



# TAXES IN RETIREMENT

Presented by Agent Name

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# Agent Name

Title & Company Name



- Short Snip about them



# About The Company

Taxes in Retirement



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Taxes in Retirement



# Today's Agenda

- Risks in Retirement
- Income Tax Rates
- Common Deductions
- 2025 OBBBA Tax Law
- Taxes & Qualified Money
- Required Minimum Distributions
- Withdrawing Strategies
- Income in Retirement
- Putting it all together

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Today we will discuss one of the most important parts of your retirement planning— income taxes.

We will dive into how taxes can influence your retirement income planning, particularly taxes on your qualified money and your Social Security and other sources of income.

We will also discuss strategies to help you get a favorable income tax result on your retirement income.

Let's get started.

## Relevant Changes in OBBBA 2025 Tax Law

- Extended 2018 Income Tax rates and brackets
- Increased Standard Deduction starting in 2025
- \$6,000 Additional Deduction for 2025 to 2028
  - Per person, age 65 and older
  - Phase out above \$75k Single; \$150k MFJ
- \$40k Max Deduction - State & Local Taxes (SALT)
- Tax Relief for Tips & Overtime income, New Car Loans, Charitable Gifting;



The One Big Beautiful Bill became law on July 4<sup>th</sup>, 2025. Much of it now applies to your 2025 income tax return. A new \$6,000 deduction applies for taxpayers age 65 and older. You may recall that there was much publicity that income taxes no longer applied to Social Security benefits. That was not possible in this tax bill at this time, so this \$6,000 per 65+ person deduction was created instead.

This is the tax reduction alternative. The deduction for State And Local Taxes (SALT) is raised to \$40,000 (from \$10,000) and phases out at \$500,000 of Adjusted Gross Income.

# Key Takeaways

Strategies to minimize or eliminate taxes on your income during retirement

Strategies to minimize or eliminate taxes on your legacy

How to not make the IRS one of your beneficiaries

Of all of these agenda items here today, there are 3 key takeaways we hope you come away with. Here they are:

- Strategies to minimize or eliminate taxes on your income during retirement
- Strategies to minimize or eliminate taxes on your Legacy
- How to not make the IRS one of your beneficiaries

Everything we do from here is going to drive towards helping you learn how to achieve these outcomes.

## What we don't know, we can't control That CAN HURT US



Taxes in Retirement

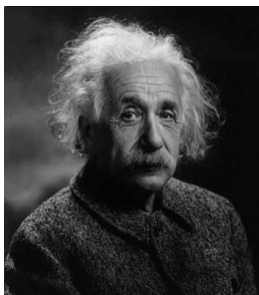


What we do not know we cannot control. We are at the mercy of something else and that can hurt us.

We are talking about how knowing your retirement income can control your retirement outcome, for your benefit us and your families.

Knowledge is powerful when it allows us to take effective action. Keep that in mind as we go through the presentation.

# Preparing Your Taxes



“Preparing my tax return is too difficult for a mathematician. It takes a philosopher.”

“The hardest thing to understand in the world is the income tax.”

-Albert Einstein

“We have what it takes to take what you have”

-Unofficial Motto of the Internal Revenue Service (IRS)



I think it's safe to say we all agree that the Internal Revenue Code is terribly long and overly complicated. Tax reform is good, but the tax code is still confusing.

Albert Einstein said doing his income taxes was the hardest thing in the world to do.

He said doing his taxes is too difficult.

He produced the Theory of Relativity and won a Nobel Prize for Physics for it in 1921.

He said his income taxes were harder.

If Einstein knew of this unofficial IRS motto, “We have what it takes to take what you have,” he would buy the T-shirt.

As the Federal Judge Learned Hand once said...



“Anyone may so arrange his affairs so that his taxes shall be as low as possible. He is not bound to choose that pattern which best pays the treasury. There is not even a patriotic duty to increase one’s taxes.”

