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## *RETIREMENT PLANNING*

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Many people want to retire at some point in life, but few take the steps necessary to plan for retirement under the current global economic conditions. One major reason for the lack of adequate planning stems from never having experienced global economic conditions like these before. We face a global financial meltdown. Like the Titanic, we, as a nation, are not too big to sink. As in the case of Lehman Brothers, we are not too big to fail.

Another reason for unprepared retirement is that many of the standard financial planning practices and information has in fact been wrong. For example, many of us were taught we need to defer taxes for the future through retirement plans such as 401(k) plans, 403(b) plans, IRAs etc. Some financial advisors taught that tax rates would be lower in our retirement years. This may have been true in previous years; however, with massive budgetary problems and a huge debt burden this will most likely not occur. Now we, along with many advisors, believe tax rates will probably not be going down in the future. In reality, many advisors anticipate significant increases in future tax rates. The United States is so deeply in debt that we and our children cannot pay the debt owed.

Another potential risk to your retirement planning comes from government representatives. Some of them continue to eye retirement plans as an option for paying off national debt in return for a government annuity. This has already happened in countries like Argentina and Hungary where the government seized private retirement plans. Argentinean President Cristina Kirchner claims the takeover of retirement plans was to protect investors from losses resulting from the global market turmoil. This same type of “management” by our government is being discussed as well. In addition, there is a proposed plan to stop US citizens from taking early withdrawals from their retirement accounts. If you participate in a retirement plan, the government has control over what you can and cannot do with your assets. So keep this in mind while deciding the direction to proceed. We urge everyone to move a portion of your assets into precious metals while there is still time. Take action now to protect your retirement assets while it is an option.

### *Concerns with Company Retirement Plans*

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For the last several years, there have been rumblings from Congress. The federal government wants to nationalize retirement plans such as 401(k) plans, IRA and personal pension plans to solve some of its budgetary problems. Additionally, some members introduced proposals to prohibit early withdrawal from retirement plans. This creates a desire to protect retirement assets by investing in precious metals.

One option is to cash in some or all of your retirement plan, if allowed, and pay the taxes at the current tax rates. You can even diversify over several tax years to reduce the impact. For those of you that have the bulk of your assets in a retirement plan deferring taxes, consider diversifying at least some of your assets by investing in gold and silver. So what can one do to allocate into physical precious metals?

If you are retired, one option is to cash in a portion of your retirement and pay the taxes to gain control over your assets. Consider transferring the remaining portion into a Self-Directed IRA, which continues the deferral of federal taxes. You will need to contact your employer or retirement fund administrator to find out if this option is available and to request the Direct Rollover form. Typically, each company has their own specific Direct Rollover form and process. You may be able to find and print this information from the company web site. Then contact EEC for assistance in setting up your IRA and purchasing your metals.

For those of you that are still working and the company plan allows diversification into funds that hold physical gold and silver metals, consider physical metals funds over mining stocks or funds. We would not recommend the ETFs known as GLD or SLV nor mining stocks that are very volatile and carry additional risks. Another strategy while working is to consider taking a loan against your retirement plan. Contact your company representative to find out whether this is an option and to determine loan criteria. Generally, you can have only one loan at a time with a maximum loan for up to 50% of your account value. The general five-year loan term payments become a paycheck deduction, paid back into your retirement account. You in essence repay yourself. Before taking any action, seek advice from your tax consultant and your employer HR department. If the loan is not paid back for any reason, including voluntary or involuntary termination of employment, tax ramifications exist and penalties for early withdrawal may apply. Again, these are general plan policies. Your company plan may be different.

## *Owning Gold and Silver as Retirement Investments*



We recommend ownership of your physical precious metals and retain physical possession of them. We prefer this alternative over all other options and have information on where and how to store your metals. Consider having this form as a foundation to your precious metals ownership. Some have suggested holding metals in depositories or banks, or overseas. All of these places of storing metals have additional risks. We know of situations where release of one's metals from a depository took months in good times. Can you imagine how long it might take if numerous people want their metals during difficult times. As for banks, many are insolvent and nobody knows which ones will remain open or if they might close and reopen. Storing metals overseas has many concerns. How can you verify the metals are there and that they are yours? In addition, if stored overseas, how difficult will it be to sell or retrieve your precious metals? First, consider always having established your foundation of metals in your possession.

For those who have IRAs and want to diversify into physical metals, there are some gold and silver funds you can purchase like a stock. We suggest avoidance of ETFs known as GLD and SLV. JP Morgan is the

custodian of SLV and also has the largest short positions on silver. This is like a fox guarding the hen house. Again, this would be another layer to your foundation of owning physical precious metals. Be advised, this is not the same as owning metals, and the performance may be entirely different.

There is a way to own physical metals in *your* possession by setting up an LLC for your IRA. Refer to the *Precious Metals in Your Self-Directed IRA* under the IRA tab. A word of caution – an IRA remains subject to IRS laws. So if IRAs or retirement plans become managed by the government you may lose control of investments, regardless of form, and the ability to withdraw money. This is the time to seriously consider cashing in your entire retirement plan or part of it, and paying taxes now while the option exists. Once the door closes, your flexibility and control cease. Discuss this with your financial advisor and tax consultant before taking any action. Be advised that once the government moves on retirement plans, you may not have enough time to do anything to keep control such as cashing in. If you are not sure what to do, consider diversifying some of your retirement portfolio out of the governments reach and into personally held precious metals.

In summary, consider owning physical precious metals as a retirement investment. The best way you can own metals is personally within your possession. Other options to owning precious metals are through stock or mutual funds or in a Self-Directed IRA.