



**DICKINSON**  
INVESTMENT ADVISORS

# 5 Things All Union Pacific Non- Agreement Employees MUST KNOW Before They Retire!

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# Introduction

On the one hand the decision to retire may seem easy for many Union Pacific employees as their net-take-home pay may not change all that much.

Unfortunately, there are decisions that must be made that if not thought through properly can have **drastic consequences** on the rest of the retiree's life.

In this special report, we are going to look at **five specific things all Union Pacific non-agreement employees must know** so that you can make the decisions that will allow you to have the best retirement possible.

## Let Me Quickly Introduce Myself ...

Hello, my name is **Ron Dickinson** and the CPA firm that I founded over 30 years ago has worked with thousands of retirees.

In fact, as a result of helping so many people transition into retirement, I decided to expand my business to include a financial planning and investment management firm in 1999.

**Today, my CPA firm has several thousand tax clients and my financial planning firm specializes in a smaller select group of retirees.**

Over the years, I have had the privilege of working with many Union Pacific non-agreement retirees, and, as a result, I have developed a specialized knowledge of the specific issues you will be facing.



Additional factors increasing my knowledge of Union Pacific retirement planning include:

- My wife worked for Union Pacific for 23 years, most of which were in non-agreement positions (eventually retiring early to raise our three children). Obviously, I had a keen vested interest in ensuring her retirement benefits were properly planned.
- Two sisters-in-law also retired out of the Union Pacific system.
- I consider my Union Pacific clients to be some of the most rewarding professional relationships I have. Over 20% of my top clients are Union Pacific employees.

Plus, my offices are located just a few minutes' drive from Union Pacific Headquarters and are a short walking distance from the Union Pacific Museum.

# If You Have Questions About Your Union Pacific Retirement, I Have the Answers

Below are some common questions that I have received over the years. Take a look and see if you have been wondering about any of them yourself.

- **When can I afford to retire from the railroad so that I won't run out of money?**
- **How should I handle my Tier I and Tier II Railroad Retirement Board payments?** How much will I get? How much will my spouse get? At what age should I start receiving payments?
- **What should I do with my 401(k)?** When will I need to start taking distributions?
- **What Harriman Pension elections should I make?**
- **How should I handle my company stock?**
- **What are the options for me and my spouse regarding our health insurance?**
- **How can I avoid a big hit with my taxes?**
- My spouse works outside of the railroad system, **what is the interplay between Social Security and the Railroad Retirement Board**, and how can we maximize our benefits?

So would you also like answers to any (or all) of these questions? **If so, this report is for you.**

Look, I believe Union Pacific does a good job of providing educational programs and informational documents to its employees. The problem, however, is that the company's advice cannot be individualized for your unique circumstances. **That's why many retirees have questions they can't get the answers to.**

I can provide you with those sought-after answers.

# Now Let's Look at Those Five Things All Union Pacific Non-Agreement Employees Who Are Considering Retirement Should Know:

## #1 – How to Create a Comprehensive Financial Plan That Makes the Most Out of the Benefits You Have Worked an Entire Career to Achieve

You may have heard it said that most people spend more time planning their next vacation than they do planning their retirement. **Unfortunately, I have found this to be true.**

Let's face it, planning a vacation is fun, and we are motivated to get the most out of our precious time off. **Financial planning is a bit of a mystery to most people.** For many it is intimidating because you are afraid of the answer or you don't value the process because your retirement payments seem to be similar to your paycheck.

**But here's the truth** – financial planning is vitally important to your future happiness. Luckily for you, we can make the entire process quick and easy.

In our interview process, we can gather the data that is needed, load it into our powerful software and get you an effective plan for the future.

**Remember, Union Pacific employees with 30 years of experience can retire at age 60.** Retiring at an early age leaves a longer retirement period to plan for and increases the chances you could run out of money. We can help ensure you don't.

Also, Railroad Retirement Board Tier I & II payments are indexed (cost of living adjustment) for an inflation estimate that the general public will experience, but a retiree may incur a higher inflation rate. We can help you create a budget that accounts for this and also includes a higher allocation for medical costs, travel, entertainment and other items that are often important to retirees.

On the other hand, **the Harriman Corporate Pension has no cost of living adjustment**, so it actually becomes slightly less valuable every year. We can help you project your true cost of living vs. your cash flow for a long retirement period.

**Don't think you have all the necessary financial information?** Don't worry, we can estimate a few of the required numbers to get you started. Due to our experience, we don't need to know every financial account right down to the penny. We can walk you through the few and important documents that you will need.

## #2 – How to Avoid Having an Unwelcome Surprise on Your Tax Return

I remember vividly doing a tax return for a new client that had recently retired from Union Pacific (without first working with us on a tax plan).

