” early withdrawal amount been calculated correctly...that \$5,400 would still be his – and not the government’s!

Call me at 772-463-4441...so you don’t make these same mistakes!

#6. Absolutely Unbelievable! Florida law allows attorneys to charge a whopping 3% of your total combined assets, plus hourly rates and fees -- even if they represent only a “small” portion of your estate in probate court.

And the reason for ending up in probate court...could be as simple as neglecting to dot an “i” or cross a “t” when naming a beneficiary.

#7. While many companies will allow you to roll over your 401(k), 457 plan or 403(b) plan, profit sharing, or any other type of qualified retirement plan into an IRA while you’re alive...there is one small box on almost every rollover form that nearly every company provides...that must be checked!

Otherwise, 20% of the funds being rolled over will be withheld and sent to the IRS – even though rollovers are non-taxable.

#8. Silly, But It Happens, if you inherit an IRA, and withdraw money from it under the “5-year rule provision” you can lose up to 50% of the inherited IRA at the end of the 5-year period if you miscalculate and neglect to do one final thing...!

Here’s what many bank and brokerage “retirement specialists” don’t know!

#9. When you own 2 IRA’s, you can aggregate the total amounts in both IRA’s and withdraw your combined RMD from either one, or both. But...if you own an IRA and a 401(k) – you cannot aggregate both amounts, and then withdraw your RMD from only your IRA. Doing so would subject you to a 50% penalty on the amount that should’ve been withdrawn from your 401(k).

******For Example:** You have \$1.5 million in your former employer's 401(k) and \$250,000 in an IRA. If you withdraw your RMD amount, approx. \$120,000 (combining the \$1.5 million in the 401(k) and the \$250k in the IRA), and take it only from your IRA – you would have to pay the IRS a five-figure penalty!

#10. Finally...Be Forewarned, if you name a minor (your child or grandchild) as a beneficiary of your IRA...and you die...many IRA custodians **will not** automatically name the minor's parent(s) as a guardian of the child's inherited IRA – **even if stipulated in your will!**

And, if the minor's parents are divorced...and, unless you have specific guardianship agreements already in place... things will get real messy...and the courts will be involved.

There's so much more I can teach you...to help you protect yourself from the IRS and high-priced bank and brokerage salespeople masquerading as retirement specialists

**Remember: It's not just the financial advice you get that can hurt you...
it's the financial advice you don't get...that can decimate your retirement savings!**

Call Me, Robin Davis...772-463-4441

...and make an appointment with a safer future.

**We'll sit down and talk...you'll ask questions...and you'll see for yourself...
the next best thing to a sound and well-funded retirement plan...
is me, protecting it!**

With Warm Regards,

< Signature >

Robin Davis

Certified Financial Planner and Retirement Specialist