Retire Secure
for Professors and TIAA Participants

by James Lange, CPA/Attorney

Synopsis:

Retire Secure for Professors and TIAA Participants *provides comprehensive information guiding the reader through the entire process of retirement and estate planning. The book includes data, analysis, graphs, and charts to persuasively assure the reader that the information and recommendations have been fully researched and analyzed.*

The author's primary objective is to help people ensure they have sufficient money to live comfortably after retirement and to optimize tax-advantaged transfers of wealth to heirs. Though there are specialty chapters for professors and TIAA participants, most of the book would be relevant for virtually all IRA and retirement plan owners. The detailed Table of Contents offers readers a quick and easy way to locate information critical to their individual circumstances.

Fundamental Tenets of Saving for Retirement

Chapters 1 and **2** are devoted to reviewing the fundamental tenets of saving for retirement when someone is gainfully employed in an organization that offers retirement benefits and the basics of tax-advantaged withdrawals upon retirement. They prioritize the order for investing employee contributions as well as the employer contributions in accounts such as 403(b), 401(k), etc. and compare deferral contribution limits. **Case Studies** provide specific examples of couples' and individual's choices to maximize contributions and savings.

Advantages and Disadvantages of Traditional Retirement Accounts and Roth Accounts

Chapters 3 and **4** dig deep into the comparisons and varying advantages and disadvantages of Traditional IRAs *vs.* Roth IRAs and Traditional 403(b) *vs.* Roth 403(b)s. The most critical and fundamental difference between Roth accounts and Traditional accounts has to do with when the money invested is taxed. Roth contributions are taxed immediately but will not be subject to taxes upon withdrawal. Traditional contributions are tax-deferred and will be taxed upon withdrawal.

Given these differences, a thorough analysis of tax rates, and tax brackets at different times over the course of perhaps several lifetimes—factoring in heirs, etc. complicates the decision making. Again, specific **Case Studies** help the reader understand the quantitative outcomes of acting on different scenarios. One study, for example, provides an in-depth analysis of a professor who wants to know if he should direct his contributions to the Roth or the Traditional plans offered by his employer.

Spending and Savings Concerns for Retirees

Chapters 5, **6**, and **7** exhaustively address the primary spending *vs.* savings concerns of retirees. Optimizing spending order, calculating required minimum distributions, tax advantages of trustee-to-trustee transfers of a 403(b) to an IRA, evaluating Roth conversions *(Traditional accounts vs. Roth accounts)*, and passing on money to survivors, both spouses and children. A little-known strategy that is great for parents who are in a higher tax bracket than their children: don't roll your 401(k) or 403(b) into an IRA. Die with it, and let kids make a Roth conversion of the Inherited 401(k) or 403(b)—after parents are gone—at kids' (not parent's) tax rates.The mechanics, implications, and potential pitfall of each of these transactions, plus many more, are easily identified in the **Table of Contents**.

Accessing TIAA and CREF Accounts After Retirement

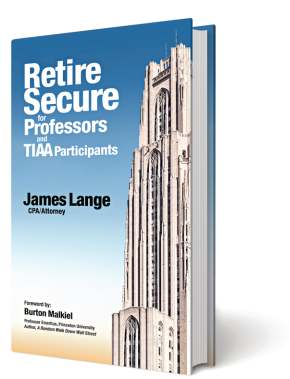
Chapters 8 and **9** are devoted to explaining the ins and outs of accessing TIAA and CREF accounts after retirement. These two chapters are perhaps the most critical for professors and TIAA participants, and they do the most to breakdown the intricacies and nuances of distribution options. The author also devotes considerable time to discussing the pros and cons of annuitizing your Traditional TIAA.

In **Chapter 10**, the author weighs the pros and cons of commercial **Longevity Annuities** and the **Qualified Longevity Annuity Contract**

(over)

Retire Secure for Professors and TIAA Participants (2023)
by **James Lange**, CPA/Attorney

Contents:
430 pages + Introductory Material and Appendices



(QLAC). A QLAC can be purchased within qualified retirement accounts including 401(k)s, 403(b)s, etc. In a rather succinct statement, the author indicates that if your most sleep depriving worry is running out of money before you die—despite all your best planning, perhaps a longevity annuity is something you should consider.

The Disadvantageous Consequences of the SECURE Act

Chapters 11 and **12** include some historical information on transferring retirement accounts to spouses and heirs and the incomparable advantages of the *"stretch"* that allowed Inherited retirement accounts to be distributed over the course of a lifetime for non-spouse heirs.

In sharp contrast, current regulations built into the SECURE Act include the mandate that Inherited retirement accounts, subject to some exceptions, be distributed within ten years of the death of the retirement account owner. The current regulations are significantly more disadvantageous for non-spouse heirs *(think children and grandchildren)* but have no impact on spouses.

