Watch now: A ‘Deep Dive on Retirement Drawdown Strategies’

By Kerry Pechter *Fri, Jan 22, 2021*

This one-hour video of yesterday's webinar, sponsored by The American College, features retirement income specialists Joe Elsasser and James DiLellio. Some 1,800 advisers attended. Our story summarizes the webinar and provides links to video and slides.

So many webinars, so little time.

But the title of yesterday’s **webinar**, “A Deep Dive on Retirement Drawdown Strategies,” made it impossible for me not to add to my calendar. Some 1,800 financial advisers attended it, indicating a level of interest in retirement income planning that the continuing eduction credit opportunity can’t have entirely explained.

The meeting’s sponsor was The American College of Financial services and hosted by Steve Parrish, an adjunct professor of Advanced Planning at the College and co-director of the New York Life Center for Retirement Income, which offers the Retirement Income Certified Professional designation. (Steve’s article on using life insurance in retirement appeared in *RIJ* only a few weeks ago).

Steve’s guest speakers were Joe Elsasser, an advisor and founder of **Covisum**, an Omaha-based fintech company, and James DiLellio, an associate professor of Decision Sciences at Pepperdine University’s Graziado Business School in Malibu, CA, who blogs at **etfmathguy.com**.

You can link directly to the webinar **here**. You can download the **slides** here.

Here are a couple of my takeaways from the one-hour webinar:

Evaluating the new IRA stretch period

Citing a **paper** he’d recently co-authored on the SECURE Act of 2019 and retirement planning, DiLellio and Pepperdine colleague Michael D. Kinsman found that while the Act had abolished the so-called lifetime Stretch IRA, it can still make financial sense for the beneficiary of IRA assets to let them grow for 10 years (the new deferral time limit on inherited IRAs) in the tax-deferred account.

The potential savings simply aren’t as great as they used to be. Relative to the strategy of transferring the inherited assets to a taxable brokerage account and letting them grow for 10 years, DiLellio and Kinsman found the heir’s accumulation advantage to average about

14%, instead of the 33% possible under the old Stretch IRA rules. The savings ranged from 10% to 17%, depending on the tax rates and types of assets involved.

Anticipating tax ‘soft spots’

Elsasser, who said he advises more middle-market retirees than high net worth retirees, talked about his firm’s software, which enables advisors to identify “soft spots” in a retiree’s potential tax liabilities and to avert these spikes from occurring by changing the mix of distributions from taxable, tax-deferred and Roth IRA accounts.

In one extreme example, Elsasser said he had spotted the risk that the retiree would suffer a total effective tax liability of almost 50% of his income for one specific year, if the maximum taxes on 85% of his household’s Social Security benefits, required minimum distributions, and capital gains all happened to coincide. By customizing the pattern of distribution among accounts each year, he tries to maximize the long-term value of a retiree’s estate.