



# Krosnowski & Scott LLC

Investment & Retirement Planning Specialists

Dear Verizon & Exxon/Mobil Corporate Employee Friends,

As a result of historically low interest rates (which are used to calculate lump sum pension balances) between now and the end of the third quarter (September 30), lump sum pension balances are very attractive. In addition, corporations across the country are going through employee downsizing programs to stream-line their operations.

If you are considering retirement over the next twelve months or if you know of co-workers who may be in the next one to ten years, we can help you gather data and generate reports that will assist you in evaluating your potential to retire or transition your employment to another company.

Please let us know if you or your friends need help in reviewing the various alternatives specific to the Verizon and Exxon/Mobil retirement plans that are available to you. Below is a list of free initial retirement planning services and reports that we can provide for you:

## I. – Free Retirement and Investment Planning Reports

We offer free initial investment & retirement planning analysis. Below is a brief description of the different reports that we can generate for you:

### A. Verizon & Exxon/Mobil 401(k) Savings Plan Investment Advice

Ø After verifying your individual goals and objectives, we will review your 401(k) Savings Plan balances and fund contribution elections and generate a custom designed report in which we recommend investments that we feel are appropriate for you.

Ø We can assist you in executing an “in-service” 401(k) Savings Plan rollover to an IRA. This may give you access to potentially more attractive investment vehicles while you continue to work for your current employer.

Ø If you terminate service with the company, we can assist you in rolling over your existing 401(k) Savings Plan assets and consolidating other retirement accounts to an IRA and advise you on investment strategy.

## 2. IRA Income Distribution Alternatives

There are two ways to distribute assets from your 401(k) savings plan prior to age 59 1/2 without penalty (ordinary income taxes still apply).

1. Age 55 Rule- If you turn age 55 during the year that you retire, your 401(k) Savings Plan has a provision which allows participants to receive distributions one to two times per year depending on whether you are heritage Exxon or Mobil. The distributions are not subject to the 10% premature retirement plan distribution excise tax. Ordinary income taxes normally apply to most pre-tax retirement plan distributions.

### 2. IRA 72(t) Income Distribution Analysis-

Ø Normally there is a 10% penalty on IRA withdrawals in addition to income taxes prior to age 59 1/2. Did you know that there is a way that you can withdraw assets from an IRA prior to age 59 ½ without penalty?

Ø We can run an IRS approved report for you which illustrates how much income that you can withdraw from an IRA prior to age 59 ½ while avoiding the 10% premature withdrawal penalty.

### C. Net Unrealized Appreciation (NUA) Stock Distribution Analysis

This free report illustrates how 401(k) Savings Plan participants can take advantage of a special IRS approved tax method to distribute company shares into a taxable account rather than an IRA upon or after retirement. The potential benefits of this distribution strategy include spousal asset titling equalization for estate planning purposes and possibly more favorable capital gains rate taxation versus ordinary income tax depending on your individual tax situation.

### E. Retirement Income Analysis (RIA)

We can assist you in gathering financial data (including future cash flows such as earned income and social security), investment balances (including IRAs, pensions, lump sum and 401(k) Savings Plan) and income needs (we can provide you with a budget page to assist you in calculating this amount) and generating a report which will measure your potential to retire comfortably. This report is designed to answer two important questions: "Can I afford to retire? How long will my retirement assets last?"

### F. Executive Compensation

We also provide corporate employees with advice on managing restricted stock, stock option and deferred compensation plans.

### G. Additional Information

Please visit our website at: [www.Krosnowskiandscott.com](http://www.Krosnowskiandscott.com) to view:

Ø Our biographical information

Ø Wealth Management articles that we have published in the Washington Business Journal

Ø Newsletters that we have previously published

We look forward to hearing from you soon.

Sincerely,

Andrew Krosnowski & Melissa Scott Paine