Financial Pentagon

5 Key Areas To An Abundant Retirement

Estate Planning

By Dan Hagler

As we review and "Assess" your current situation in phase II of *The Protected Retirement Process®*, in this step we conduct an MRI and stress test your Estate plan.

What's your planning from a legacy standpoint? Will the IRS be the largest beneficiary of your estate? Will your estate have an impact on those you love and care about? So we look at your wealth from a legacy and a lifestyle standpoint.

When we think of estate planning and what we own in three categories. Think of a traffic light, red, yellow and green. Green assets are not taxes at all, yellow assets are taxed just once and red assets are taxed three times. How do I convert my red assets to green?

So many people say I don't have $11.4 or $22.8 (married) million dollars so I won't be paying estate taxes and while that is true there is a hidden estate tax on their assets. Those red assets include annuities and retirement accounts. Annuities and retirement monies can be taxed up to three times and include; IRA's, 401k's, pensions, profit-sharing.

As much as half of a families fortune can be wiped out by estate and income taxes. Many of the problems arise from poor estate planning advice. We find that traditional estate and tax planning is like typewriter technology in a windows world. That is why a more thoughtful and methodical approach is necessary when assessing estate and tax planning issues.

Without proper planning here is what happens, the IRS takes all your assets and they place the retirement assets on top of the pile and then calculate whether or not you owe estate taxes first. Then they calculate taxes owed on annuities and retirement accounts. Then the IRS comes back in the form of income tax collectors and then the state show up to take whatever portion they take. So these assets are taxes up to three times. So a retirement account is one of the worst way to leave money to your children.