



MoneyTalks

Wisconsin Deferred Compensation Program

Cash Flow from Your Nest Egg

How to spend what you've saved

The savings you've accumulated in the WDC may be one of your greatest retirement resources. No matter where you are on the path to retirement, keep the following tips in mind.

Follow the 4% Rule

Many financial professionals agree that you can safely withdraw 4% of your savings in your first year of retirement and then increase that amount by 3% each year to account for inflation. For example, imagine you saved \$1.25 million and your first withdrawal in retirement was \$50,000. In year two you'd need to withdraw your \$50,000 plus an additional 3%, or \$51,500, and then \$53,045 in year three, and so on.

Be Sure to Take RMDs

The term "RMD" stands for "required minimum distribution." The IRS requires you to begin taking distributions from retirement savings plans when you reach age 70½. Your first distribution must be taken by April 1 following the year in which you turn age 70½. If you don't take your RMD on time, or if you don't withdraw enough, you could be subject to significant tax penalties. Visit www.irs.gov to find complete RMD guidelines and estimates.

Remember that retirement planning doesn't end when you retire. If you follow these guidelines, your savings may sustain you for several decades. ❁

Please note: This newsletter does not constitute investment or financial advice.

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M&I Bank has declared an annualized interest rate of 2.88% for the third quarter of 2008.