**Ask Paul December 2021**


**What tax strategies should I become more aware of in my 50-60's.**

**50-60's:** At this age bracket, I offer ***four*** strategies:

***1. Maximize tax-deferred and tax-deductible savings.*** When we're in our 50's and 60's, we're usually at our highest life income earning capacity, so it's time to maximize tax-deferred savings through contributions to qualified retirement plans and IRAs.

Remember that the actuarial tables predict that people in their 50's and 60's still have ***considerable remaining life expectancy, which means that savings remains critical***. For example, the Social Security Administration tells us that a man at age 55 has over 27 years of actuarial life expectancy remaining, and a man age 70 has over 16 years of remaining expected life under the actuarial tables.

***2. Proper long-term investment strategy.*** Concomitant with the reminder about how much life is left to live, it's important that your investment strategy be aligned with actuarial life expectancy. There's a tendency to become overly conservative in investment strategy too early in our lives.

However, having represented many people in their 50's and 60's in their estate planning over a long period of time, i.e., seeing the clients into their 70's and beyond, unfortunately, I have seen way too many make a mistake that is ***impossible to fix***, and that mistake was to not have had a significant percentage of their investment portfolios in equities.

***3. Get organized.*** While people who are in their 50's and 60's have significant remaining actuarial life expectancy: remember *Memento Mori* (Latin for "remember that you [have to] die") because the actuarial tables ***don't*** guarantee us the number of ***estimated*** remaining years and are mere statistics.

As our financial world grows in size, with that growth often comes maddening complexity. In our 50's and 60's, it's a great time to get financially organized if you're not already. Not only is organization of vital importance, creating a clear path to what we have and where it is becomes paramount.

In today's electronic finance world, we have accounts for which we have no print evidence-hidden behind passwords and electronic-only statements. Take a moment to inventory your electronic accounts, together with the passwords. Then entrust that list to someone or at least leave easily found instructions to its whereabouts.

***4. Update your estate planning documents and beneficiary designations.*** By the time we're in our 50's or 60's, life has had at least two significant changes: first, we either have lost our parents or we no longer rely on our parents to play key roles in our estate plans, and, second, our children have become adults, which usually changes our views on our estate planning as it relates to them. For many of us, divorce and remarriage happen during our stay in this age category.