He proudly exclaimed that in retirement he would obviously owe less in taxes, and much of his retirement would be exempt from state taxation. Both of these assertions were correct.

**However, when I finished his tax return, I had to break the news that he owed thousands more to the IRS.**

*Ouch, how could that be?* I walked him through the details, which showed that indeed he owed less tax in retirement than when he was working, but his withholding from his retirement checks (Harriman Pension, Tier I, and Tier II) were dismal compared to his highly taxed W-2.



**Here is the pickle he found himself in – his budget had already grown accustomed to an artificially high net paycheck, and now he had to live on less. In addition, he had a large debt to pay off.**

I don't like surprises and neither should you. **That's why I will carefully develop a plan for you that eliminates unwelcome surprises.**

When a computer calculates the withholding for the Harriman pension, it tries to do a complete job, but the withholding software simply cannot know how much the Tier I and Tier II payments are, how much your spouse's job pays or their spousal pension benefits, and what your investment income is.

Likewise, the Railroad Retirement Board withholding software for Tier I and Tier II simply doesn't know about your Harriman Pension or all the factors that will be on your final tax return.

These are all independent systems, and without knowledge of all of them you simply can't project your true tax bracket. The only way to get an accurate answer is to sit down and do the calculations. **As a CPA, I'm adept at this task.**

### **#3 – How to Avoid a Common Rollover Mistake That Could Cost You Thousands in Retirement Funds**

Some retirees take the easy route and roll all their money into an IRA without first understanding that a complex technique called “**Net Unrealized Appreciation**” (**NUA**) can **save you a significant amount of money.**

Here's the deal – if you have been buying corporate stock in your 401(k) you will have a **one time opportunity** to transfer your stock into a regular (non-IRA) account rather than roll it into an IRA.

Many Union Pacific employees own corporate stock that is three to five times their original cost and this creates a fantastic planning opportunity.

Sooner or later you will have to pay taxes on the stock gain. If you roll all the stock into your IRA you will pay taxes when you take the money out (and you will eventually be forced to via the IRS RMD rules).

With your steady Harriman Pension and Railroad Board payments, the IRA distributions are going to be taxed at a high ordinary income tax rate.

Yes, the taxes on the gain will have to be paid someday. But if I could show you how paying a small portion of the taxes upfront, deferring a bulk of the taxes until later and paying a cheaper capital gains rate would save you money, would you be interested in learning more?

Wait, there's more ... if you never cash the stock (which we don't necessarily recommend) your heirs will get something called a "step up in cost basis" and avoid future capital gains growth on the stock all together. However, if the stock is left in a 401(k) or IRA you heirs will pay the higher ordinary tax rate on all the proceeds.

**I have witnessed one Union Pacific retiree miss this opportunity on several millions of dollars of gains all because they were indecisive or wanted to avoid hiring a financial planner!**

## #4 – How to Avoid Investing Your Retirement Money in Funds You Don't Understand

Some retirees passively leave their money at Vanguard. This is an easy choice to make for them. Many retirees feel everything is going ok, and with their healthy pension they fail to look for better options.

For some, this still works out OK or seems to on the surface, but it's important to realize that you are limited to the number of funds available through Vanguard.

Vanguard is a fine company and we will occasionally use their funds. But, we also feel there are other great funds and investments to consider.

Retirees will often leave their money in the same funds for years unchecked. **Things change; managers of funds move on, approaches stop working, or your risk tolerance changes, etc.**

Think of our approach like the *Olympic Basketball Dream Team*. Like that team had the very best players, if we can hand select the best investment from each fund family (team), we can build a better portfolio for you.

Plus, some investments like **Private Real Estate** can provide you with steady income without stock market volatility. We regularly monitor and adjust the funds being used in your portfolio so they work in unison to your advantage.

## #5 – How to Avoid Falling in Love With Union Pacific Stock

Employees tend to get overly emotionally attached to their own corporation. I understand; you have had a great career, and the company has set your retirement on a silver platter. You trust them.

But things change – look at Enron, Lucent Technologies, Level Three, Exxon. **At one time they were all riding high only to plummet in value.**

Few would have guessed that Union Pacific, after several years of high gains, would have fallen over 50% in 2015 and early 2016.

**It's tragic, but I have seen more than one retirement wrecked through false beliefs and an over concentration in one stock.**

I don't care how great and solid an investment feels, I refuse to let a single investment dictate my retirement outcome – and you should, too.

Did you know that the risk of holding a single stock (no matter how great a company it is) is three times the risk of having a diversified portfolio?

You have worked an entire career accumulating your net worth, do you really want to leave it at risk to the decisions of the corporate higher-ups at one company.

