
Enjoy Today's Income Plan

By Kerry Pechter Thu, Sep 27, 2018

RIJ is committed to regularly publishing examples of retirement income plans that advisors and firms--call them decumulation pioneers--have developed for real (but anonymous) clients.



In this week's issue of *RIJ*, we present the first draft of a retirement income plan created by Jerry Golden of Golden Retirement for an anonymous couple with about \$750,000 in savings. We think that you'll find it interesting.

Many *RIJ* readers may recognize Golden's name. (What last name could possibly be more appropriate for a retirement expert?) As an actuary, advisor, executive, and entrepreneur, he's been a seminal figure in the retirement industry.

Some two decades ago, at AXA-Equitable, he developed the first guaranteed minimum income benefit—an option to convert a variable annuity to an income annuity with a guaranteed floor. A decade ago, he created the Retirement Management Account, a process for the gradual conversion of liquid assets to income annuities, and sold it to MassMutual.

The plan that Golden presents here, while still in the rough-cut stage of development, reflects his core beliefs about income planning. For instance, he likes qualified longevity annuity contracts, or QLACs. These are the deferred income annuities, purchased with qualified savings, whose value (up to 25% of qualified savings or \$130,000 per person) can be excluded from the calculation of required minimum distributions until as late as age 85.

Aside from offering modest tax benefits, he says, QLACs provide future income, at a steeply discounted price, that can be applied, if needed, to assisted living or long-term care expenses. Golden acknowledges that QLACs aren't popular with most advisors. That's because most advisors focus on selling products, he says, and QLACs "are part of a planning sale, not a product sale."

Golden believes in "income allocation," not "asset allocation." The plan we present today is also noteworthy for its diversification of income sources. During the middle years of retirement, the plan produces monthly income from immediate annuities, through

systematic withdrawals from a total return portfolio, and from dividend-paying stocks. During the later years, QLAC income joins the mix.

As a general rule, he recommends annuitizing between 20% and 40% of savings and keeping the rest liquid. His system is quite distinct from “safe withdrawal rate” methods, from “bucketing,” and from “floor-and-upside” techniques. As you read his plan, note that none of the clients’ money is allocated to money market accounts and none is set aside for appreciation only. All of the allocations produce either current or future income.

Golden Retirement provides direct advice to clients, using a proprietary process. Golden meets prospects through luncheon seminars and through his website. He publicizes his business through ads and articles in Kiplinger’s magazine. He foresees a point where he won’t personally be able to handle the volume of incoming business. He’s already considering licensing his process to other advisors or to sell it to an institution. Even after some 40 years in the retirement industry, he still thinks like an entrepreneur.

We hope you enjoy Golden’s solution for the “M.T. Knestors.” You can expect more case studies like this one in future editions of *RIJ*.

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