

TAX TIPS

TO MAXIMIZE RETIREMENT SAVINGS

Retirement represents a major turning point in one's life. One factor that remains, regardless of this new chapter in your life, is the presence of taxes.

When should you start taking Social Security benefits?

The benefits are increased by delaying withdrawals, ideally until age 70. However, keep in mind that if your annual income is more than \$34,000, you may be required to pay taxes on a significant portion of your Social Security income, up to 85%.

Understanding your tax bracket in retirement is crucial.

Since there is a chance that the tax bracket will drop, it is critical to track income levels from Social Security, pensions, and annuities as well as withdrawal amounts to make sure you don't accidentally move into a higher bracket.

CONSIDER TAKING WITHDRAWALS IN THE FOLLOWING ORDER

1 Start with your **required minimum distributions (RMDs)** from retirement accounts since you're already required to take these.

2 Move on to **taxable accounts**. These have tax implications, so manage carefully.

3 Before touching Roth accounts, tap into **tax-deferred retirement accounts** (IRAs, 401(k)s, 403(b)s, etc.). Keep in mind income tax implications.

4 Finally, access **tax-advantaged retirement accounts** like Roth IRAs or 401(k)s for tax-free withdrawals and estate planning benefits.

QUESTIONS?

Contact Stephanie Reece, Account Manager
sreece@truenorthcompanies.com
(319) 209-7009

TAX PLANNING IS KEY

Taxes in retirement can be complex. Consider consulting a tax professional to personalize these tips and minimize your tax burden.