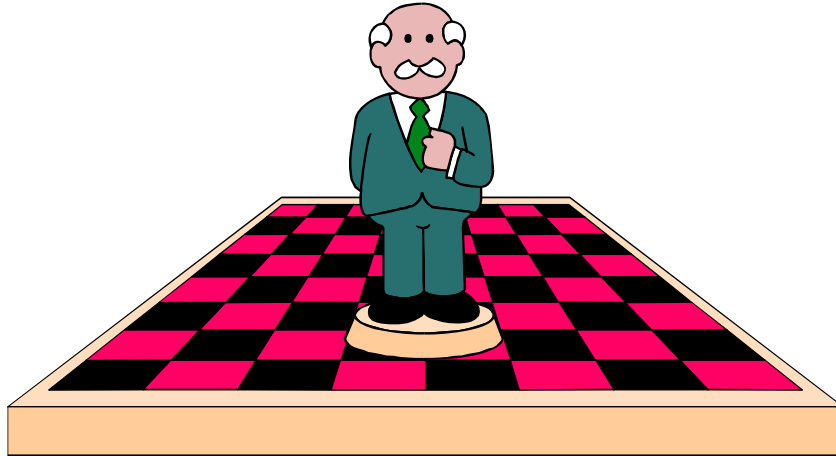


# Fast Track Retirement Planning



By  
**Danny C. Santucci**

The author is not engaged by this text, any accompanying electronic media, or lecture in the rendering of legal, tax, accounting, or similar professional services. While the legal, tax and accounting issues discussed in this material have been reviewed with sources believed to be reliable, concepts discussed can be affected by changes in the law or in the interpretation of such laws since this text was printed. For that reason, the accuracy and completeness of this information and the opinions based thereon cannot be guaranteed. In addition, state or local tax laws and procedural rules may have a material impact on the general discussion. As a result, the strategies suggested may not be suitable for every individual. Before taking any action, all references and citations should be checked and updated accordingly.

*This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert advice is required, the services of a competent professional person should be sought.*

*—From a Declaration of Principles jointly adopted by a committee of the American Bar Association and a Committee of Publishers and Associations.*

**Copyright January 2020**  
**Danny Santucci**

# Table of Contents

Introduction .....	1
Popular Retirement Myths .....	1
Plan For 10 to 15 Retirement Years .....	1
Stay With One Company to Retire With the Best Benefits .....	2
Preserve Capital.....	2
Housing Costs Are Less .....	2
Just the Spouse and Me .....	2
Social Security Will Gap Any Savings or Pension Benefits Shortfall.....	2
Company Insurance & Medicare Will Cover Medical Bills.....	3
Retirees End Up In a Nursing Home .....	3
Defining Retirement .....	3
When Do I Want To Retire? .....	4
What Kind Of Lifestyle Do I Want?.....	5
Do I Want To Move?.....	6
Determining Retirement Costs & Income Needs .....	8
Savings .....	11
Strategies for Savings .....	12
Assets .....	15
Stay Liquid - Be Able To Get Your Money Back .....	15
Grow - Make Money on Your Money .....	15
Shelter - Get Tax Benefits .....	15
Build - Don't Spend Your Benefits .....	15
Avoid Linking - Each Investment Must Stand On Its Own .....	16
Analyze - Investigate the Investment.....	16
Social Security.....	16
Qualification .....	16
Calculation.....	16
Average Indexed Monthly Earnings (AIME) .....	17
Primary Insurance Amount (PIA).....	17
Cost of Living Adjustment Using Dollar Bend Points.....	17
Adjustment for Retirement Date.....	18
Early Retirement.....	19
Effect of Late Retirement .....	20
Social Security's Payroll Tax or FICA - §3111 & §3121.....	20
Rates .....	21
Covered Earnings .....	21
Multiple Employers.....	22
Covered Employment.....	22
Self-Employment.....	22
Total Disability Benefits.....	22
Family Members.....	22
HIV & AIDS .....	23
Children .....	23
Qualification .....	23
Survivors Benefits .....	24
Divorce.....	25

Medicare .....	25
Who Is Eligible For Hospital Insurance (Part A)? .....	25
Who Can Get Medical Insurance (Part B)? .....	26
Prescription Drug Coverage (Part D) .....	26
How Do You Get Medicare? .....	26
What Does Medicare Pay For? .....	26
What Medicare Does Not Pay For? .....	27
Medigap Insurance .....	27
Retirement Plans .....	27
Sources of Retirement Income.....	27
Qualified Corporate Programs.....	28
Defined Contribution Plans .....	28
Profit Sharing Plan .....	28
Money Purchase Pension Plan.....	28
Stock Bonus Plan.....	29
Employee Stock Ownership Plan .....	29
401(k) Plan .....	29
Defined Benefit.....	29
Defined Benefit Pension.....	29
Annuity Plan.....	29
SIMPLE Plans .....	29
Self-Employed Plans .....	30
Individual Retirement Accounts .....	31
Penalty-Free Withdrawals.....	32
Roth IRA - §408A .....	32
Tax-Deferred Annuities.....	32
Mechanics.....	32
Simplified Employee Pension (SEP) Plan.....	33
Investment Assets.....	33
Ultimate Question.....	33
Participant Loan Regulations.....	34
Additional Loan Requirements .....	34
Distributions from Retirement Plans .....	37
Annuity Payments - §72 .....	37
Mandatory Basis Rule .....	37
Annuity Benefits Paid Over Two Lives.....	38
Withholding & Estimated Tax.....	38
Lump-Sum Distributions .....	39
Employer Securities - Net Unrealized Appreciation (NUA) .....	39
Capital Gain Treatment.....	40
Rollovers.....	40
Eligible Rollover Distributions.....	40
20% Withholding .....	41
Exceptions .....	41
Direct Rollover .....	41
Rollover Period.....	42
Annual Usage .....	42
Qualified Domestic Relations Order Rollover.....	42
Premature Distributions - 10% Penalty .....	43
Exemptions.....	43
Required Distributions.....	44

Required Beginning Date for Minimum Distributions .....	44
Minimum Distribution Rules.....	45
Nonqualified Deferred Compensation.....	46
Contractual Arrangement.....	46
Tax Status .....	46
Unfunded Bare Contractual Promise Plan - Type I .....	47
Funded Company Account Plan - Type II .....	47
Segregated Asset Plan - Type III .....	47
Life Insurance.....	47
Income Tax .....	48
Estate Taxes.....	48
Types of Life Insurance .....	48
Term Insurance .....	48
Whole Life (Permanent) Insurance.....	48
Life Insurance Trust.....	48
Estate Planning.....	49
Simple Will.....	50
Applicable Exclusion.....	50
Portability – Deceased Spousal Unused Exclusion Amount.....	50
Danger for Larger Estates.....	50
Probate.....	50
Living “A-B” Revocable Trust.....	50
Living “A-B-C” (QTIP) Trust .....	53
Impact of Spousal Portability on Trust B under TUIRJCA.....	54