



Do You Hear a Ticking Sound Inside of Your Traditional 401(k), 403(b) Or IRA?

T. BRIAN HAYES

The continual 'tick' sound is the typical sound of a bomb about to go off. Fortunately, for most of us, that sound is only heard in the movies. However, this sound may now be a very realistic reality in real life concerning your traditional IRA, 401(k) and 403(b) retirement savings plans. So, what are you going to do? The money you save in traditional 401(k), 403(b) and IRA accounts are funded with pre-tax dollars. In company-sponsored retirement savings plans, this money is taken out of your paycheck before you receive it. When you receive your W-2 tax statement, the taxable amount is your salary minus your contributions. So, many people simply forget about this and don't plan for and/or realize that all of this money is fully taxable upon withdrawal.

The following are some factors and issues with this money:

- Every dollar that comes out of these accounts will be taxed to you or your heirs at ordinary income tax rates.
- This money can very easily cause a taxation domino effect to occur, causing your Social Security, dividends and other incomes and interest to be taxed or to be taxed at higher rates. It could also cause your Medicare Part B premiums to be higher.
- You can't avoid taking money out of these accounts because Uncle Sam forces withdrawals once you reach a certain age.
- When a surviving spouse inherits this money, it is very likely an immediate tax increase because they now have to file at the highest obligation tax status rate – which is single.

- And to make matters worse, Uncle Sam is in control of the amount of tax owed on this money because he can change tax rates at any time.

And the last factor/issue is the most important and potentially damaging one because it can cause all the other factors to be even worse. With excessive borrowing, out-of-control spending, stimulus packages and heavily underfunded entitlement programs, your pre-taxed retirement plan accounts may very well become worth much less than it currently is if tax rates go up in the future.

The bottom line is that you do not own all of the money in your traditional retirement savings plan. Uncle Sam owns a portion, and his portion is whatever the tax rates are when the money comes out of the account. So what can you do with your ticking tax bomb money? Join me this weekend on The Retirement Money Matters Show as we explain all of these factors and issues in detail and share with you the tools available to diffuse them. The show airs on Saturday morning at 6 on WIBC (93.1 FM), Saturday morning at 8 on 930 AM The Answer in Sarasota, Sunday morning at 8 on WWKI (100.5 FM), and nationwide at www.theretirementmoneymattersshow.com. You can also reach us at 765-452-PLAN. (7526), 800-939-1603 or brian@hayesadvisorygroup.com.



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T. BRIAN HAYES **FOUNDER & PRESIDENT**

T. Brian Hayes is the Founder, Owner, and CEO of Hayes Advisory Group, boasting over 30 years of experience in guiding clients towards their retirement goals. Specializing in pre-retirees and retirees, he ensures clients understand their planning options and tailors strategies to their unique needs. A strong advocate for education, Hayes regularly writes and speaks on financial topics, hosts a weekly radio show on retirement, and instructs for The Prepare Institute, a 501-3 non-profit educational institution. He holds memberships in prestigious financial organizations like The Indiana Network of Estate Planning Professionals and The National Association of Insurance and Financial Advisors. Hayes is a distinguished member of the Million Dollar Roundtable (MDRT), with multiple honors recognizing his professional expertise and ethical standards. Based in Central Indiana, he serves clients across the U.S. and Canada, residing with his wife and three children.

