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Fourth Edition

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**PLANNING  
FOR  
RETIREMENT NEEDS**

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**Kenn Beam Tacchino  
David A. Littell**

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**The American College**  
Bryn Mawr, Pennsylvania

*Huebner School Series*

***Planning for Retirement Needs***  
*Fourth Edition*

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*Kenn Beam Tacchino*  
*David A. Littell*

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**The American College/Bryn Mawr, Pennsylvania**

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# *Preface*

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This book represents a radical departure from traditional pension literature by focusing primarily on the practical application of the retirement material in a financial services practice. To this end it includes a feature titled “Your Financial Services Practice” as well as a shorter counterpart called the “Planning Note.” In addition, the book is replete with examples and case studies intended to demonstrate how the pension concepts apply in real-world situations. This new practitioner-oriented approach came about for a variety of reasons, perhaps the most important of which is that student feedback indicated a need for change in this direction.

This book is geared to those with little or no experience in the retirement field. The material focuses on the basics that a financial services professional needs to know and deals sparingly with the retirement concepts that are not germane. For example, stock plans are not discussed in great detail because they are not a part of the typical financial services professional’s practice. In addition, the amount of detail on any given topic depends on the topic’s relevance to our audience. Determining the appropriate plan for the small business is covered in great detail, for example, whereas the question of which funding method the actuary should choose to fund a plan is covered only briefly. In other words, areas such as funding methods and stock plans are discussed in the context of how they apply to the financial services professional. While the material is applicable to the large-, medium-, and small-plan markets, the emphasis is on the small-plan market, where the financial services professional does most of his or her business.

Almost all general statements that one can make about pension material are subject to qualification or exception. If the qualifying remark or exception is of significant magnitude, we have put it into the text as a parenthetical expression. If the qualifying statement or exception would serve to confuse the larger issue, however, we have omitted it so that you won’t get caught up in the minutia and miss the major point.

It is our sincere hope that this practitioner-oriented approach will speak to your interests and provide both a practical and educational treatment of retirement planning for the business and the business owner as well as for the individual. For those interested in learning more about the topics

discussed in other course materials and books prepared by The American College, related courses include the following:

- HS 341 *Selected Retirement Planning Topics*, which goes deeper into qualified and other tax-advantaged retirement plans, focusing on advanced design issues, relevant topics not discussed in depth in this book, and issues relevant to those involved in the ongoing operation of retirement plans.
- HS 336 *Financial Decision Making at Retirement*, which goes deeper into the topic of individual retirement planning. In addition to a discussion of determining financial needs and identifying sources of retirement income, this course provides an in-depth look at important issues facing retirees, including the taxation of pension benefits, providing for medical coverage in retirement, and housing issues facing the retiree.

The authors would like to acknowledge the help of many individuals who were instrumental in the development of current/former editions of this textbook.

- Current and former faculty members who participated in the drafting of this text including William J. Ruckstuhl, Edward E. Graves, and Robert J. Doyle.
- Practitioners in the retirement planning field including Gerald Levinson, Prentice Hall, Inc.; Joseph P. Garner, Paul Paleologopoulos, and Ken Switzer, all of Massachusetts Mutual Life Insurance Company; and Gary Lyons, who acted more like a coauthor than an adviser.
- Our fellow faculty members at The American College, especially Burton T. Beam, Jr., Ted Kurlowicz, and John J. McFadden.
- Educators outside The American College including Robert W. Cooper, PhD, Drake University, and George Rejda, PhD, University of Nebraska.
- Our librarian, Judith Hill, for her help with the “other resources” section of chapter 2.
- The College’s editorial staff, especially Renée Heron for manuscript editing.
- The College’s production staff, especially Evelyn Rice for her production assistance.

## *About the Authors*

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# *Pension and Retirement Planning Overview*

## **Learning Objectives**

*An understanding of the material in this chapter should enable the student to*

- 1-1. Describe the extent of and opportunities in the retirement planning field.
- 1-2. Identify why tax-advantaged retirement plans are positive for employees.
- 1-3. Identify why the tax-advantaged retirement plans are good for employers.
- 1-4. Indicate why business owners are interested in qualified plans.

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