*-Learned Hand*

Federal Court Opinion Source; Helvering v. Gregory, 69 F.2d 809 (2d Cir. 1934).



Learned Hand served as a Judge on the United States Court of Appeals for the Second Circuit from 1924 to 1951. He is believed to have been quoted more often by judges and lawyers than any judge who was never on the Supreme Court of the United States

## TCJA Now Extended Permanently

- Changes to the tax rates could increase (or decrease) the tax you owe on future retirement account withdrawals
- Many people believe that tax rates are likely to rise in the future



Source: [https://bradfordtaxinstitute.com/free\\_resources/federal-income-tax-rates.aspx](https://bradfordtaxinstitute.com/free_resources/federal-income-tax-rates.aspx) (Dec 2024)



One troubling aspect of retirement planning is that the tax rate on your future distributions is unknown.

Even if you can project your income with relative confidence, there is no guarantee that tax rates will remain the same.

Almost all taxpayers think they pay too much in taxes. The reality is that the

top tax rates today are historically low, which you can see on our chart.

When the income tax was introduced in 1913, the top rate was only 7%, but the top rate skyrocketed to over 70% with World War I.

After dropping to as low as 25%, the top rate jumped to 63% in 1932. The top tax remained above 50% until 1987 when Reagan Tax Reform cut the top tax rate to 28%.

I admit that most people do not pay that top rate, but I do think top rates reflect the rates in lower tax brackets.

Will future income tax rates be higher or lower still? Our national debt is at an all-time high, over \$38 Trillion at year-end 2025. Our federal budget has not balanced in years. And our biggest entitlement programs, Social Security and Medicare, could be insolvent within a decade. You want to keep one eye on

this year's tax return and other eye on future year's tax returns. That means developing the right plan is important.

Source: Bradford Tax Institute.

[https://bradfordtaxinstitute.com/free\\_resources/federal-income-tax-rates.aspx](https://bradfordtaxinstitute.com/free_resources/federal-income-tax-rates.aspx)

[\(Dec 2024\)](#)

# Three Types of Retirement Income

*Which can you maximize?*



**SOCIAL  
SECURITY**



**PENSIONS**



**IRA & QUALIFIED  
DISTRIBUTIONS**

Taxes in Retirement



Discuss these three primary types of retirement income.

## 2025 Tax Rates & Brackets

Tax rate	Single	Married filing jointly	Married filing separately	Head of household
10%	\$0 to \$11,925	\$0 to \$23,850	\$0 to \$11,925	\$0 to \$17,000
12%	\$11,926 to \$48,475	\$23,851 to \$96,950	\$11,926 to \$48,475	\$17,001 to \$64,850
22%	\$48,476 to \$103,350	\$96,951 to \$206,700	\$48,476 to \$103,350	\$64,851 to \$103,350
24%	\$103,351 to \$197,300	\$206,701 to \$394,600	\$103,351 to \$197,300	\$103,351 to \$197,300
32%	\$197,301 to \$250,525	\$394,601 to \$501,050	\$197,301 to \$250,525	\$197,301 to \$250,500
35%	\$250,526 to \$626,350	\$501,051 to \$751,600	\$250,526 to \$375,800	\$250,501 to \$626,350
37%	\$626,351 or more	\$751,601 or more	\$375,801 or more	\$626,351 or more



Here's a look at the 2025 income tax brackets. Single filers are on the left and married couples filing jointly to their the right.

As you can see, we still have the same number of tax brackets at seven, but the actual thresholds and percentages are both different and lower.

This is arguably the most important aspect that will affect everyone in this room. The higher the income, the higher the tax bracket and tax rate.

