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Sent: Sunday, May 12, 2013 3:22 PM
To: Wise 1462
Cc: EBSA, E-ORI - EBSA
Subject: RIN 1210-AB20 Pension Benefits Statement Project

Dear Ms. Singletary,

I have been a reader of your columns and very much appreciate the many good suggestions. Today's column discussing the proposed calculation of a potential "cash flow" from a 401(k) (same applies to a IRA) sounds good but can lead to some awful planning mistakes. Any assumptions on investment return or inflation are likely to be grossly inaccurate. Add to that the possibility of having good health and a long life and planning on suggested withdrawals could be catastrophic.

I retired three years ago and began using some planning models well before to estimate future cash flows. At that time, a return of 6 to 8 percent was common and inflation of 3 percent was typical. Well, a couple of years before I retired, returns were close to MINUS 35 percent and inflation was close to ZERO. (OK, the AARP tells me that the inflation for us retired folks is actually higher than the CPI and much higher than "chained CIP" proposed for adjusting social security. So much for reality.) If you withdrew the model suggested amounts in the first couple of years, it is likely that you would have the good (or bad) fortune to out live your assets.

It would be much better if the potential cash flow was presented as a range and the assumptions stated. This may not help those less versed in the issues, but it would at least alert them to the uncertainty of the estimate. Giving a single number will be misleading.

I have heard you recommend to save, save and save more. Great suggestion. For those who can, add "delay social security until 70" and "take only minimum required distributions from IRAs and 401(k)s after age 70". Sounds good but needs to be planned and need to be lucky.

Finally, the budget proposal to limit balances in retirement accounts may be something that is needed to address some outlandish behavior of a few folks with good attorneys. The limit, however, needs to be set so as not to impact many in the middle class who by luck, hard work and planning may reach the currently proposed limits. (A subject of columns by your colleague Alan Slone.) The assessment of folks potentially impact by this budget proposal seems terribly understated.

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