FINANCIAL PROFILE CONNECTICUT

Retirement T.R.A.I.L. Blazers

Jay Forgione and his team at **Summit Retirement Solutions** help families avoid the 401(k) trap and enjoy retirement tax free.

Tax Planning is more relevant now than ever, and how you invest impacts the taxes you pay. In 1978, the United States Congress enacted Internal Revenue Code Section 401(k). A few weeks later, the first 401(k) retirement plan was implemented. In lieu of pensions, employees put their nest egg in these tax-deferred plans, assured they would withdraw savings at a lower tax bracket when they quit working. The test subjects—primarily Baby Boomers—are learning the tax bill is coming due.

"Deficit spending by Congress has devalued our money, and reducing the enormous national debt won't be accomplished without raising taxes," says Jay Forgione, owner of Summit Retirement Solutions. "Fortunately, 401(k) plans aren't the only retirement tools."

After leaving his career as a senior executive in a major corporation, Forgione founded Summit Retirement Solutions in 2009 to help people gain control of their financial futures. His commonsense retirement plans quickly gained a reputation for helping clients avoid excessive taxation while maintaining the lifestyles they enjoy.

"The contributions you make to your 401(k) come out of your paycheck without deducting Federal Taxes. When you begin withdrawing, you are taxed on your contribution plus whatever interest you might have earned," says Forgione. "If you choose a Roth IRA, on the other hand, you make contributions from your income after taxes. When you begin withdrawing from the Roth IRA, you pay no additional taxes, not even on the gains you have been earning.

"It may seem more affordable to invest with pre-tax dollars, but you're just delaying the inevitable. You have a choice: Pay the tax slowly over time with interest, or in a few payments," he continues. "I compare it to purchasing a home for $300,000 in cash or paying $600,000 in principal and interest to the bank over 30 years for the same house. Moving your 401(k) money to a Roth IRA, even over the course of two-to-three years, costs you more upfront, but can save over the decades. Even better, you can pass it along to your children, and they will not have to pay taxes on it either."

Putting the Pieces Together

At Summit, Forgione feels there are several moving parts of retirement to be considered in the planning process. For example, rather than just prioritizing investments or risk tolerance, he emphasizes the value of having all the right plans in place for your T.R.A.I.L.: Tax, Retirement Income, Asset Allocation, Insurance, Legacy. "These five areas should be an integral part of your plan," he says.

While many people focus solely on incorporating assets of varying risk levels into their retirement portfolio, Forgione believes there are more important questions to consider: Which accounts, and in what order, should clients tap into to help create a more efficient tax income stream?

A Fiduciary and an Independent Financial Planner, Jay Forgione conducts a broad research of several marketplace solutions before making any recommendation. "Our primary motivation is not selling products. We genuinely want the best Retirement Solutions and Planning to aid clients through their retirement years," he says.

Find out what your tax bill will look like in retirement:

SUMMIT
RETIREMENT SOLUTIONS

219 Addison Road, Unit 401
Glastonbury, CT 06033
860-269-0909
summit-rs.com

Investment advisory services offered through Foundations Investment Advisors, LLC, an SEC-registered investment adviser.

A Roth conversion may not be suitable for your situation. The primary goals in converting tax deferred retirement assets into a Roth IRA is to reduce the future tax liability on the distributions you take in retirement, or on the distribution of your beneficiaries. The information provided is to help you determine if a Roth IRA conversion may be appropriate for your particular circumstances. Please review your retirement savings, tax, and legacy planning strategies with your legal/tax advisor to be sure a Roth IRA conversion fits into your planning strategies.