Consider This Program

Episode Date:

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Best of

Show Notes:

Topics Include:

- Exceptions
- Put Options
- Things that you need to consider about retirement
- Non-Hardship Distribution
- IRAs 401(ks)

Best of Consider This, put together over the last few years of this show. You can find the information from the show on our website at yourlifeafterwork.com, iTunes, and in various other places.

Exceptions

We serve as fiduciaries, which means I have to have to treat your money as if it were mine and we were in the same situation, but Department of Labor came out and said, anybody who deals with 401ks or IRAs now has to have that same element. There is a law that is when we look at America, there's a huge difference between cost of living in California and New York and Indiana. Well now that number has been shifted and there's exceptions. Healthcare for instance, is one of those exceptions. Now the number has been shifted to an income of $47,000 a year in change. So if you make less than that and you do anything more than 40 hours a week, then all of a sudden you have to get paid overtime that's going on salary.

Put Options

Prices are plunging. An option is something that merely gives you the right to do something. And it's always pre-priced based on time and the expected level of volatility. So there are options that are called

call options. Call options are ones that give you the ability to buy stock in the future at a price that you're going to state. So let's say there's a stock that's $100 a share and you're willing to because you don't have as much money right now, or you liked trading and options, which are time and volatility. The product is the ability to buy that stock at a given price within a given date. I'm buying the right to buy your stock. You're signing off on it. And you can buy other stock to cover it if you want to, but when you have no volatility and options are based on volatility and time, you lose money quickly. What's a put? A put is when I have the right to sell you my stock at a given price. That's where you have the internet. That's when you have the nod at a given price. People tend to over assess risk and they will buy puts that don't necessarily ever come to fruition. So if I'm buying a put, I'm paying a premium and I'm covered. People pay more in premiums than what they necessarily need to pay. Should this be 20% of your portfolio? Not In my opinion. Should it be 5-8% of your portfolio? It might fit and really, absolutely.

Things that You Need to Consider About Retirement

So we're talking about the components of a retirement decision, things that you need to consider about retirement as you, as you prepare. So I came up with the list of 10 things.

1. Save More - it gives you more money when you retire, but it reduces the of money that you become accustomed to living on
2. Retire Later
3. Reduce Standard of Living - Give up the chocolate to lose the 40 parents. Do not lose the 40 pounds and then give out a chocolate, right?

Non-Hardship Distribution

In service non-hardship distribution means in service, you're still working, right? Non-hardship means you don't have to take it. There's no like qualifying reasons. You have to take it. Distribution means taking it from your retirement account. So the reason you have to ask that question, one, you don't want to pay penalties and you don't want to pay taxes, right? You're rolling it directly to an IRA. If you do this, the second thing that you want to ask, to be an in-service, you can always get your money? Yes. If you're working in your 40 years old and you want your money out of your 401k, they're going to send it to you. You're going to pay a 10% penalty for disabled. You cannot continue to contribute to the plan. Non-hardship distribution allows you to pull money out of the IRA or out of the 401k to roll into an IRA and at the same time continue to make your contribution. So you get the employer match and the things that are going on along the way, you're pulling it out to get a better situation in a different IRA. But you're continuing because you're still working there and you want the match to put more money back into where you just pulled it out of.

IRAs & 401Ks

Remember in an IRA, you can aggregate them. So you have 10 accounts and the total value was $100,000. You can take your distribution from one IRA. You cannot take your distribution from one 401K. We had an issue this last week where somebody came in and he had three different 401Ks. Two of them had less than 10 grand in it. He would've had to take a Required Minimum Distribution from each of those three 401Ks. It's not that he didn't care about $70,000. He made $70,000 in his whole life. It was just in too many places to be able to see it and to think about it. Once we get it on one statement, in one place, we're able to help him make better decisions so that the two of them have a better life after work.

Social Security, IRA and 401k withdrawals, & Distribution

The, the big question that we always run across is when should you start social security and when should you begin to taking Ira and 401k withdrawals, right, and distribution. What are the two things that matter in distribution? Volatility between distributions and how much tax do you pay on each dollar that you withdraw? So where you're taking it from matters. Here's one thing: make sure that you pay the least amount of taxes on every dollar that you spent. Minimize the amount of money that the IRS gets. There's 23 different things that we look at to try to help people make the election. How are you going to invest money? Do you need the income? How's your health? A whole slew of questions. And they're conversations that are just worthy of having.