**It's too easy for a company to fall.** Maybe Union Pacific upper management does everything right, but unforeseen circumstances like falling oil prices or increasing government regulation cause the stock to take a dive and you can only watch as the earnings from a lifetime of hard work disappear ...

**We have strategies to help you slowly work out of a concentrated position in Union Pacific.**

# Decisions Last a Life Time

## Keep in Mind: Many of the Decisions You Make Concerning Your Retirement Are Irrevocable

If you make a mistake now, you could be paying for it for the rest of your life.

It's definitely to your best benefit to carefully examine all your options so that you can make the best possible decisions for yourself and your family.

That means scheduling a meeting with us. Our process takes a holistic approach to coordinating your Financial Plan, your Investment Plan and your Tax Strategies.

All of these could be performed by different service providers but we have found that the most successful retirees coordinate all three with one provider.

### **Here's just some of what we can do for you:**

- First and foremost, coordinate your Financial Plan, Investment Plan and Tax Strategies so that they all work together effectively.
- Help you connect with an attorney if you need to create a will or trust and then review that will or trust to make sure it is ironclad.
- Evaluate your life insurance levels. We don't sell insurance so our opinion is unbiased.
- Evaluate a plan for long term care cost – either by self funding or buying insurance.
- And more.
  - Withholding levels
  - Life insurance continuation,
  - Medical HSA (pre age 65) and HRA (age 65) elections.

- Spousal pension choices
- 401(k) rollover options
- And more

## You Need to Plan for a Future With Uncertain Outcomes

Things are constantly changing. What was once valuable, can often lose value. What was once considered a great investment, can become a bad one.

We will closely work with you to ensure that your retirement is taken care of – and you don't have to worry about being subjected to unnecessary hassles or high pressure sales tactics.

I'm a CPA not a salesman. I certainly don't like being pressured (like by a used car salesman) and I certainly don't like pressuring people.

What I like to do is sit down one-on-one with families and explain the process we use. I have a lot of experience helping Union Pacific career employees retire successfully. It's that simple. If we can help ... great. If not, there is no cost or obligation.

## You are Invited to Sign Up for Our FREE Final Retirement Checkup Today!

Whether you are thinking about retiring, have notified Union Pacific that you are going to retire or are already retired, give us a call to schedule a complimentary consultation.

At the consultation, we will get to know each other better and I will personally review your available benefits, determine how well prepared you are to transition into retirement and, if needed, help you start building a financial plan for the future.

If you have your packet of retirement information, or when you receive it in the future, I can go through it with you to help ensure that you make the right decisions.

# The Cost of Retirement Increases Every Year

## You Have to Be Prepared So That Your Money Doesn't Run Out

Can you remember what you paid for your first home? I bet you paid almost as much as you did for your last car.

These kinds of cost increases will most likely occur again over your retirement time horizon. You need to plan well for a future with uncertain outcomes and scheduling a free consultation with me is the first step.

So call 712-256-4856 or email [ron@dickinsoninvestments.com](mailto:ron@dickinsoninvestments.com) to schedule your free consultation today. Hurry, my schedule fills fast and I don't want you to have to wait to get important financial information that could make a big difference in the quality of your retirement.

Also remember, you are under no obligation to buy anything from me and I won't subject you to any high pressure sales tactics.

*In fact, I'd like to give you a copy of my book for free even if you don't schedule a consultation with me!*

Get a FREE Copy of My Book!

That's right, whether you schedule a consultation or not, I want you to have a free copy of my book, "*18 Common Sense Rules for Enjoying Your Retirement.*"

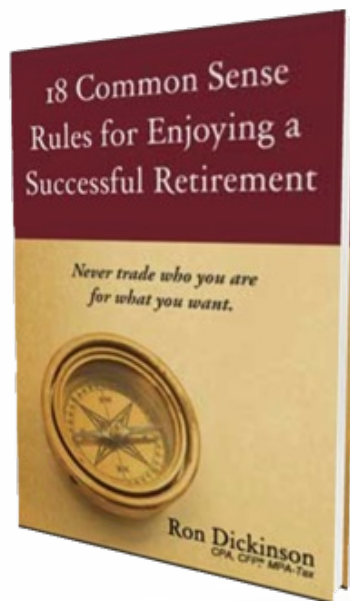
The book is filled with valuable information that can save you money and help ensure a higher quality retirement.

You can request your free copy at [www.dickinsoninvestments.com](http://www.dickinsoninvestments.com), by phone at 712-256-4856 or by email at [ron@dickinsoninvestments.com](mailto:ron@dickinsoninvestments.com).



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# How to Enjoy Retirement without Stress



**Get My Book - FREE!**

**“18 Common Sense Rules for Enjoying a Successful Retirement”**

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