Strategic Planning Group, Inc.

The Relaxing Transition to Retirement Program™

The Retirement Report™

The Monthly Newsletter For Those Who Are Approaching or Enjoying Retirement

Retiree Wants to Protect Children's Interests

Greg had been a successful contractor until a heart attack sidelined him several years ago. Ann, who was his wife for 31 years, worked at town hall as an assistant health inspector. When Greg came out of the hospital, Ann took a medical leave of absence for two months; then she returned to her municipal job. Their neighbor, a retired nurse, checked on Greg during the day.

Ann and Greg had two sons. Philip, 32, a college graduate with an MBA, worked as an apprentice to a residential developer for six years before beginning his own contracting business last year. He has one child, and his wife, Georgia, is pregnant. The second son, Jason, is still in college, working on a doctoral degree in electrical engineering. He is 27 and single, but has a steady girlfriend whom he is fairly certain would be a good lifetime partner for him. At the moment he is too involved in graduate school to make any long-term commitments.

Four years ago Greg suffered another massive heart attack. He did not survive. Ann continued to work after taking a few weeks off. As a health inspector, she had multiple contacts with people daily, and that was good therapy for her. She had five years to go until retirement with full benefits, and she didn't mind working every day.

Greg and Ann had built up a substantial portfolio of assets and properties. There were the usual retirement accounts – IRA's, 403 plans, a Keogh plan, two annuities – and various equity and bond investments at the time of Greg's death. He left her a generous life insurance policy, and a home free of mortgage. He also left her three residential properties, all rented to long-term tenants. They had a time-share in South Carolina and a 28-foot cabin cruiser, which they often had used on summer weekends.

A year ago Ann began dating a restaurateur in Rhode Island, a bachelor with a passion for Greek cooking and sailing. He was nine years her junior; but they shared much in common; and he got along well with her sons and daughter-in-law.

Ann came to us a few months ago to do some advance retirement planning. We reviewed her annual earnings statements from the municipality and the town's retirement plan. We solicited the necessary retirement applications and associated forms. As part of the planning process, we inventoried and catalogued all of her assets, expenses, salary, rent, and investment income.

During Ann's second meeting with us she told us about Simon, the restaurateur. He had asked her to marry him two weeks earlier. She told him she wanted to see him a few more months before making a decision, but that her answer would likely be yes. She mentioned this to us because she had a concern and thought we might be able to help. Ann wanted to ensure that the assets she and Greg had built up over the years, most of which were from his business, would eventually go to their two sons.

As much as she was in love with Simon, he was considerably younger than she. Furthermore, he had had many relationships in his several decades as a bachelor. Could she exceed his expectations? And did she want to? If their prospective marriage didn't work, she didn't want her sons and their families cut out of their parent's estate.

"I've heard much talk about pre-nuptials," she said during our second meeting, "mostly on television shows. I could go to a lawyer and have a draft drawn up. I could also have the attorney revise my will to protect my sons' interests, as Greg would have wanted me to do; it needs updating anyway."

"Yes, that would be one solution to accomplish your intent," we consented. "There are other solutions."

"Well, my concern about the pre-nuptial is that Simon might be offended, and that could dampen or destroy our relationship. I don't know that it will, but it scares me just thinking about it."

"If he is sincerely into this relationship, that shouldn't happen," we suggested. "But we don't know Simon, and we can't give marital advice. That's for marriage counselors, ministers, psychologists, and therapists, not us. Maybe you could bring out his opinions in that area, in a third-party sort of way, without directly discussing your plans and concerns. But, in any event, there are other ways of ensuring that your assets sooner or later are transferred to your sons, without a pre-nuptial agreement," we added.

