ED SLOTT'S IRA ADVISOR

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Tax & Estate Planning For Your Retirement Savings

Timing Social Security Benefits and IRA Distributions

The oldest Baby Boomers are already well into their 60s and there are millions more in their 50s that are soon to follow. Boomers are heavily represented among many advisors' clients and that trend is likely to continue as these 50- and 60-somethings begin to make decisions involving retirement dates, estate planning strategies, and when to begin taking Social Security income.

For many Baby Boomers, ongoing income is a key concern. Where will they get cash for spending money once their paychecks stop? How long will that income last and how will it be affected by taxes? What's more, today's retirees face some unique challenges. Medical advances mean longer retirements, yet traditional sources of investment income now offer low yields, with little chance of sharp increases in the foreseeable future. In such times, advisors may have to go beyond traditional thinking.

Delaying the start of Social Security means larger cost-of-living adjustments (COLAs).

Typical Building Blocks for a Successful Plan

Of course, any financial planning strategy will vary to meet specific client needs. However, most strategies call for advisors to incorporate a few basic concepts when customizing a client's approach to retirement income.

First, clients might want to wait as long as possible to start receiving Social Security retirement benefits. Waiting brings automatic lifelong increases in this tax-advantaged cash flow. In addition, delaying the start of Social Security means larger cost-of-living adjustments (COLAs), as the percentage increases are applied to a larger base amount.

Other accounts—even traditional IRAs—can be tapped to permit this deferral. Financial advisors, and especially CPAs, often shun the idea of tapping into IRA money before you have

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