

Knowledge is Power

Common Misconceptions About Taxes In Retirement

One of the biggest factors in a successful retirement plan, if not the biggest, is tax efficiency. Unfortunately though, most pre-retirees or retirees do not give any thought to taxation in retirement or have a plan in place to become as tax efficient in retirement as possible. In fact, when faced with taxation questions, most retirees have no idea of the correct answer.

Taxes in retirement can be a nightmare for many people with today's complex rules and regulations. 401(k) plans, IRAs, and other retirement accounts come with many tax traps that even the smartest people fail to see. Why is this? Well, contrary to popular belief, there are many taxes that come into play in retirement, and based on how the tax code works, many retirees become affected by the taxation domino effect. The taxation domino effect occurs when certain taxable withdrawals cause other sources of retirement income to be taxed as well, causing excessive taxation, and potentially forcing you into a higher tax bracket and paying more taxes than necessary.

So, what can you do? Well, first and foremost, you have to become informed and educated about how the tax code works in retirement. Then, you can develop the proper plan to adjust your retirement assets and incomes to mitigate the taxation domino effect and get your retirement plan into a very tax efficient or potentially tax-free position.

Join me this weekend on The Retirement Money Matters Show to see how much you really know and understand about taxation in retirement as we address many common misconceptions about taxes in retirement. We will also share with you the information you will need to become as tax efficient as possible. The show airs on Sunday morning at 8:00 on WWKI (100.5 FM) or anytime online at www.theretirementmoneymattersshow.com. You can also obtain this information by reaching out to us at Hayes Advisory Group at 765-452-PLAN (7526), 800-939-1603 or brian@hayesadvisorygroup.com.

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