



Congratulations! The time has come when you can finally retire and leave the working world behind to pursue a more leisurely lifestyle. But for many who are retired or soon will be, financial decisions made now may be more critical than when your working years were still ahead. The ongoing advice of a professional financial advisor can mean the difference between achieving your goals and falling short. Your Legend Advisor can help you design, implement and monitor a viable financial plan that reflects your unique needs. You'll want to meet with your Advisor regularly, and keep him/her informed about any changes in your financial situation. Your Legend Advisor can:

- Analyze your financial situation
- Establish realistic retirement goals
- Suggest the best way to consolidate retirement plan assets
- Work with you to design an income plan
- Recommend an asset allocation strategy
- Guide you in selecting appropriate investments
- Recommend strategies to manage risk
- Help keep your investment plan on track
- Review your estate planning and insurance needs
- Answer questions and respond to concerns

For nearly 40 years, The Legend Group has been helping investors to work toward their financial goals. As a recognized leader in the retirement planning industry, our success is the result of a continuing commitment to provide our independent Advisors and their clients with high quality investment planning products and services.

The Legend Group

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Your Retirement Years: *Ten Steps to Financial Success*



The Legend Group

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Your Retirement Years: Ten Steps to Financial Success

1 Calculate Your Retirement Needs

Retirement experts estimate that you will want to have between 70% and 80% of your pre-retirement income to support a comparable lifestyle. This means that if your final annual salary was \$60,000, you'll want to generate about \$40,000 the first year. But keep in mind, this amount will increase each year as the cost of living rises due to inflation. Over the course of a 25 year retirement, you may require more than \$1,000,000 in total income to maintain your standard of living.

The following factors may influence your income needs in retirement:

- Lifestyle choices
- Lifespan
- Withdrawal rate
- Inflation
- Rising health and long term care costs
- Taxes
- Estate objectives
- Market volatility
- Investment performance

2 Identify Your Income Sources

Understanding the sources of your retirement income is important in developing an accurate picture of your financial situation. You'll want to determine what each source is worth, and how your entire pool of assets can best be tapped to meet your income and estate goals. Your resources may include:

- Social Security
- Retirement accounts (§403(b), §457, §401(a), §401(k), etc.)
- Traditional, Rollover, Roth, SEP and Simple IRAs
- Pensions or profit-sharing benefits
- Annuity contracts
- Taxable accounts
- Other investments
- Spouse's income
- Part-time employment income

3 Determine Your Expenses

It's also wise to review all your anticipated expenses to get a clear idea of what your retirement will actually cost. As you work to design your budget, consider how your lifestyle might change over the next 25 to 30 years. Once you are retired, you may find that some of your expenses will decrease:

- work-related expenses
- home mortgage expenses
- financial support to children
- certain daily expenses (due to senior citizen discounts)

while other expenses may increase:

- health care costs
- travel and leisure
- utility bills
- home maintenance
- expenses associated with a second home
- financial support for an elderly parent

4 Consider Your Estate Goals

Some people seek to maximize the size of their estates, or to gift assets to family, friends, charities or causes. Others plan to spend all their assets during their lifetimes. Your estate objectives and the resulting tax implications will shape your financial strategy throughout retirement. Consider the following elements of a well-crafted estate plan:

- Tactics for minimizing estate taxes
- Wills and Trusts
- Beneficiary Designations
- Powers of Attorney
- Health Care Proxy
- Account Access Rights
- Transfer on Death Registrations
- Keeping legal documents up-to-date
- Legacy planning with a stretch IRA
- Gifting assets/College Savings Plans
- Life insurance for final expenses

5 Review Your Insurance Needs

Once you retire, you'll want to review all your insurance policies to ensure that your coverage is appropriate for your new lifestyle. Often your insurance needs will change as you age. For instance, your life insurance policy may need to be updated, and health and long term care insurance may be necessary to bridge the gaps in Medicare coverage and free up retirement savings for other goals.

