WILL YOUR RETIREMENT PLAN END DECADES BEFORE YOU DO?

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The Bulls, The Bear and The Bust

Are you facing "too much life at the end of your retirement benefits?" If you haven't paid enough attention to your retirement years, that may be exactly what you have in store.

WHY RETIREMENT PLANS MAKE FOR GREAT INVESTMENTS

Needless to say, you want your mature years to be happy ones. You want to take time to travel...to relax...to do what you've always wanted to do...most of all, though, you want to avoid any kind of money trouble!

A good plan can put your mind at ease.

Getting there is a surprisingly straightforward matter: Even if you're older, start setting aside a modest amount each month.

(Continued inside...)

Through conservative returns, you could still end up with a hefty nest egg when you need it most. Let's say you plan on working for 30 more years, and can save/invest just $1,000 a year with average historical returns. What you'd end up with is a whopping $325,000.

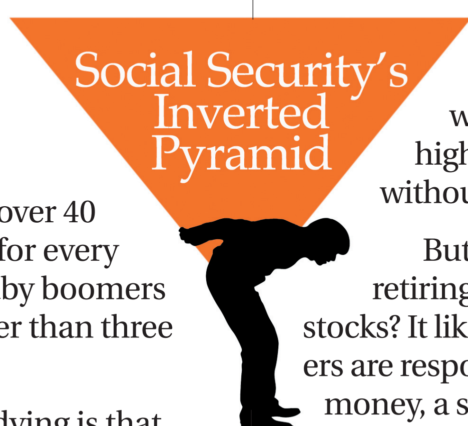
And under certain plan options, you could pay no—or next to no—taxes on it. By contrast, if this were a non-retirement plan, you'd end up with just $134,000.

Tax deductibility is a significant thing.

All you need to get started building a retirement plan is a little motivation. Certainly visions of long, sunlit afternoons on exotic sandy beaches can be a powerful motivator. Another—shown to be even more powerful in a recent poll—is a desire to avoid the impending Social Security meltdown.

THE SCARY SOCIAL SECURITY "INVERTED PYRAMID"

The fear is that Social Security—that FDR institution that was supposed to take care of us in our golden years—simply can't sustain itself.



Or you, for that matter.

Consider this: Fifty years ago, over 40 workers paid into Social Security for every one beneficiary. In 2014, when baby boomers will retire en mass, there'll be fewer than three workers per beneficiary.

Another reason the system is dying is that we're not. When Social Security was enacted in 1935, our life expectancy was 63. By 2030, it will be nearer 100—which represents far more benefits than were ever intended to be paid.

America's changing demographics—the giant bloc of aging baby boomers—will likely turn Social Security into an unstable "inverted pyramid," with fewer and fewer Americans supporting more and more retirees.

A good retirement plan could grant you immunity from whatever happens with Social Security. But —and this is critical—unless you intend to join the unfortunate 74 million workers with no plan at all, you need to start today. For every ten years you delay saving for retirement, you'll likely need to save three times as much to build the same-sized nest egg.

Of course, from here...

BOOMERS WILL NO LONGER BE A BIG PART OF THE STOCK MARKET

"The boomer generation, the nation's largest ever, was one of its least prolific. On average, boomers had half as many children as their parents, who averaged 3.8 births per couple," reported gerontologist Ken Dychtwald.

That's one reason why we face a Social Security inverted pyramid. But it's also why we're facing an inverted pyramid in the stock market.

As of 2000, people in their fifties now outnumber those in their twenties two-to-one. Baby boomers now represent the very establishment they once protested against. They are the millionaires, the billionaires, the everyday folks with disposable incomes.

In short...they are the investors who drove the stock market to new highs. It just wouldn't have happened without them.

But now that baby boomers have begun retiring in 2007, what does that portend for stocks? It likely means that since retiring boomers are responsible for the bulk of stock market money, a steady withdrawal of assets from equities could resemble a not-so-slow leak in a hot-air balloon.

Even now, market demographics are working against stocks and paper investments. The question at this point is...where will the stock market get the trading volume it needs to sustain itself?

You can forget the next generation in line. As mentioned, it isn't anywhere near as large or as wealthy. The truth is, worldwide population levels are trending lower. Led by Italy, many nations are struggling simply to replace its own people.

Consider Japan. It experienced its own baby boomer-like age wave. When that peaked and people started retiring in 1990, the Japanese stock market fell 71% from 45,000 to 15,000. Even at this writing, the Nikkei is still under the 15,000 mark.

Will this be America's fate? It's entirely possible. If you're counting on an evergreen stock market to fuel your retirement plan, you'd do well to weigh this demographic dilemma...especially since, according to a recent poll, many Americans are still expecting unrealistically high returns from their stock-fueled retirement plans.

Then, of course, there's inflation.

THE RETIREMENT PLAN EATER

Simply put, inflation eats retirement plan assets. Consider these examples...

Let's say you have 20 years to retire, can contribute $10,000 a year and can earn 8% interest.

With zero inflation, you'd receive $50,338 a year for twenty retirement years. With 3% inflation, that would be reduced to $27,859 for each of those years.

And with 5% inflation? You'd realize just $18,602 a year!

Inflation certainly has a profound effect.

Looking at it another way, let's say you wanted $50,000 each year for 25 years, had 15 years to retire and could get a huge 15% annual return.

With 2% inflation, you could invest just $4,961 a year for 15 years. But with 5% inflation, you'd have to invest $12,985 each year instead.

Get the point? Inflation could eat your retirement "lunch" unless you can find assets that resist it.

YOUR GOLD-PLATED RETIREMENT STRATEGY

So...given inflation, the Social Security showdown and a possible stock market slowdown, what are your retirement options?

Why not consider "gold-plating" your plan?

Specifically, why not launch a gold-funded IRA?

You may already have an IRA, 401(k), 403(b), Sep, Keogh or other plan funded by stocks, bonds, mutual funds or other "paper" assets. But you can diversify into gold, and the IRS is only too happy to allow it.*

Rolling a portion of your plan's paper assets over into a new gold IRA comes without any penalty. In fact, there's no limit on that amount.*

Here's another way to kick-off a gold IRA. Let's say you or your working spouse haven't participated in an employer-maintained retirement plan like profit-sharing, 401(k), 403(b), SEP or Keogh during the year. You both would then be eligible to contribute $6,000 in IRA accounts. In that case, you could simply liquidate $6,000 of your equities and invest it in gold IRAs. This is a great way of lowering your taxes even while increasing your refund.*

If you qualify for a SEP, you could also contribute up to $40,000 of your assets. Buying gold for your retirement and getting a tax break in doing so is something pretty hard to argue against.*

Here's another variation. Let's say you already own gold, but it's not in a qualified plan. You can "transfer" up to $3,000 of your gold into a new IRA (or up to $40,000 if a SEP). This results in a $3,000 tax deduction. When you consider federal tax rates of 28%—and state income tax rates of 7%—it's like getting paid $840 to switch $3,000 worth of holdings to a gold-funded IRA.*

That's $840 your Uncle Sam is donating to your retirement. Or, in other words, $840 you can get by making this switch. And there's another aspect to this. Say you'd take a loss by selling and repurchasing your gold. You, in effect, would then get a double tax break (although there is a waiting period before you could repurchase gold once you sell and claim a loss).*

(Continued on next page...)

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