Source: NerdWallet <https://www.nerdwallet.com/article/taxes/federal-income-tax-brackets#2025-tax-brackets> (Dec 2024)

## New 2025 Standard Deduction (after OB3)

<b>Standard Deduction Amounts</b>	<b>2025</b>
<b>Single Taxpayer</b>	\$ 15,750
<b>Single Taxpayer, Age 65</b>	\$ 17,750
<b>Single Taxpayer, 65 + \$6,000</b>	\$ 23,750
<b>Married Filing Jointly</b>	\$ 31,500
<b>Married FJ, both Age 65</b>	\$ 34,700
<b>Married FJ, both 65, + \$12,000</b>	\$ 46,700

Above includes Standard Deduction amount, Extra deduction for age 65+, Bonus Deduction of \$6,000 per person, 2025 through 2028.



Good news for everyone is that the standard deduction increased for everyone. Taxpayers who are blind and/or are age 65 or older can claim an additional standard deduction, an amount that's added to the regular standard deduction for their filing status.

<https://www.forbes.com/advisor/taxes/standard-deduction/> (Dec 2024)

## 2026 Tax Rates & Brackets

Tax Rate	For Single Filers	Married Filing Joint Returns
10%	\$0 to \$12,400	\$0 to \$24,800
12%	\$12,401 to \$50,400	\$24,801 to \$100,800
22%	\$50,401 to \$105,700	\$100,801 to \$211,400
24%	\$105,701 to \$201,775	\$211,401 to \$403,550
32%	\$201,776 to \$256,225	\$403,551 to \$512,450
35%	\$256,226 to \$640,600	\$512,451 to \$768,700
37%	\$640,601 or more	\$768,701 or more



Here's a look at the 2026 income tax brackets, as adjusted for inflation. We show Single filers Married Filing Jointly to the right. As you can see, we still have seven tax brackets. You can see what is important -- the higher your income, the higher is your tax bracket and tax rate.

Source: Tax Foundation <https://taxfoundation.org/data/all/federal/2026-tax-brackets/>

## New 2026 Standard Deduction (after OB3)

<b>Standard Deduction Amounts</b>	<b>2025</b>
<b>Single Taxpayer</b>	\$ 16,100
<b>Single Taxpayer, Age 65</b>	\$ 18,150
<b>Single Taxpayer, 65 + \$6,000</b>	\$ 24,150
<b>Married Filing Jointly</b>	\$ 32,200
<b>Married FJ, both Age 65</b>	\$ 35,500
<b>Married FJ, both 65, + \$12,000</b>	\$ 47,500

Above includes Standard Deduction amount, Extra deduction for age 65+, Bonus Deduction of \$6,000 per person, 2025 through 2028.



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Taxpayers who are blind and/or are age 65 or older can claim an additional standard deduction, an amount that's added to the regular standard deduction for their filing status.

<https://www.forbes.com/advisor/taxes/standard-deduction/> (Dec 2024)

## Mortgage Interest Deduction

- The deduction for mortgage interest is capped at \$750,000 for homes purchased after Dec. 15, 2017.
- Mortgages existing before this date are grandfathered and retain the prior \$1 million cap.
- The \$750,000 maximum deduction is made permanent under OBBBA.
- Mortgage interest is deductible on the first \$750,000 of the combined value of loans on only your first and second homes.
- Home-Equity loan interest is deductible if proceeds used “**buy, build, or substantially improve**” the residence securing the loan, subject to the \$750,000 maximum deduction.



The Mortgage Interest Deduction is now permanent. The maximum deduction is \$750,000 is capped on the first \$750,000 borrowed for homes purchased after December 15, 2017.

The \$750,000 maximum applies to first and second homes, and home equity loans used for the home securing the loan.

## State and Local Tax Deduction (for Itemizers)

- Maximum Deduction increased from \$10,000 to \$40,000 for 2025 through 2029.
- Phaseout beginning at \$500,000 AGI (for both single and MFJ)
- Reverts to \$10,000 maximum for 2030.



The increase in the SALT cap from \$10,000 to \$40,000 makes itemizing deductions more attractive for some homeowners in those states with higher income taxes and property taxes, especially when combined the mortgage interest deduction and the charitable gift deduction.

