

Strategies to Help Avoid IRA, Legacy Mistakes

Planning today can prevent costly mistakes tomorrow

By Ronald Stevenson and Barbara Clark

When planning your retirement, you work with many moving pieces. A beneficial component to retirement planning is implementing strategies that can help you avoid potential mistakes when dealing with individual retirement accounts, known as IRAs, and your legacy.

An IRA is an account set up at a financial institution that allows you to save for retirement with tax-free growth or on a tax-deferred basis. There are many types of IRAs: traditional IRAs, Roth IRAs and simple IRAs. Some are more common than others for many reasons. A legacy is synonymous with assets, inheritance and possessions. It echoes permanence and represents a lifetime.

IRA and legacy planning mistakes can be common and may cause serious issues. This may result in assets going through probate, unintentional but required distributions, immediate taxable distributions or overlooked income tax deductions. Because of this, it can be imperative to plan and review your IRA and legacy with a financial professional to help you avoid any mistakes and protect your IRA and legacy.

To start, a common mistake that is important to avoid is failure to take control of your assets. People have worked hard to build their retirement

assets, and we want their assets to continue to work hard for them throughout their working career and retirement years. Then, at their passing, we want their legacy to continue on for generations to come.

Another mistake to avoid is failing the rollover test. When rolling over funds into an IRA, an individual only has 60 days to reinvest the funds, including amounts withheld for tax purposes, or risk losing the tax-deferred status of the investment, essentially making it a completely taxable distribution. A direct rollover, or transfer, is much simpler and has fewer potential pitfalls.

It is also helpful not to have too many retirement accounts. Retirement accounts someone can accumulate over the years may include certificates of deposits (CDs), 401(k) accounts, IRA accounts and brokerage accounts. In some scenarios, a person can have as many as 10 different retirement accounts with very little knowledge of any one account. A solution for someone with many retirement accounts varies depending on their specific situation. But, consolidating can help minimize confusion, allow for optimization and let the client take advantage of all the options available to them.

Finally, it is good not to overlook tax deductions during distribution of a qualified plan. Chances are you may think you are saving for your retirement, but in actuality you are saving



to pay Uncle Sam. Once you start an IRA, 401(k) or any type of qualified plan, Uncle Sam becomes your partner. To put this statement into perspective, for every dollar you save in taxes, you would need to earn \$1.50 to net the same one dollar (assuming a 33 percent tax bracket). Remember, once you reach retirement, you quit earning income, so the distribution savings in tax becomes even more critical than the accumulation phase for retirement.

Being aware of these IRA and legacy planning mistakes can help you strategize and prepare for the retirement you have worked all your life toward! **QCBN**

Ronald F. Stevenson & Barbara E. Clark own American Financial Security, LLC. They specialize in Retirement Income Planning, Social Security Maximization, Tax Free Income Design, Personal & Corporate Tax Preparation and Planning. For more information, call 928-771-8368 or visit www.AmericanFinancialSecurity.net, 3112 Clearwater Dr., Suite B, Prescott, AZ 86305.



September Garden Tasks

- Scoop up bargains from Monster Monsoon Sales and inventory clearance sales at the nursery
- Plant winter vegetables like broccoli, lettuce and cauliflower
- Keep weeds at bay with Kleen Up weed killer
- Time to plant mums, pansy, violas and kale's for winter long color

Pest control

- Grasshoppers can be bad this month, also watch for spider mites on conifers
- Dead tips on cypress indicate tip borer
- White powdery leaves suggest powdery mildew disease

Plants in bloom

- Crepe Myrtle in color of red, pink and whites
- Butterfly bush
- Blue mist spirea and Russian sage
- Cherry sage salvia
- Echinacea and Coreopsis

Visit Watters Garden Center online at: WattersGardenCenter.com



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In September the garden center changes inventory from spring & summer blooming plants, and converts to fall colored trees, shrubs and evergreens. Deep discounts make the plants fly out of the nursery, and a great time to scoop up bargains for your personal landscape.

'Monsoon Madness Sale' runs through September or until the last summer plants are gone. The nursery is filled to capacity, then clogged if these summer plants are not sold quickly.

A 'Sweet spot' is the ideal time to do something right. September through the end of autumn is the gardeners sweet spot for planting success. The soil is warm and moist, with only mild days ahead us. Roots form quickly when planted now. Irrigation pressure is off. Most new trees and shrubs need a deep soak only twice a week now through October, and then twice a month through winter. This is truly an ideal time for garden success in the landscape.

Bugs & Disease take root as quickly as your plants this month. Watch for spittle bug and powdery mildew in the landscape. If you see anything out of the ordinary bring samples in for diagnosis. Minor garden issues can grow uncontrollable if left unchecked.

This is the month to plant winter vegetables like broccoli, cauliflower and lettuce. You will also find the first fall crops of pansy, snap dragons and mums.

If you like these garden tips sign up for my 'Garden Newsletter' through the web at WattersGardenCenter.com. Weekly garden advice is offered sure to make you a better gardener.

Throughout the week you can find me at Watters Garden Center, 1815 Iron Springs Road in Prescott.

Until next month, I'll see you at the garden center.



"You will find the largest plant sales of the year during the month of September"