Re: how to compare living standards

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* *From*: William F Hummel <wfhummel@xxxxxxxxxxx>
* *Date*: Tue, 18 Apr 2006 11:42:35 −0700

On Tue, 18 Apr 2006 12:58:45 −0500, "Jim Blair" <jeb@xxxxxxxx> wrote:

> "William F Hummel" <wfhummel@xxxxxxxxxxx> wrote in message
>
>> As a general rule, your estate should be the beneficiary of your IRA, not your spouse. As for IRA distributions, you must pay income tax as ordinary income. And if the residual after tax, when added to the estate, causes the value of your estate to exceed the exemption limit, your heirs will have to pay a Federal estate tax on the excess amount. Of course that assumes you don't spend any of the money from the IRA distributions during your lifetime, which is highly unlikely.
>
> I would like to live long enough to spend it all ;−).

That's no problem. The trick is to spend the last dollar on the day you die.

> (And die broke−−saying it that way does not sound as good :−(
>
> I plan to take the minimum distribution required by the IRS (since I will soon be 70.5) and was suprised to see that the total value will continue to increase for many years, as will my annual payments. (but maybe not in real dollars) My annual nominal distribution won't decline until I am about 95, so I better get my wild partying out of my system before then.

I suspect you mean the balance in the IRA (rather than the annual distribution) won't decline until then. The percentage you have to distribute grows each year. By age 95 it is over 50%. That's far more than the IRA balance will earn in a year.

My IRA has been growing too since I am withdrawing the minimum required each year. It is 100% in equities, so I have no way of figuring when the balance will decline. It all depends on how the stock market fares down the line.

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