## Medical Expenses Deduction

- The deduction for unreimbursed medical expenses of 7.5% of adjusted gross income (AGI), now permanent.
- The IRS allows deductions for preventative care, treatment, surgeries and dental and vision care as qualifying medical expenses, visits to psychologists and psychiatrists.
- Prescription medications and appliances are also (glasses, contacts, false teeth, hearing aids, etc.)
- Deduction reduced somewhat for highest tax bracket.



Source: <https://www.irs.gov/taxtopics/tc502> (December 2024)

## The Estate Tax



The current Estate Tax Exemption

- Increased to \$15 million for individuals
- Increased to \$30 million for couples (with proper planning)
- Will be inflation adjusted in the future.

Amounts above the Exemption are taxed at 40%



The Estate and Gift Tax exemption was boosted to \$15 million by the Big Beautiful Bill.

Spouses can double their exempt amount with the proper IRS filing upon the first death.

Estates and Gifts greater than these exemption amounts are taxed at a 40%.

The Big Beautiful Bill made this large estate tax exemption permanent.

Much estate planning was done in 2024 and 2025 thinking estate taxes would revert to the 2017 number inflation adjusted. This would be about half of what it is today.

<https://www.kiplinger.com/taxes/whats-the-new-estate-tax-exemption> (Dec 2024)

# Capital Gains Taxes 2026

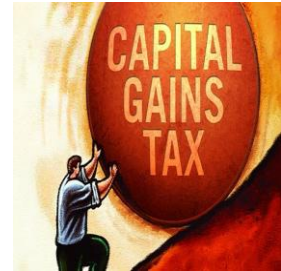
Long-term capital gains tax rates remain the same, but the thresholds are inflation adjusted:

Tax	Unmarried Individuals, Taxable Income OVER	Married Individuals Filing Joint Returns Taxable Income OVER
0%	\$0	\$0
15%	\$49,450	\$98,900
20%	\$545,500	\$613,700

Source: Internal Revenue Service, "Revenue Procedure 2025-32."

*Short-term capital gains are taxed as ordinary income according to federal income tax brackets.*

*Investors can minimize capital gains taxes by selecting which investment lots to sell, those with the highest cost-basis, for example.*



The brackets for Long-Term Capital Gains on investments stay the same at their same brackets of 0%, 15%, and 20%. Brackets-Thresholds are inflation adjusted annually.

0% applies to taxable income of less than \$98,900 for couples, 15% applies to taxable income from there to \$613,700. For 2026, the 20% bracket applies to taxable income over \$613,700

Source: Internal Revenue Service and Tax Foundation

# Roth IRAs

## 2026 income phase-out ranges for taxpayers making Roth IRA contributions



### Single & Heads of Household

- \$ 153,000 - \$168,000

### Married Filing Jointly

- \$ 242,000 - \$ 252,000 joint

Individuals cannot make contributions to a Roth IRA if their income exceeds the limits and phase-out range above. This is a Roth IRA limit and does not apply to Roth 491(k) account contributions.

These limits are inflation adjusted annually.

Different Types of

# Retirement Risks

Taxes in Retirement

Market  
Risks

Tax Risks

Inflation  
Risks

Health  
Care  
Risks

Longevity



These are potential primary financial risks to your retirement success. Tax costs and the risk of higher taxes are often underestimated. Market losses and Healthcare related costs can reduce savings suddenly and substantially. Longevity risk is often underestimated too. By living years longer than planned, your retirement savings and income needs to last more years. Inflation harms all financial plans. The Trillion-Dollar Question is “Will income

tax rates be higher in the future?” How will the federal government pay for the increasing national debt? Even the interest on the national debt costs more than \$1 Trillion per year.

