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## With Holiday and Tax Seasons Looming, AnnuityAdvantage.com Asks Retirees and Pre-retirees Six Burning Questions

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MEDFORD, Ore., Oct. 22, 2013 /PRNewswire/ -- For better or worse, the holidays are also the time of year when it is necessary to think carefully about one's tax situation. For pre-retirees as well as those already retired, financial planning entails even more layers of complexity, so experts recommend starting early. AnnuityAdvantage.com suggests the following questions as a foundation for drawing up solid financial plans for 2014 and beyond.

Questions to consider before Thanksgiving rolls around include:

### **If you're turning 70.5 years old before December 31, have you taken your Required Minimum Distribution (RMD)?**

Failing to take the IRS-mandated RMD incurs a tax penalty of 50%, a potential disaster for anyone on a fixed income. The RMD applies each and every year after turning 70 and six months.

### **What are your income needs for 2014, and where will those funds come from?**

Generally, 70 to 80 percent of your pre-retirement income is a good baseline, although healthcare costs may push that number higher.

### **What tax bracket do you anticipate being in for 2013?**

Never wait until December to tally up year-to-date income. Tax bracket surprises do not come wrapped in paper and bows, although from the IRS's perspectives, such an outcome may seem like a gift. If your 2013 income looks to bump you up to a higher bracket, consider pushing some of that income into next year, if possible.

Turning toward 2014, these questions are good first steps in next-year financial planning:

### **When do funds in long-term savings vehicles (CDs, annuities) become liquid?**

When an annuity reaches the end of its surrender period (i.e., becomes liquid), you have the option of changing the type of annuity, continuing as-is through renewal or full liquidity, or withdrawing the whole amount without penalty. CDs present similar options, with one caveat. After a short grace period, most CDs (and some annuities) will be automatically reinvested for another term if the owner takes no action.

### **Are your beneficiary directives in place and up to date?**

What happens to your assets after you're gone is just as important to most families as what happens to them while you're here. Neglecting end-of-life planning does a disservice to one's heirs by creating confusion.

## **What percentage of your assets is principal protected?**

Principal protection means that an initial deposit amount is secure from risk. For instance, fixed annuities and CDs are 100% principal protected, whereas stocks and variable annuities can fall below their starting value if the markets tumble. As retirement nears, it's recommended to protect an increasingly greater portion of your assets. Retirees should consider protecting nearly all of their principal, thereby avoiding the stress of having to re-earn money lost due to a market downturn.

Retirement investors can learn about the many fixed annuities products available today at [www.annuityadvantage.com](http://www.annuityadvantage.com).

### **About AnnuityAdvantage.com**

Founded in 1999 by veteran financial and retirement planner Ken Nuss, AnnuityAdvantage.com is the leading online provider of fixed-rate, equity-indexed, and immediate income annuities. Consumers planning for retirement have come to rely on AnnuityAdvantage.com for individualized, expert recommendations and guaranteed, high-value annuity products that have been thoroughly screened by Nuss and his staff. The company's client-centered approach allows consumers to find the best mix of annuity products for their unique needs from the hundreds of annuities available through AnnuityAdvantage.com. There are no fees for the service.

Nuss is an active member of the National Association of Insurance and Financial Advisors (NAIFA), the National Association for Fixed Annuities (NAFA), and the National Ethics Association (NEA). He holds an Oregon insurance consulting license, along with an individual producer license in all 50 states and the District of Columbia.

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