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# More income and less taxes

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Happy New Year to you and your family! Since making New Year's resolutions is such a time honored tradition, let's combine that idea with the topic we've been covering for the past few months: the dangers of inflation and how to protect yourself from it. How could we combine those two subjects? Let's make a new year's resolution of creating a stable retirement income that will help protect you from inflation while potentially lowering your taxes. Sound good? We call this strategy the Scheduled Income Plan.

The scheduled income plan is created by structuring your investments very differently than normal. It is done by setting aside a portion of your nest egg to create income for specific amounts of time during your retirement. A common time frame is broken into 5 year periods.

For example, if you were retiring today (if so congratulations!), you could set up one account to pay you income from now

until 5 years from now. The next account would create income for 5 to 10 years from now, and so on. Sound strange? It actually has the potential to have a number of benefits.

First and most importantly, it allows you to dictate a specific purpose for your nest egg dollars. What I mean by this is the funds that will be creating income for the next 5 years had better be invested VERY safely. You can't afford loses in that short of a period of time. However, funds to be used 15 to 20 years from now can certainly be invested more aggressively. Knowing what you want to use your money for allows you to make better investment choices with it.

Second, this is simple and effective method of making sure you are diversified. In order to establish this plan in the most effective way possible, you are typically working with more than a couple different companies and types of investment vehicles. This alone could be a great protection to you during your re-

tirement.

Finally, this plan could potentially help you reduce your income taxes. This works if any of the funds you have saved for retirement are held outside of retirement accounts like IRAs and 401k's. Funds outside of retirement accounts that are used in this type of plan can often help you generate income that is anywhere from 60 to 90% income tax free.

There you have it – one of most effective ways to set up a predictable income in retirement, help protect you against inflation, and potentially lower your taxes. Now that's what I call a worthy new year's resolution!

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