As of December 2025, the U.S. National Debt was in excess of \$38 Trillion. Source: U.S. Debt Clock [www.usdebtclock.org](http://www.usdebtclock.org)

## How Much is One Trillion?

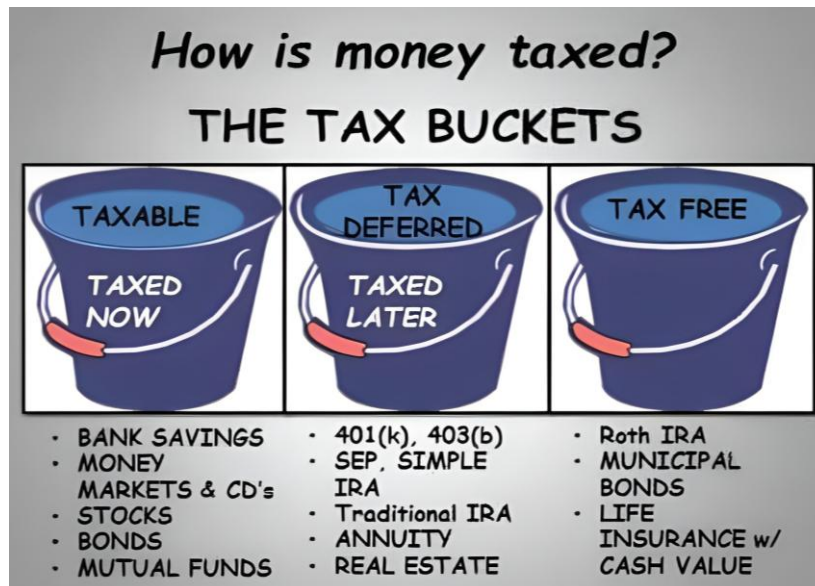
Would You Believe One Trillion is...

- 32,000 years is one trillion seconds
- 40 million laps around planet Earth in miles
- One Trillion Years is 200 times the age of the Earth.



The National debt is over \$38 Trillion and growing constantly

The National Debt is over \$110,000 per citizen. It is over \$330,000 per taxpayer.



Lets talk about how money is taxed. We'll use buckets to break this down into 3 categories. Taxable, tax deferred, and tax free. Different kinds of financial vehicles fall within their respective bucket.

Money can either be taxed now or taxed later. In some cases, it can even be tax free. Each category has its own advantages and disadvantages.

For example, a 401K grows tax deferred, but you can only put a limited amount of money into one and you typically need to wait until you are 59 ½ to access with some exceptions.

Another example, Roth IRA's. These can create tax free streams of income, but you still would have had to pay tax on the money before it became classified as a Roth. Life Insurance is perhaps one of the most interest vehicles here. Most understand that life insurance can create large sums of tax free dollars for beneficiaries when you pass away, but many folks do not know that there are ways to leverage life insurance for tax free income while you are alive. Which type is right for your situation?

Perhaps ALL THREE? That is part of what we help our clients determine with our retirement navigation Analysis. Lets go into an example.

## Meet Tom



- 90% of Investments in 401(k)
  - \$50,000
  - \$35,000
  - ????



- This is Tom. He retired four years ago. And something pretty interesting happened.
- Tom wanted to be debt free, so he decided to pay off the balance of his mortgage. He had about \$50,000 remaining on his house.
- So he withdrew \$50,000 from his 401(k) to pay it off. [click 1]
  
- Later that week, Tom was meeting with his accountant and excitedly told him what he'd done. But his accountant just shook his head.
- He told Tom that while he'd taken \$50,000 out of his 401(k), he was only able to put \$35,000 towards paying off his mortgage. [click 2]
- So where did that \$15,000 go? Tom had to pay taxes on the money he withdrew from his 401(k).
- Tom and everyone else with a 401(k) has a silent partner in their retirement accounts--Uncle Sam.
- See, as Tom learned, it's not just about how much you save. It's about how much you have left after taxes.
- Remember all the money you've saved into a 401(k) was before tax money. When you withdraw it, all those taxes are due. [click 3]

## Meet Tom



Net money needed:

**\$ 50,000**

• Req. IRA Withdrawal:

**\$ 66,667**

• Taxes paid to pay off house:

**\$ 16,667**

(25% Federal & State combined)

This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario and should not be constructed as advice designed to meet the particular needs of an individual's situation.



