RETIRE WELL

SPECIAL RETIREMENT CONSIDERATIONS

Unique Factors When Considering Your Retirement Strategy

Creating a retirement strategy that will meet your goals involves understanding both your cash flow needs and the sources of your income.

In addition to prioritizing your goals and balancing the financial resources you need to achieve them, there are some special considerations for affluent individuals and families approaching retirement.

CONCENTRATED POSITIONS IN COMPANY STOCK

Many executives and retirees have a large amount of their net worth tied up in the stock or stock options of a single company. If you find yourself in this situation, you may want to discuss the possibility of diversifying a portion of your stock while still participating in the upside potential of the stock's future appreciation. Northern Trust's Single Stock Solutions Group can help. Working with solutions ranging from exchange funds to variable delivery forward contracts, we can help you develop a strategy for diversifying or managing the risk associated with your concentrated single stock positions. This may result in less exposure to market fluctuations and the potential to minimize the impact of taxes.

REAL ESTATE AS AN INCOME SOURCE

Many affluent individuals who have not yet retired plan to sell their primary residence when they retire. Another 54% will receive income from commercial or privately held real estate.[1] If you are planning to use real estate as a source of retirement income, there are legal and tax considerations that can make a big difference as to how much you have available and when. For example, one consideration is whether the property qualifies as your principal residence. You should seek professional legal and tax advice as part of your planning for incorporating these assets into your retirement plans.

OTHER NON-FINANCIAL ASSETS

Wealthy families often hold a significant portion of their assets in non-liquid assets, such as family businesses, limited partnerships and partnership interests, minerals, oil and gas interests, copyrights, patents and royalties. Northern Trust offers professional management and administration services to provide active oversight of these assets.

NON-QUALIFIED DEFERRED COMPENSATION PLANS

As a key employee in a larger organization, you may have a non-qualified deferred compensation plan as part of your overall compensation package. These plans offer several benefits, including:

- The potential to reduce your overall tax liability by deferring current income;
- No annual limitations on contributions;
- No penalties for early distributions or mandatory distributions at age 70 ½; and
- The same tax deferral as a qualified plan.

1 Spectrem Group, 2005

CONTINUED

However, non-qualified plans must meet certain legal requirements. For example, the amount of deferred compensation must remain available to your employer's creditors (i.e., it can't be secured). This means if you participate in a non-qualified plan, you may be at greater risk of substantial losses of your assets set aside for retirement.

Be sure to include your non-qualified plan in your inventory of retirement plan assets and discuss how it may fit within your overall cash flow and investment strategy with your advisor.

PROTECTING YOUR CURRENT INCOME

If you are still working, and especially if you have a number of years before you retire, protecting your current income through disability insurance is an important part of retirement planning. If you have a disability insurance policy, check the plan's definition of disability, waiting period, length of payments, inflation protection and other key features. If you are a business owner, it's even more important to protect yourself and your business from the potentially devastating effects of disability. You may want to consider overhead or key person insurance as well.

Don't overlook the benefits of continuing life insurance as you approach retirement. You may feel you no longer need these policies. But in retirement planning, life insurance can help you equalize inheritances among your children. Life insurance can provide leveraged funds that are free from estate taxes or provide funds to pay taxes and other expenses. Life insurance offers many benefits for transferring wealth to the next generation, such as no income tax for the beneficiaries.

Finally, don't forget property and casualty insurance. This type of insurance protects you from having to divert valuable resources to pay for damages due to fire, theft, weather and other unforeseen events.

FOR MORE INFORMATION

To learn more, contact a Northern Trust professional near you or visit northerntrust.com/retirewell.

LEGAL, INVESTMENT AND TAX NOTICE: This information is not intended to be and should not be treated as legal advice, investment advice or tax advice. Readers, including professionals, should under no circumstances rely upon this information as a substitute for their own research or for obtaining specific legal or tax advice from their own counsel.

IRS CIRCULAR 230 NOTICE: To the extent that this message or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. For more information about this notice, see http://www.northerntrust.com/circular230.

Securities products and brokerage services are sold by registered representatives of Northern Trust Securities, Inc. (member FINRA, SIPC), a registered investment adviser and wholly owned subsidiary of Northern Trust Corporation.

There are risks involved in investing, including possible loss of principal. There is no guarantee that the investment objectives of any fund or strategy will be met. Risk controls and asset allocation models do not promise any level of performance or guarantee against loss of principal. Investments, securities products and brokerage services are:

NOT FDIC INSURED	May lose value	No bank guarantee

Northern Trust

Q25108 (4/09)