



# Accumulation Strategies

## Developing and Implementing an IRA Strategy



Investments: • Are Not a Deposit of Any Bank • Are Not FDIC Insured • Are Not Insured by Any Federal Government Agency  
• Are Not Guaranteed by Any Bank or Savings Association • May Go Down in Value





### Retirement Myth

According to a recent retirement survey of 894 American households with multiple retirement accounts, more than 50% believed that splitting retirement savings among several different accounts made them diversified.<sup>1</sup>

Many people believe splitting their money among several different accounts is safer. It can actually expose you to additional risk because ensuring that the balance is properly allocated among multiple accounts can be a daunting task.

## Consolidating Your IRAs: It May Provide You with More Comfort, Convenience and Control over Your Retirement Assets

You are certainly not alone if you have retirement savings invested in multiple IRAs. An IRA is oftentimes used as an ongoing retirement funding strategy or as a way of accumulating additional tax-deferred retirement assets. It is also a vehicle used by job changers when they roll over assets from employer-sponsored plans. In fact, statistics show that over 73% of rollovers into traditional IRAs in 2003 were due to job changes.<sup>2</sup> Statistics also show that Americans change jobs eleven times during their working years.<sup>3</sup> That explains why multiple IRA account ownership is so commonplace today.

In terms of maintaining your accounts, how much time do you spend tracking assets, preparing paperwork, and handling issues? Do you want to spend more time reviewing performance, rebalancing and remaining diversified? That may be a better use of your valuable time. The asset allocation you put in place today will affect your retirement decisions tomorrow. So if you want the comfort and convenience of easily tracking your IRA assets, as well as more control, IRA consolidation may be an appropriate solution.

### More Comfort

As an investor, are you conservative or aggressive or somewhere in between? Consolidating your IRA accounts may make it easier for you to align your risk tolerance with your chosen asset allocation mix. Rather than having multiple investment strategies that may be inconsistent with your retirement time horizon, having a diverse portfolio of investments in one place may make the most sense—and give you the most comfort.

### More Convenience

How can consolidation actually make it easier and more convenient for you to keep track of your IRAs? Consolidating into one account will help:

- Simplify the tracking and analysis of your investments
- Reduce the number of monthly or quarterly statements as well as the annual statements and tax reports generated from multiple sources
- Facilitate and simplify the tracking of the Required Minimum Distributions (RMDs) that IRA owners must take from their account(s) each year upon reaching age 70½

### More Control

Decisions you make today will impact retirement needs tomorrow. Your choices can have a lasting effect on the type of retirement you'll be able to enjoy. With proper planning and funding, you will be able to take more control of your retirement. Consolidation can play a pivotal role in your long-term retirement planning and funding efforts.

<sup>1</sup> American Express *Personal Economy Survey*, November 2003.

<sup>2</sup> Source: 2003 Investment Company Institute Report, *Fundamentals*, "IRA Ownership in 2003."

<sup>3</sup> Source: Cerulli Associates, *2003 Retirement Survey*.

## Options for Your IRA Assets

Now that we have reviewed some of the benefits of consolidation, maybe you are feeling more comfortable with implementing a change and finally taking control of your retirement funds. The next step is deciding which funding option is best suited for you based on your risk tolerance and retirement planning needs. There are many types of products to consider, including:

### Annuities:

- Immediate Annuities
- Deferred Annuities (Fixed or Variable)

### Investment Accounts:

- Mutual Fund Accounts
- Brokerage Accounts
- Managed Accounts

Each of these options can serve as a means to your desired retirement goals. Your financial professional can help you decide which option is best for your situation, as well as provide a prospectus. *Securities are offered through a prospectus, which includes additional information regarding fees, expenses, risk and investment objectives. It should be read carefully before investing.*

### Immediate Annuities

An immediate annuity can help secure regular income by using IRA assets to provide a guaranteed income stream for as long as the annuitant lives. Various forms of fixed and variable annuities are available, including single and joint life, period certain and refund provision.

### Deferred Annuities

Deferred annuities can be an effective way of accumulating money for retirement. Like immediate annuities, deferred annuities can be either fixed or variable. Features of deferred annuities may include a guaranteed income benefit for principal protection and upside growth potential, a guaranteed death benefit and a guaranteed withdrawal benefit. Annuities can help you minimize financial risk, ensure you don't outlive your resources, and make sure money is not lost at time of death.

