

# Tully & Co. Investments LLC

To: Press Contacts  
From: Tully & Co. Investments, LLC  
Contact: Margaret Tully, Managing Principal  
Phone: 603-887-1998  
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## Helpful Hints to Managing Your Money in Retirement

By: Margaret Tully, Managing Director, Tully & Co. Investments, LLC

Managing your money wisely while in retirement is just as important as it was to accumulate it while you were working. There are many common pitfalls that leave families coming up short when they need the funds the most. We've listed some suggestions below to help ensure you have the resources to live your dreams throughout all of your retirement years.

1. Diversify your portfolio including a portion in the stock market. Many investors believe that the stock market is too risky or volatile for their nest eggs. This may not be true depending on several factors. First, we are all living longer and depending on your age, you may have a sufficient time horizon to take advantage of the long term growth rates found in the stock market. In fact, if you don't accept some of the stock market risk into your longer term investments, you could run into inflation risk.
2. Making your money last. A key to making your money last is to know how long it has to last. Since the average life expectancy is constantly increasing, many planners are using the age of 100 as a goal. With more people living past this age, some wonder if that is even high enough. Another key is to know how much money you will need. Since you are already in retirement, you should have a fairly good idea of how much money it takes to live the way you like. The old rule of thumb that retirees can live on 70% to 80% of pre-retirement income may not work for everyone. While some expenses such as insurance or mortgage may go down, others may go up including travel or medical bills on minimal insurance. Another consideration is social security. To find out how much to expect, ask the Social Security Administration for an estimate of your benefits by going to the agency's web site.
3. Which money to spend first. This can be complicated and you may want to consult an expert for help with your tax planning. If you don't have to take minimum required distributions from your IRA or 401(k) plan yet, it makes sense to leave that money safe in its tax shelter as long as you can. Rely on social security, pension benefits and money from taxable accounts before dipping into your tax shelters. Also, remember that when you pull money from tax sheltered accounts, the amount that comes out will be fully taxable. If you need a specific amount for a vacation or new boat, remember that you will need to take out enough to cover the tax burden as well.

4. Investing while in retirement. If you're working in "retirement", we suggest you consider funding a Roth IRA. There's no deduction for such contributions, but earnings are tax-free once you're 59 ½ or older and the account has been open at least five years. Roth IRAs also have an interesting estate-planning use: Because you never have to make a withdrawal from the account, a Roth IRA can continue to grow tax-free. Anything left at your death passes to your heirs income-tax-free.
5. Keep at least six months' to one year's worth of funds in a money-market account and other liquid investments to draw on for living expenses.
6. Consider consulting with an advisor to help consolidate your retirement accounts at one company and to review your financial plan with you. Many advisors work for a nominal fee that is often recouped with better planning. Whether you choose to utilize an advisor or manage the process on your own, you will want to review your entire plan at least annually or when there is a death, divorce, new tax law or major change in the stock market.

If the correct planning has been done, retirement years can be the best years of your life.

**Margaret Tully is a Investment Advisor offering Securities and Investment Advisory Services through Cambridge Investment Research, Inc., a Registered Broker/Dealer, Member NASD/SIPC and Federally Registered Investment Advisor**

Margaret offers an investment approach that elevates her clients' portfolios beyond one-dimensional strategies while leveraging the expertise of highly skilled professional investment managers. Margaret has over 11 years of experience and utilizes an investment strategy designed to protect and increase client's wealth by delivering the potential for after-tax returns with an unprecedented level of personalized service and expertise.

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Contact: Margaret Tully  
e-mail: tullyco@gsinet.net  
Phone: 603-887-1998, Fax: 603-887-0115  
Tully & Co. Investments, 218 Derry Road, Chester, NH 03036  
*Helping Secure Your Future, One Day at a Time*