You have to understand the taxable nature of your IRA withdrawals. Beware of taking withdrawals that can create more problems than solutions. It is important to take taxes into consideration before making these types of decisions.

Unfortunately, many tax advisors do not help with retirement planning and many retirement planners do not help with tax planning. Well, taxes and retirement go hand in hand.

I am not a CPA, but I do have advanced planning resources available to me. We take taxes into account when working with you.



“My CPA says my taxes will be lower in retirement!”

How many people here are planning to lower their standard of living during retirement?

Instead of travelling, you are going to stay home. Instead of golfing, you are going to watch the golf channel.

Instead of spoiling your grandkids, your going to tell your kids to stay away.

Of course not. What direction do you think taxes are going? Lets take a walk down “tax memory lane”

# Will your taxes be lower in the future/retirement?

## Will Your Taxes Be Lower In The Future / Retirement?

Federal 1980 Married Filing Jointly			Federal 2018 Married Filing Jointly			
Tax Bracket	Tax Rate		Tax Bracket	Tax Rate		DIFF
\$3,400.00+	14%		\$ 8,689.00	10%		4%
\$5,500.00+	16%		\$ 14,056.00	10%		6%
\$7,600.00+	18%		\$ 19,423.00	10%		8%
\$11,900.00+	21%		\$ 30,413.00	12%		9%
\$16,000.00+	24%		\$ 40,891.00	12%		12%
\$20,200.00+	28%		\$ 51,625.00	12%		16%
\$24,600.00+	32%		\$ 62,870.00	12%		20%
\$29,900.00+	37%		\$ 76,415.00	12%		25%
\$35,200.00+	43%		\$ 89,960.00	22%		19%
\$45,800.00+	49%		\$ 117,050.00	22%		27%
\$60,000.00+	54%		\$ 153,341.00	22%		32%
\$85,600.00+	59%		\$ 218,766.00	24%		35%
\$109,400.00+	64%		\$ 279,592.00	24%		40%
\$162,400.00+	68%		\$ 415,043.00	35%		33%
\$215,400.00+	70%		\$ 550,494.00	35%		35%