The consequences of the disadvantages for non-spouse heirs consumes the author's undivided attention. He assiduously compares and contrasts the benefits of inheriting a Roth account *vs.* a Traditional account. He weighs and measures the tax advantages among different scenarios. He evaluates trust and charitable trusts as options for heirs vs. directly inheriting an account. The advantages of charitable remainder trusts as the beneficiary of IRAs and other retirement plans are explored in depth in **Chapter 18**.

Financial Protection for a Child with a Disability

Chapter 13 discusses the myriad issues involved in preparing an estate plan that provides for and protects children with disabilities. The author's own daughter has a disability and her circumstances prompted him and his wife to devise a solution that would ensure her safety and security long after they died. For any parent of a child with a disability, this is mandatory reading. The chapter includes discussions of acquiring disability status, maintaining disability status, qualifying for SSI or SSDI, establishing trusts, who should be the trustee, the advantages of Roth conversions, and many more essential concepts and applications.

Material in this chapter was written jointly with two co-authors, **Deborah McFadden**, former *U.S. Commissioner, Administration of Developmental Disabilities* and mother of **Tatanya McFadden**, 24-time medal winner in wheelchair racing, and **Julianne E. Steinbacher, Esq.**, an estate attorney with expertise in drafting special needs trusts and other things parents of a child with a disability need.

The Best Estate Plan for Most Married Couples

Chapter 14 focuses on **Lange's Cascading Beneficiary Plan™**, frequently the best estate plan for most married professors and retirement plan owners after the SECURE Act. The significant advantage of this estate plan is that it lays the groundwork for a tax-advantaged post-mortem distribution of an estate.

Tax Advantages of Roth Conversions

Chapters 15, **16**, and **17** explore the tax advantages of Roth IRA conversions. Virtually no stone is left unturned. But above and beyond all recommendations is the implicit and explicit admonition that all numbers must be verified. There are few shortcuts when considering whether a Roth IRA conversion is advantageous for any individual.

One particular emphasis rests on defining the idea of *"purchasing power."* This concept differentiates between *perceived* total worth and the effects of taxes on *actual* total worth. This concept alone illuminates how critical it is to factor taxes into any calculation of wealth. The author's discussion of Roth IRAs and Roth conversions is unparalleled for its depth of understanding.

This recurs throughout the book. Many of the concepts of this chapter were included in the first peer-reviewed article on Roth IRA conversions published by ***The Tax Adviser***, the American Institute of Certified Public Accountants' tax journal.

Charitable Remainder Trusts and Charitable Bequests

Chapter 18, as mentioned above, analyzes the potential benefits of **Charitable Remainder Trusts (CRT)** as a beneficiary of a retirement account after the SECURE Act. A full analysis of how CRTs work, their disadvantages and advantages, and examples give a full picture of their potential in an estate plan.

Chapter 19 and **20** explore the advantages and disadvantages of making charitable bequests while still protecting the interests of natural heirs—when relevant. Fulfill your charitable bequests with IRA dollars, not after-tax dollars, and heirs save the taxes on the IRAs. Consider leaving Roth IRA to child in a high tax bracket and regular IRAs to child in a low tax bracket with an equalization clause.

Predicated on the belief that charitable inclinations can be integrated with family inheriting money as well, the author explores points to ponder in an overall giving strategy.

Investment Observations

Chapters 21, **22**, and **23** dip into the challenging area of investing premises. While investing strategies are really beyond the author's area of expertise—this is not a book about investing—issues of inflation, Social Security, and some general principles with respect to investing cannot be ignored within the big picture. On several of these topics, the author defers to other experts for their insight. It only contributes to the global perspective the author brings to the entire picture.

Family Finance Considerations

Chapters 23 and **24** become somewhat more philosophical about the importance of cultivating healthy family dynamics. That includes considering family gifting strategies that take account of current needs—such as help with buying a house or a grandchild's education expenses—instead of leaving a larger legacy after you die. Also covered are motivations to sponsor family vacations that cultivate family bonds among different generations.

Chapter 25 is somewhat unique as it addresses the tax advantages for committed unmarried partners to get married. Social Security benefits and the advantages of inheriting money from a spouse as opposed to an unmarried partner are explored.

Chapter 26 discusses life insurance as an estate planning tool. The chapter includes recommendations for types of insurance to buy, depending on circumstances, including second-to-die insurance and umbrella policies.

Final Summary

Chapter 27 sums up the book with the advantages of combining multiple strategies to develop the most comprehensive, tax advantaged, and life affirming retirement and estate plan.