visions IN PERSONAL PLANNING

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Tips for Reaching Retirement Goals

Retirement planning and savings strategies attract ongoing media attention, but lately it seems there are more news articles than ever featuring retirement issues—probably for good reason. Life expectancy rates are at an all-time high, making retirement issues crucial for anyone who expects to spend their golden years comfortably with plenty of money.

At the National Kidney Foundation of Michigan, we understand that a comfortable retirement is essential, but we also know it's only part of the planning equation. Our supporters also want to make sure they provide for loved ones and further the causes that have made a difference in their lives. Fortunately, there are simple, cost-effective strategies that can help you do both—accomplish retirement goals and leave a meaningful legacy.

In this issue of *Visions*, we highlight how a few simple planning choices can ensure a comfortable retirement and empower your philanthropic goals. Be sure to request our useful brochure, *Personal Financial Affairs—Your Book of Records*, a fill-in-the-blanks guide to collecting and organizing personal and financial information. Don't hesitate to contact us to discuss the ideas in this newsletter or to ask us about giving to the National Kidney Foundation of Michigan. We look forward to hearing from you.

Sincerely,

Daniel M. Carney
President and CEO
National Kidney Foundation of Michigan

National Kidney Foundation™
of Michigan

Keeping Retirement Plans Up to Date

Reaching retirement goals, of course, means funding qualified retirement plans while executing a supplemental savings strategy. Equally important, however, is the need to monitor plans over time. By reviewing and revising (when necessary) long-term retirement needs, before and after you actually retire, you can be sure that your plan meets retirement expectations. As you experience changes that go hand in hand with retirement, it's also wise to meet with your financial advisor to ensure that the strategy that's in place for your retirement now is the best choice for you.

Retirement planning involves many variables. Changing a single one can cause a ripple effect that may reverberate over a number of years. Some of the issues that signal a need to think about altering an existing plan include:

- A shift in family priorities
- Increased prosperity—enjoying greater wealth
- Inheriting assets
- Retiring earlier or later than expected
- A changing perspective on personal philanthropy

In addition, those approaching retirement may want to increase the amount they contribute to a qualified retirement plan. Couples whose children are grown may find it's easier to put away more money for retirement. That's why at age 50, workers can make "catch-up" contributions to a qualified plan above and beyond the regular annual contribution limit—in 2015, up to $6,000 for 401(k) plans and $1,000 for IRAs.

IMPORTANT DATES

Age 59½—Eligible to begin taking distributions from most retirement accounts without penalty

Age 62—Eligible to start receiving Social Security benefits (by a reduced amount)

Age 64 and 9 months—Apply for Medicare

Age 65-67—Begin to receive Social Security benefits (by a full amount)

Age 70½—Must take annual required minimum distributions from most retirement accounts

Optimizing Retirement Assets

Accumulating assets for retirement takes decades. Along with making sure that planning strategies properly reflect current life circumstances and goals, it's important to recognize the right time to shift investment assets. For instance, growth stocks may be a good choice for a younger investor, while a person entering retirement may prefer safer, more liquid assets.

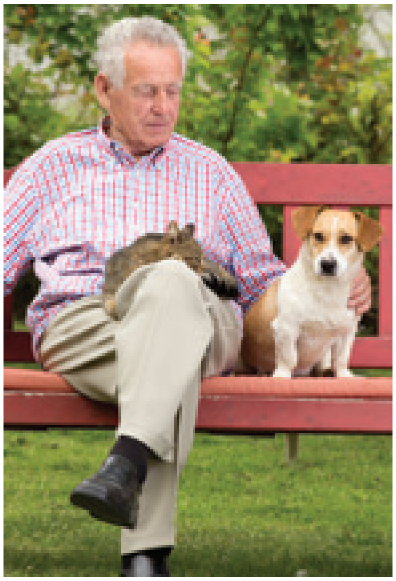
Another important decision is choosing when to take IRA or 401(k) distributions. You can take distributions after age 59½ without incurring a tax penalty. Delaying distributions, however, ensures that your savings grow on a tax-free basis for as long as possible.

At age 70½ and older, everyone with an IRA or 401(k) plan must take annual Required Minimum Distributions (RMDs). The bad news is these rules apply even if you are still working, whether you need the money or not. The good news is RMDs can be used to make a significant charitable gift that can offset the ordinary income taxes due on these distributions. In addition, you can make these gifts for a single year or year after year.

When Saving and Giving Coincide

Retirement plan assets are also an integral part of an estate plan. After all, a person can accumulate substantial retirement wealth and may pass away long before all of the assets have been used up. This brings us to a final step in retirement planning—deciding what to do with assets that remain after death. The process of deciding how your retirement assets will ultimately be distributed leads most of us to think about family members, places, and causes that are meaningful to us. Thankfully, it is possible to provide for your loved ones and realize important philanthropic goals.

Beneficiary Designations



Retirement accounts do not pass to heirs by will, but are distributed according to your beneficiary designation. It is important to update your beneficiary designations whenever you experience a significant life change to ensure that your current wishes are carried out. Aside from your heirs, you may also select a charitable organization as the beneficiary of your retirement accounts.

Keep in mind that qualified retirement plan assets are subject to income tax when withdrawn by you or your beneficiary. As a qualifying charitable organization, we do not pay income tax on retirement assets left to us, which means the full amount is used to create a legacy gift. Gifts of retirement plan assets are:

- Easy—Simply complete a beneficiary designation form.
- Effective—Our organization receives the money tax free.
- Beneficial—Your estate can take a charitable deduction for the full amount of the retirement account.

Beneficiary designations are a smart way to help further our mission, and they empower you to use the resources you have accumulated over a lifetime.

Charitable Bequests

Another simple method for giving is to make a charitable bequest—a statement in your will that directs that a particular asset be distributed to a party of your choosing. Giving in this manner allows you to plan to leave a meaningful gift while retaining flexibility. If your goals or needs change after you complete your will, you can easily amend it at any time with the help of your attorney.

SOCIAL SECURITY AND YOUR RETIREMENT

According to the Social Security Administration, about one third of the people who receive Social Security pay income taxes on their benefits. Those who enjoy substantial income during retirement may fall into that category. Contact your financial advisor to assess whether you can expect to owe income taxes on Social Security benefits.

CREATIVE GIFT IDEAS

Outside of the more traditional methods of giving with retirement assets, there are options for giving that have a unique twist:

- **Social Security Income:** Donors who do not rely on Social Security to meet everyday expenses can use these funds to make a gift.

- **A Gift of Life Insurance:** A meaningful future gift to the National Kidney Foundation of Michigan can be as simple as naming us the beneficiary of a life insurance policy. We can be the primary beneficiary—your first choice for receiving the funds—or a contingent beneficiary, which means we receive the funds only if your primary beneficiary is deceased.

Setting Your Course in Retirement

Planning for retirement is a deeply personal process, as each person has a unique vision of how they want to spend their retirement years. While you are saving and monitoring the important issues that will affect your plan, remember that philanthropic intentions can bring added purpose to your long-term goals.

To learn more about the ways charitable giving can reward you personally, use the enclosed reply card to request our complimentary brochure, *Personal Financial Affairs—Your Book of Records.* As you consider your options, don't hesitate to contact us—together we can explore how you can make the most of the planning opportunities that are available to you. We look forward to hearing from you.

National Kidney Foundation™
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