Save  
32%



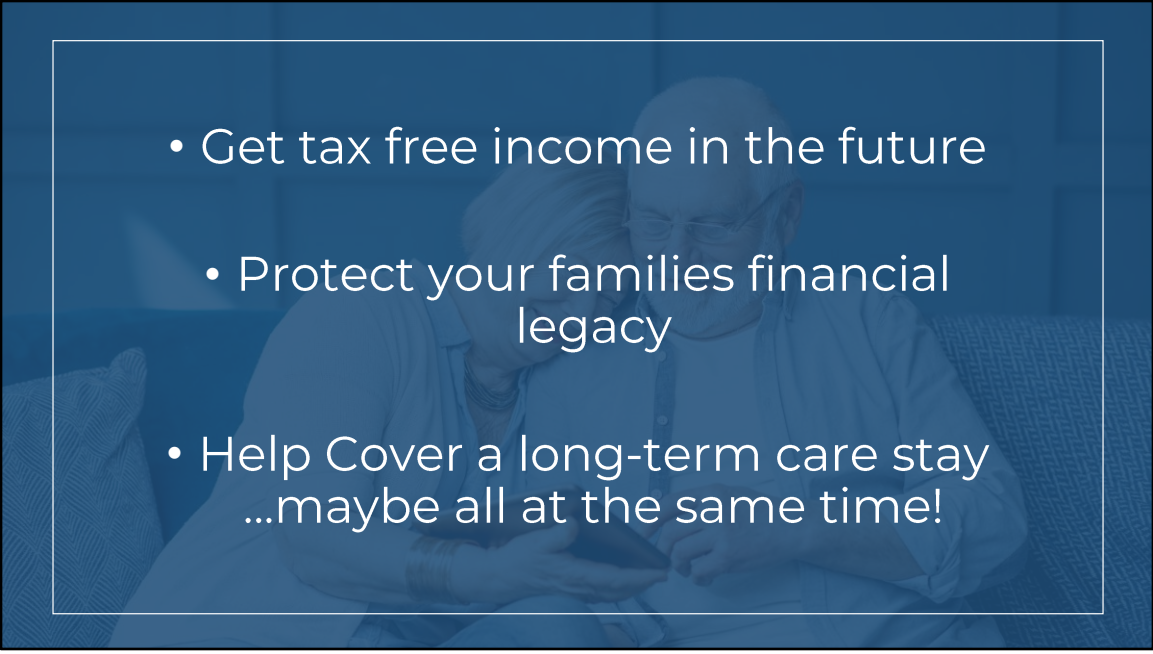
Taxes in Retirement

Here is an example comparing a 1980 filing to a 2018 filing. It would seem that income taxes are more likely to increase in the future than decrease. Maybe?. And when?

A number of income tax experts say that income taxes are on sale today. Then the question is how can we take advantage of that sale.



What if there was a way to hedge for these tax, longevity, and health care cost risks? You would want to know about it I would think. What if there was a way to....

- 
- Get tax free income in the future
  - Protect your families financial legacy
  - Help Cover a long-term care stay  
...maybe all at the same time!

- Get tax free income
- Protect your families financial legacy
- Receive some amount of benefit for a long-term care or convalescent care need

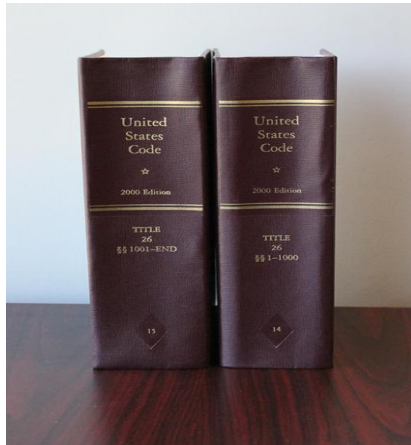


There  
is!



Well there are plans that can do this.

# Title 26 of the U.S. Tax Code



- Okay, I want to talk about Title 26 of the U.S. Tax Code for a moment.
- First, let me make clear that I am not a CPA and I am not offering you tax advice.
- Talk to a qualified tax or legal professional for directions and advice that apply to your individual situation.
- Believe it or not, this section of tax law had big implications for how you can save.

# Retirement Jeopardy

Question:

Answer:

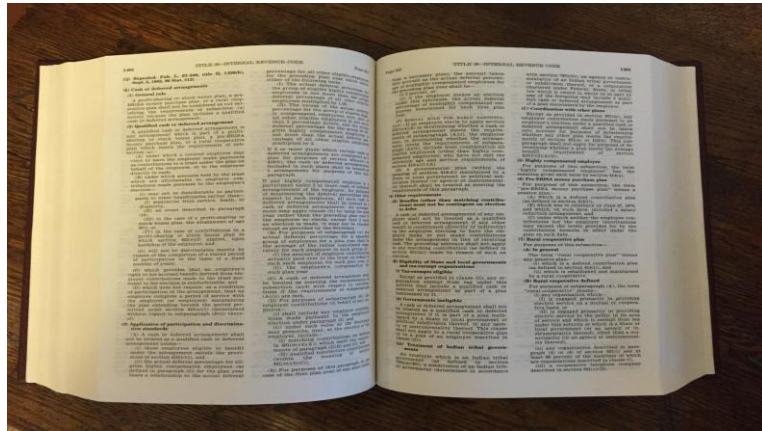
What is significant about Title 26 of the U.S. Tax Code?

It is the section that references 401K's

YOU JUST EARNED A BIG PAY DAY!