- Life insurance
- Medicare eligibility and benefits
- Health insurance
- Discount drug plans
- Long term care insurance

6 Gain Control of Your Assets

If you've participated in an employer-sponsored retirement plan, generally you will have three alternatives for the money you've accumulated:

- Keep the assets in your employer's plan
- Request a lump sum payment
- Transfer the assets directly to a Rollover IRA or other qualified retirement account

The Benefits of Consolidation

If you have retirement plan assets in several different accounts, rolling these funds into a single account can make sense. Rollover IRAs are a logical consolidation vehicle because they allow you to combine money from employer-sponsored plans as well as other existing IRAs. You may also be able to consolidate employer plan assets of the same type into a single account. Combining your retirement plan assets can:

- reduce costs and paperwork
- help you manage your savings more effectively

7 Minimize Taxes

Taxes can erode your annual investment returns and subsequently, your income. By designing and utilizing tax efficient strategies, you may be able to keep more of what you own. Consider the following:

- Implementing tax-efficient investment and income strategies
- Withdrawing from taxable accounts first
- Prolonging the tax-deferred status of retirement assets
- The tax implications of working in retirement
- Estate tax issues

8 Determine Your Profile as an Investor

Your Legend Advisor will work with you to assess your:

- Investment objectives
- Time horizon
- Income needs
- Risk tolerance
- Personal financial situation

Securities offered through Legend Equities Corporation, member NASD and SIPC.

Before investing in a mutual fund, consider its investment objectives, risks, charges and expenses. The prospectus, which contains this and other information about the mutual fund, can be obtained by contacting Legend Equities Corporation. Please read the prospectus carefully before you invest or send money.

Advisory services offered through Legend Advisory Corporation, a registered investment advisor.

9 Create an Investment Plan

Keeping your assets working for you throughout retirement can be major factor in your ultimate success.

Your financial strategy should provide:

- Income to meet living expenses
- Growth to hedge against inflation
- Safety to reduce risk and preserve wealth

Investment options

While some retirees choose conservative fixed income investments to minimize market risk, this strategy is not ideal for everyone because it may not provide long term growth potential or a hedge against the impact of inflation and taxes on income. Historically, equities have been one of the best investments to beat inflation and increase wealth. Of course, past performance is not indicative of future results.

Many retirees find that including both fixed income securities and equities in a diversified portfolio reflecting their goals and risk tolerance may be a more suitable option. Your investments may include:

- Cash equivalents
- Bonds
- Stocks
- Mutual funds
- Annuities

Managing risk

Reducing risk may be essential to investment success. While risk is a natural part of the investing journey that can not be eliminated, several techniques can be employed to manage risk:

- Diversification
- Asset allocation
- Ongoing monitoring
- Periodic rebalancing
- Professional investment management

10 Develop a Retirement Income Plan

During retirement, the consistency of a regular paycheck in a specific amount is replaced by an income stream that is generated from various sources. Your distribution strategy should satisfy specific financial needs, such as:

- providing an income throughout your retirement years
- providing for the income needs of a spouse
- maintaining the tax-deferred status of your retirement savings as long as possible
- minimizing taxes and avoiding penalties
- leaving a legacy

Distribution Options

Several payout options are available for your retirement funds:

- annuitization (a variable annuity, or a fixed annuity that provides set payments for life)
- periodic or systematic withdrawals with amounts and frequencies based on your retirement income needs
- partial distributions (including the option to distribute to a money market account with check writing privileges)

Your Withdrawal Strategy

The method you use to turn your assets into retirement income will depend on a variety of factors including your age, your goals and how your funds are invested. In devising a suitable withdrawal strategy, consider the following:

- Limiting yearly withdrawals to about 4% – 6%
- Withdrawing principal and reinvesting earnings or taking earnings in cash and accessing principal as needed
- Minimizing taxes
- The implications of early retirement
- Avoiding penalties on retirement account distributions
- Required minimum distributions