### Mutual Fund Accounts

When you invest in an IRA with mutual fund options, your money is used to purchase stocks, bonds and other securities—according to your objectives and risk tolerance. Different types of mutual funds have different risks and different return potentials. Mutual funds invest in a diversified portfolio of securities, resulting in potentially less risk exposure than individual stock investments. Mutual funds offer you diversification, professional money management and liquidity.

### Brokerage Accounts

These types of accounts provide investors with a broad range of investment choices—individual stocks and bonds, mutual funds, CDs, Exchange Traded Funds (ETFs) and fixed and variable annuities—and the flexibility to build a customized portfolio comprised of one or more of the alternatives. Brokerage Accounts offer a variety of professionally managed investment programs and can provide you with flexibility, long-term investment performance and liquidity.

### Managed Accounts

A separately managed account is a customized portfolio of stocks and/or bonds and cash that is guided by a professional investment manager. This type of account combines several services in a customized solution to investing, including investment planning, policy development, manager search and selection, portfolio management, performance measurement and trade execution. Rather than paying separately for these services, investors using a managed account pay a single fee.

**Important Note:** *This list does not represent the entire list of products available to you. You should speak to your financial professional for information about other products you may wish to consider. Please be aware that there are fees associated with many of the products listed above and guaranteed benefits are subject to specific conditions being met and are typically provided at additional cost. If you surrender any currently held contracts/policies as part of your IRA consolidation strategy, additional charges may apply.*

## Choosing an Option That's Right for You

Different investment choices are right for different people for different reasons. For example, annuities, brokerage type accounts and the other options outlined above can potentially play an important role in meeting the varied needs, goals and challenges **specific** to your retirement planning. Your financial professional can help you customize a portfolio based upon your particular financial situation—taking into account your time frame, goals and tolerance for risk—and help you determine which product is right for you.

## ***How Many IRAs Do You Have? Two...Three...More?***

### ***Why?***

Are you spending too much time reviewing your multiple IRA statements and not enough time tracking each IRA account's performance? Concerned about diversifying your assets and managing risk? Looking for a less time-consuming way to track your IRA assets? Moving ("consolidating") your IRA accounts into one account may provide answers to these questions. Consolidation can potentially:

- Make it easier for you to manage your investments
- Help align your investment strategy with your risk tolerance
- Reduce any annual fees you may be currently paying
- Save time on paperwork and tracking
- Give you more control over your retirement assets

**This brochure highlights the many benefits of consolidation and how easy the process of consolidating can be with the help of your financial professional.**

**IRA Checklist**

**Keep the following information in mind when speaking with your financial professional:**

- ✓ Where each IRA account is
- ✓ Balance in each IRA
- ✓ Asset allocation mix in each account
- ✓ Other pension plans (e.g., 401(k), 457)
- ✓ Balance in each pension plan
- ✓ Your long-term retirement goals

## ***PLANNING TIP***

### ***Roth IRAs: Another Investment Alternative***

In most cases, the best strategy is to leave as much money in your traditional IRA as you can, and for as long as you can. But, if you need access to that money, a conversion from a traditional to a Roth IRA can be an attractive option. For instance, if you maintain the Roth IRA for at least five years and are at least age 59½, distributions may be exempt from income taxes and penalties. In addition, with a Roth IRA you do not need to take lifetime Required Minimum Distributions (RMDs). This may give you more flexibility in managing your estate. Please note that income taxes will be due on the amount converted in the year converted. If a withdrawal is made before the five-year period or age 59½, income taxes and a 10% IRS early withdrawal penalty apply.

## ***Your Financial Professional Is Here to Help***

Now may be the right time to sit down, look at your financial situation and determine if maintaining more than one IRA is really in your best interest. Your financial professional is your best resource for information about which of the AXA Equitable products may be suitable for your situation. He or she will be able to run a retirement-needs-based calculation to determine how much you may need to fund a comfortable retirement.

**Remember that laws governing retirement assets and taxation are complex, and there may be exceptions and limitations that apply to your situation. You should consult your financial and tax professional.**

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