



Time & MONEY

A NEWSLETTER FOR THE CLIENTS OF JOHNSON BIXBY & ASSOCIATES, LLC

Time to Talk

Open Enrollment – It's almost Fall, and that means it's time to review your employee benefits! We recommend that clients take time to make sure that insurance plan choices are still appropriate and to update the amounts going into flexible spending plans for 2006.

On Sabbatical – Debbie will be out of the office during the month of September, taking a well-deserved break. Her plans include doing some campsite repair in the Olympic Peninsula, facilitating a session at the Financial Planning Association Fall Retreat held at the Oregon coast, and doing lots of reading.

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Megan Woodard, Kim Baker,
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MAKING THE MOST OF YOUR RETIREMENT

Planning for retirement is one of the biggest reasons clients come to see us. The usual focus is on topics like whether they are saving enough, which pension option to choose, how to set up cash flow after retiring, what insurance to keep/get/modify, etc. But there is another aspect to retirement planning that is also important to discuss: how do you want to spend your time, and how will you make that transition?

Studies show that retirement is one of the most difficult emotional adjustments of life. The retirement model that many aspire to is a life of leisure, but for many, that may mean a loss of stimulation, leading to boredom (TV and housework are 2 of the biggest time uses among retirees). There are a number of books that tell people "how to grow rich and retire", but very little advice or examples about how people might use their new freedom to embark on their next adventure.

You may also find that you have many more retirement years ahead than you'd imagined. Many folks are surprised when we run retirement projections showing money lasting until age 90 or beyond. Amazingly, life expectancy has increased by 30 years over the past century, and 67% of all people to ever reach the age of 65 are alive today. America now possesses the largest, fastest-growing, healthiest, best educated population of older adults in our history. This group also has time, talent and experience, making seniors one of our great untapped resources.

We encourage all of our clients to begin thinking about what kind of retirement life they'd like to plan for and how they'd like to fill their time: traveling, learning, volunteering, pursuing a different career, enjoying grandkids, mentoring others - the list of possibilities is endless. To help you sort out what your ideal retirement would (and would not) include, we've enclosed a handout with a "Wheel of Life" exercise and a list of resources that we have found to be particularly helpful.



“13” Facts about the One-Dollar Bill

Not everyone believes that 13 is an unlucky number. There are many “13s” on the \$1 bill as a tribute to the 13 original colonies and 13 original signers of the Declaration of Independence. These “13s” are found on the back of the bill:

- 13 steps on the pyramid
- 13 stars above the eagle
- 13 bars on the shield
- 13 leaves on the olive branch
- 13 fruits on the branch
- 13 arrows in the eagle’s grasp
- 13 letters in the Latin above the pyramid, ANNUIT COEPTIS
- 13 letters in E PLURIBUS UNUM

Getting Income from your Investments

In addition to considering how you want to spend your time in retirement, the mechanics of shifting from a mode of accumulation to generating an income stream from one’s investments is another important aspect that requires some thought and strategy. There are several factors we take into consideration in designing a retirement cash flow such as coordinating the taxation of income, the timing of withdrawals in regard to required distributions or potential penalties, a suitable withdrawal rate for assets to last, a client’s desire to leave assets to children, the appropriate selection of pension options available, etc.

Of the most common types of retirement accounts we encounter, here are some of the rules on taxation and age restriction.

WITHDRAWING FROM RETIREMENT ACCOUNTS

TYPE OF ACCOUNT	AGE FUNDS CAN BE ACCESSED WITHOUT A PENALTY	TAXATION OF DISTRIBUTIONS	REQUIRED DISTRIBUTIONS
Traditional IRA	59-1/2 (unless taken under 72(t) rules)	Taxed as ordinary income	Year in which attain age 70-1/2
Roth IRA	Either 59-1/2 or Roth having been opened for 5 years – whichever is later	Nontaxable	No mandatory distributions for owner
403(b), TSA 401(k)	55 if employee has separated from service at age 55 or later If separation from service occurs prior to age 55, must wait until 59-1/2	Taxed as ordinary income	Later of year in which attain age 70-1/2 -OR- retire
457 Plan	Anytime after separation from service (double check employer’s plan)	Taxed as ordinary income	Later of year in which attain age 70-1/2 -OR- retire
Pension	Determined by employer plan	Taxed as ordinary income	Not applicable

In partnering with our clients, one of our roles is to help pull all these pieces together to make a retiree’s income stream operate smoothly and efficiently.

Time to Talk, cont’d.

Seminars in Seattle – Coincidentally enough, several of our upcoming continuing education meetings are happening in Seattle this year. In late July, Kellie, Karen and Annette went to a special one-day meeting to learn more about back-office procedures of one of our investment custodians. In September, Heidi, Kim & Kellie will be heading there to take part in a national professional investment conference. Finally, in October, several of us will be going to Bellevue for our annual KMS Compliance Meeting.

Longview Dates

The following dates are available for appointments in the Longview office (1417 – 15th Avenue, Suite 2A)

Debbie: Oct. 12, Nov. 1, Nov. 22, Dec. 13

Heidi: Sept. 7, Sept. 21, Oct. 18, Nov. 17, Dec. 6

Kim: Sept. 13, Oct. 5, Oct. 19, every Wednesday ongoing