The Wise Investor

These days an investor can never be too careful. It is not enough that investors have to be savvy about what they invest in but also with whom they make those investments. In the wake of recent revelations regarding investment and mail fraud perpetrated by investment advisor Bradford Bleidt (see the SEC press release of Nov. 19, 2004, available on the Internet, or recent news articles regarding this

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multi-million dollar fraud), wise investors will:

- Check the SEC's website (www.sec.gov/litigation), the Wall Street Journal, or other sources to see if the investment advisor or investment firm is under investigation by the SEC.
- See if the National Association of Security Dealers has had complaints against the advisor or the firm or if there is or has been any securities-related litigation.
- Check with the federal Department of Justice, the U.S. Postal Service, or call the SEC.
- Check with the local Better Business Bureau or the Massachusetts Secretary of State's office.
- Always write checks for investments in the name of the brokerage firm that is the custodian for your account. Never make out a check directly to the advisor or the advisor's firm.
- Once the advisor opens an account for you, confirm with the custodial firm that an account has been opened in your name (or in the name of your trust) and that the amount in the account is correct.
- Review every brokerage/custodian statement. If a statement is incorrect, is late or missing, or is otherwise suspicious, call the custodial company and ask the firm to investigate.
- Do not rely solely on statements from the advisor. Confirm that your assets are truly in your account by comparing advisor statements with custodial statements, or by calling the brokerage/custodial firm.

"You could, for example, put your assets, or some of them, in a trust naming Philip and Jason as the beneficiaries of the trust. The added benefit of doing that is that the assets in the trust would avoid probate. With a trust and a will, you won't need a pre-nuptial agreement. You could even ask Simon if he would be willing to sign the documents as one of the witnesses. That will let him know what your intent is, in a friendly way, before you get married; and you can judge his reaction to the bequest and the process more objectively.

"You could also give Philip and Jason $11,000 each this year and another like sum next year, tax free. Your estate is large enough to do this without any material effect on your estate," we told Ann.

"This may all be unnecessary," Ann commented. "He may have no objection to whatever I do. We've never discussed finances; wouldn't it be ironic if I created a trust and he presented me with his own prenuptial agreement? Life does have its strange moments. Awkward ones, too!"

We recommended to Ann that she consider two trusts. The first would be a revocable trust for her and her sons incorporating the three properties, the spousal IRA and Keogh plans, the two annuities, and the account she had set up for the proceeds from Greg's life insurance policy. The second revocable trust would be in her name with her will specifying the beneficiary of the trust and other assets. If she marries Simon, the second trust could be amended to name him as the beneficiary of the trust, or Simon and the two sons, and her will amended accordingly. We left it to Ann to decide, with her estate attorney, which options were most suitable for her. Those decisions would be as much subjective as financially driven.

At Ann's request we developed a full retirement plan for her. Since the plan can be modified at any time, we prepared the initial presentation with Ann remaining single and retiring early in 2006. The plan contained a number of recommendations for improving the quality of her portfolio and for achieving a better asset mix, given her age and the proximity of her retirement. We included income from her annuities, pension plan, and social security, phased into the plan in the appropriate years.

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If you enjoy this report, please share it with any of your co-workers, friends, or relatives who are either approaching or already enjoying retirement. Please provide us with their name and address, and they'll begin receiving their free subscription each month. Remember our policy is that we will NEVER call them.

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- ❑ The Nine Biggest Mistakes People Make When Offered An Early Retirement Package, Or Laid Off From Their Employer, And How To Avoid Them!
- ❑ Our Graphic Overview With Audio CD Detailing *The Relaxing Transition to Retirement Program™*.

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The retirement plan demonstrated that Ann, with her current monthly expenses and her proposed retirement lifestyle, could retire with almost no fear of depleting her assets. We ran the plan with both a 4 percent and a 5 percent inflation rate. We used a variable rate for income from her assets, adjusted annually as we changed the asset mix after retirement and again at ages 65 and 70 to reflect appropriate balance and diversification at various points along life's path. The plan showed that Ann could live comfortably on her own well beyond 110. Should Ann remarry, we would have to redesign the plan to accommodate the changes in assets, expenses, income, and lifestyle. But that is for later.

Ann reviewed the plan with us at our next meeting. She asked many questions of us as she integrated the plan elements with her expectations and knowledge of her own affairs. After making numerous notes in the margin, she suggested a few changes to reflect some further ideas that she had for retirement and predilections she had for life and long term care insurance policies. We made the changes while she talked to us about some ideas she wanted to pursue with her estate attorney.

Since our last meeting, Ann has accepted Simon's marriage proposal, sold the cabin cruiser, and made out a will and three trust agreements. She decided to do a trust for herself and one for each of her sons with her as the owner of the trust and them as the beneficiary. That way she could make her decisions on inheritance as clear as possible. No pre-nuptial! It wasn't that Simon was upset with the idea; it just never came up.

