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MUTUAL of OMAHA'S CONTRIBUTIONS℠

Retirement Planning for Dual-Wage Earning Households

Like any investment portfolio, retirement accounts should work as a unit to help you pursue a specific accumulation goal.

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, couples must understand the detrimental effects poor retirement planning can have, including:

Inappropriate investment strategy

Success requires a coordinated investment strategy. Is the asset allocation appropriate for objectives and risk tolerance? Are portfolios adequately diversified? Are they overweighted (or underweighted) in any one asset class or individual security? Do the portfolios complement 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. Should they begin taking distributions earlier to avoid a 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? Or convert a traditional IRA to a Roth IRA? Which accounts should they tap first? What if the market turns down when distributions must begin?

Fees

Couples should consider the fees associated with all of their retirement accounts and how they might affect returns.

Estate planning

Couples planning their estates face a number of retirement plan questions regarding the naming of beneficiaries and the income and estate tax treatment of the proceeds. Should the spouse be the beneficiary, or is naming children or a trust more appropriate?

These are just a few of the questions that couples must grapple with when managing their individual retirement plan accounts. There is no set formula 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. 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.

Retirement Savings Tip

A tried-and-true way to help fund your future is to trim expenses while continuing to enjoy life. An extra $10 per week saved now can make a big difference tomorrow!

Delaying Retirement May Provide a Financial Boost

Many people welcome the opportunity to extend an enjoyable career, maintain professional contacts, and continue to learn new skills.

Americans are living longer, healthier lives, a trend affecting how they think about and plan for retirement. According to the Employee Benefit Research Institute, the age at which workers expect to retire has been rising slowly over the past couple of decades. In 1991, just 11% of workers expected to retire after age 65. By 2014, that percentage has tripled to 33% – 10% don't plan to retire at all.[1]

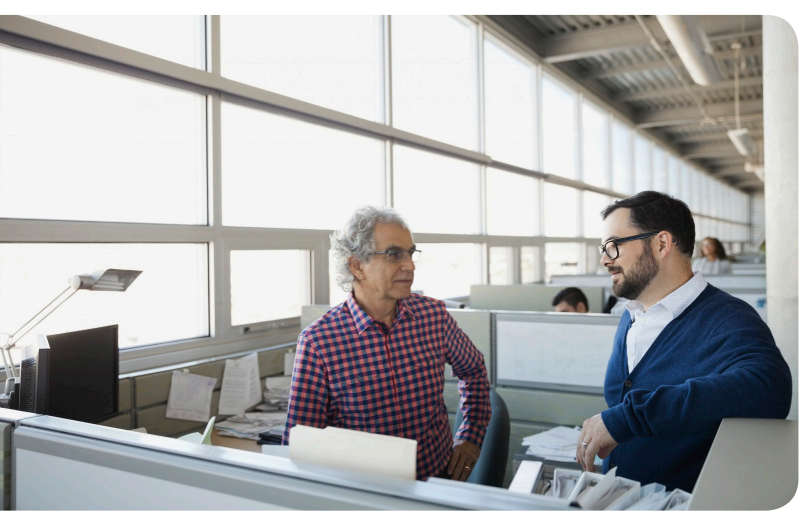
Working later can offer advantages – many people welcome the opportunity to extend an enjoyable career, maintain professional contacts, and continue to learn new skills.

A Financial Boost

In addition to personal rewards, the financial benefits can go a long way toward helping you live in comfort during your later years. For starters, staying on the job can mean continued contributions to your employer-sponsored retirement plan. If your employer allows catch-up contributions, just a few extra years of saving can give your retirement nest egg a considerable boost, as the table below indicates.

A Few Extra Years Could Add Up

Year	Maximum Annual Contribution	Catch-Up Contribution for Workers Age 50 and Older	Total Annual Contributions
2015	$18,000	$6,000	$24,000
2016-2020	Indexed to inflation	Indexed to inflation	$??,???



Delaying Distributions

Delaying retirement may also allow you to put off taking distributions until you do hang up your hat. Required minimum distributions (RMDs) are mandated when you reach age 70½, but employers can permit delayed withdrawals past that age.

With a traditional IRA, you are required to begin RMDs by age 70½, while a Roth IRA has no distribution requirements during the account holder's lifetime – attractive to individuals who want to keep their IRA intact for a few added years of tax-deferred investment growth or for those who intend to pass the Roth IRA on to beneficiaries.

A Look at Social Security

Your retirement age also has a significant bearing on your Social Security benefit. Although most individuals are eligible for Social Security at age 62, taking benefits at this age permanently reduces your payout by 20% to 30% or more. Waiting until full retirement age – between 66 and 67 – allows you to claim your full unreduced benefit. And for each year past your full retirement age you wait to claim benefits, you earn a delayed retirement credit worth 8% annually up until age 70.[2]

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[1]Employee Benefit Research Institute, *2014 Retirement Confidence Survey,* March 18, 2014.

[2]Social Security Administration. The benefit increase no longer applies when you reach age 70, even if you continue to delay taking benefits.

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