



## RETIREMENT PLANNING

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For many Americans, their retirement plan will be the most expensive investment they ever make, easily topping over \$1 million or more. With so much at stake, you can't afford a plan that doesn't return maximum benefits at retirement. But with so many options to choose from -- and an ever-changing regulatory and economic environment to complicate matters -- how do you know which plan is right for you?

DMG Financial has more than 30 years of experience helping consumers navigate the confusing waters of retirement planning to find the right plan for them. Hal Schwartz, a founding member and chief investment officer of DMG Financial, is an Investment Adviser Representative, and can help guide you in both the selection of your retirement plan and the investments within it. Here is how DMG Financial can help you build the fund you need for a secure retirement.

### FINDING THE RIGHT PLAN FOR YOU

If retirement planning was a one-size-fits-all endeavor, the task would be simple. But for better or worse, the options available to you today are many and varied. Which is right for you? Because the answer depends on a wide range of criteria, we're here to help. As we learn more about you, your situation, and your goals, we'll work with you to evaluate the various options available to you. Among them:

### INDIVIDUAL PLANS

These plans, which you own and control, are commonly referred to as Individual Retirement Accounts -- or IRAs. IRAs are strictly governed by IRS regulations that dictate every aspect of their use, from who may own one, to how much the owner may contribute, to when and why distributions may be made. One of the best advantages of the IRA is that its funds grow tax-deferred to dramatically increase your opportunity for wealth accumulation. For example, if you are in a 25 percent tax bracket your money compounds by 25 percent more each year. Historically, IRA funds are usually invested in mutual funds, but annuities may also be used. IRAs actually come in three types:



- **TRADITIONAL IRA . . .** These are available to individuals who are usually not involved in a corporate retirement plan. Traditional IRAs qualify for a dollar-for-dollar tax deduction up to the maximum allowable contribution each year. Recently Congress has increased this annual contribution to allow consumers to raise more funds toward retirement. Other key IRA facts:
  - IRA funds grow tax deferred until you begin taking distributions, at which point you'll pay ordinary income taxes on 100 percent of your withdrawals.
  - IRS regulations require you to take regular, minimum withdrawals no sooner than age 59 ½ but no later than 70 ½.
  - Spousal IRAs are available for non-working spouses under certain conditions.
  - Also non-deductible IRAs are available for contributions that exceed the annual limit or for those who cannot have a deductible IRA for other reasons.
- **ROTH IRA . . .** The Roth IRA differs from the traditional IRA in four key ways:
  - Your Roth IRA contributions are not tax-deductible, unlike your contributions to a traditional IRA.
  - Your contributions grow tax-free in a Roth IRA, while they only grow tax-deferred in a traditional IRA.
  - Your Roth IRA distributions at retirement will be 100 percent income-tax-free, while distributions from a traditional IRA are taxable.
  - With a traditional IRA, you must begin taking distributions by age 70 ½. No such requirement exists with a Roth IRA, for which you can postpone distributions for as long as you like.

Otherwise, many of the features of the two IRAs are the same, such as limits on annual contributions and restrictions on early withdrawal. In a sense, the concept behind the Roth IRA is that individual taxes are likely to be higher in the future than they are now. Under this scenario, the Roth IRA will be the economic winner over the traditional IRA, as you'll save far more by avoiding taxes at retirement than you'll save with a current tax deduction. But if you believe that taxes are likely to be lower in the future, you may prefer to stick with the traditional IRA.

#### COMPANY-SPONSORED PLANS

The most common plan is the 401(k), now offered by more businesses than any other type of plan. Like all other retirement programs the 401(k) offers unique tax advantages:



- Your contribution is made with pre-tax dollars. So although it isn't tax deductible, it lowers your taxable income, and thus, your tax bill.
- Your 401(k) funds grow tax deferred.
- Like the IRA, your distributions at retirement will be subject to ordinary income taxes on 100 percent of your withdrawals.
- You are required to take distributions no earlier than age of 59 ½ but no later than 70 ½.
- Many employers will “match” your contributions up to certain limits, making these 401(k)s an even better opportunity to build toward retirement.

Over the years, many employees will build a significant fund in their 401(k), but they could be vulnerable to poor returns if they aren't able to diversify their investments. The government now allows an employee to make withdrawals from their current plan for the express purpose of allowing a non-employer advisor to manage their 401(k) investments. Employees are still qualified for additional contributions. Many employers are building this withdrawal privilege into their 401(k) plan design, so if you have a 401(k), you might want to take advantage of this provision to enhance the growth of your plan.

Note: If you're an employee participating in an employer's qualified plan, and you are nearing age 59 ½ or older, then you may be eligible for a tax-advantaged “in-service withdrawal.” Rolling over part of your employer plan into an individual IRA may give you more control and diversification.

Before you decide to roll funds over from one plan to another, however, be sure to review with your qualified advisor all the potential fees, expenses, commissions, taxes and other legal ramifications that may impact your choice.

## HOW DMG FINANCIAL CAN HELP

Where does DMG Financial come in? Depending on your goals and your needs, we can help in one of these ways:

- We can help you choose the right plan for you. We'll sort through the wide range of options to come up with a plan that will best meet your goals for your retirement years.
- After we create your plan for you, we'll work with you to select the appropriate investments for your retirement contributions, and we'll monitor your fund performance to help ensure the investment strategy continues to deliver positive results for you.



- If you already have a plan, we can help you achieve your goals by managing the funds within your plan to help ensure it delivers the best possible results for you at retirement.

Many Americans will enjoy retirement that spans two, even three, decades. But without an adequate source of retirement income, those leisure years can fall far short of your expectations. Make sure you have all the retirement income you need in your later years by calling DMG Financial today to start building your plan or to review your existing retirement plan, if you already have one.

## ABOUT DMG FINANCIAL

First established in 1993, DMG Financial was created to help clients achieve their most cherished goals through personalized financial planning services and a wide range of quality financial products. Today, DMG Financial has evolved to include a team of affiliated financial professionals from coast to coast. Working together, the advisors of DMG Financial offer the expertise, planning techniques, and products to serve businesses, individuals, and families.