The wedding is planned for this summer. Since both Ann and Simon love the sea, they decided on a windjammer cruise in the Caribbean for their honeymoon. For us, it's back to the drawing board for this couple. We'll have a whole new plan for them after the wedding. We have already met Simon, and the next time we meet, they will be here as a couple.

If you are working and would like to retire and don't know if you REALLY have enough income and assets, please call us today at (781) 444-9010, or visit our website at www.RelaxingRetirement.com.

This feature article is not a testimonial. The composite stories in The Retirement Report™ are intended to stimulate persons who are thinking about near-term retirement to consult with us about their financial plans for retirement and their financial ability to make the transition to early retirement. Names and circumstances have been altered to protect client privacy.

Referral Reward Program

We appreciate the opportunity to help your co-workers, friends, or relatives retire when they want, on the income they want, while taking the least amount of risk necessary, and paying the smallest amount of taxes legally possible.

In order to help them, we need your help. For every co-worker, friend, or relative you refer to us who joins The Relaxing Transition to Retirement Program™, you will receive a $100 gift certificate. (Please see the list of certificates for you to choose from.)

A great referral for us is anyone you know who is approaching retirement, or already retired, especially if they have received an early retirement offer from their employer. When you pass along their name to us, we NEVER call them. Instead, a Strategic Planning Group, Inc. information package is sent with information about The Relaxing Transition To Retirement Program™.

Each month after that, they'll receive a free subscription to The Retirement Report™. When the time is right for them, hopefully they will feel comfortable enough to call us.

A referral is the best compliment you can give us. We truly appreciate the opportunity to help anyone you know make their transition to retirement as relaxing as possible.

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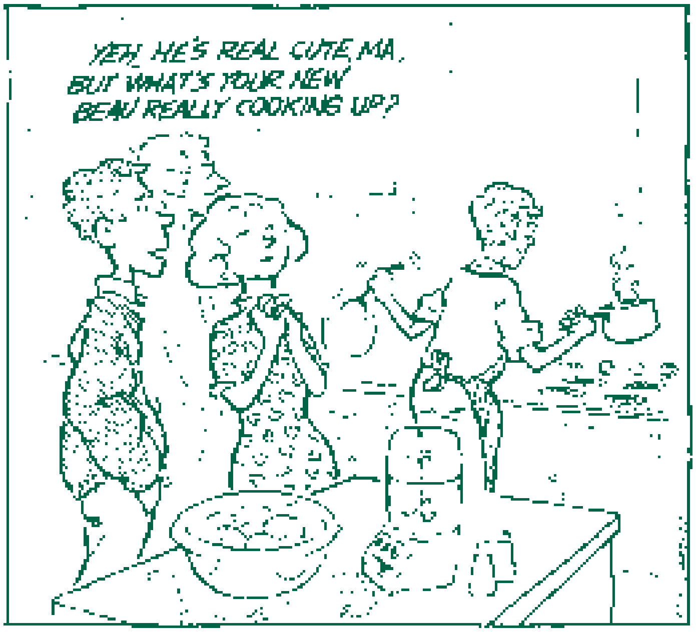

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Please Open And Read Immediately!

We'd Like To Thank The Following People Who Asked Us To Send Information on *The Relaxing Transition To Retirement Program™* to a Co-Worker, Friend, or Relative Last Month.

Robert Tennant Esq.

Douglas & Kellene Kiel

Stephen & Jan Staffiery

Edward & Phyllis Lubar

Lee O'Connell

Marianne Peabody

Patrick & Catherine Sullivan

Frank & Christine Arren

Please see page 3 for details . . .

David Rourke is the principal of The Strategic Planning Group, Inc. and director of *The Relaxing Transition to Retirement Program™*. Developed over the past twelve years, *The Relaxing Transition to Retirement Program™* has helped hundreds of people in New England who were at the Employment Dependency Crossroad™ develop and maintain the confidence they needed to make the transition to retirement without worrying about work or money. For Clients who choose to participate in The Investment Evaluation and Realignment Program™, David Rourke also offers securities as Registered Representatives of QA3 Financial Corp. Member NASD, SIPC, One Valmont Plaza, 4th Floor, Omaha, NE 68154, Tel: 888-337-4094.