# U.S. Tax Code – Title 26, Section 401k

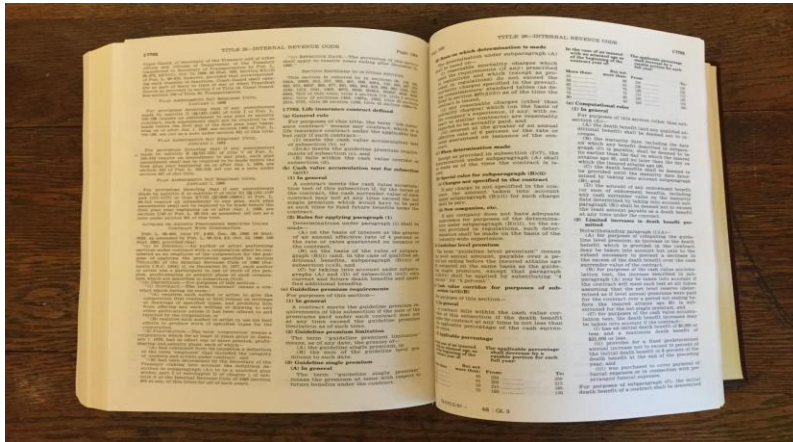


Taxes in Retirement



Title 26 Is the section of the tax code that pertains to 401k's.

# U.S. Tax Code – Title 27 Section 7702



Title 27, section 7702 is the part to the tax code that relates to life insurance. Why would life insurance help you with your inflation and health care risk?

The short answer is because there are ways you can use life insurance to produce income that is tax free.

There are also ways you can use a life insurance plan while you are alive to help you with certain health care costs.

The good news, you don't have to read the tax code to figure it out. We can help show you how to do this as part of our process.

# An Alternate way of Planning



Taxes in Retirement





## The Secure Act 2.0 Major Changes

1. Increases required Minimum Distribution Age (“RMD”) age to 73 beginning on January 1, 2023.
2. The RMD Age will increase again to age 75 on January 1, 2033 those born in 1960 and later.
3. Reduces the missed RMD penalty to 25% or 10%.
4. Indexes the \$1,000 age 50 IRA catch-up provision for inflation in 2024 and after.
5. Doubles the age-based catch-up limit for participant deferrals in qualified plans (401(k)s, SIMPLEs, 403(b)s) for those ages 60-63
6. Allows annuitized qualified account or IRA to count toward aggregated RMD (for IRAs, etc.).
7. SECURE 2.0 directs the government to create a retirement plan “lost-and-found” database.



## Increased RMD Age

- Before SECURE 2.0 Act – RMD age = 72
- After SECURE 2.0 Act – RMD age = 73
  - Benefit #1: Tax deferral and compounding interest for additional 12+ months
  - Benefit #2: Age 73 is easier to keep track of than 70 ½
- Please note: Retirement account owners who reach their 73<sup>rd</sup> birthday in 2026 must take their 2026 RMD by April 1, 2027. Their Age 74 RMD must be taken by December 31, 2027.

# Qualified vs. Non Qualified Money

PGM NOTE: These text boxes are very hard to read from a seat in the audience. Can this be changed?

Taxes in Retirement

Qualified money is more valuable than non-qualified money

This is why you're limited in your annual IRA or 401k contribution

Since it's more valuable, you should keep it safer

Since you cannot add other money to your IRA to make up for market losses, you should really keep it safer



Most of you will rely on your qualified money to some degree.

It means that besides Social Security, almost everyone in this room is going to have to rely on and efficiently distribute their IRAs, 401(k)s, 403(B)s, etc.

So, without further ado, let's get into one of the key parts of today's presentation, which is about qualified money.



## Common Questions

BABY BOOMERS HAVE ABOUT QUALIFIED MONEY:

- **When** do I need to take withdrawals, and how much do I have to take?
- **How** are my IRA/401(k) withdrawals taxed?
- **How** does my IRA/401(k) fit into my overall plan?
- **What** happens to my IRA/401(k) when I die?
- **How** can I minimize taxes?



When it comes to your IRAs, 401(k)s and other retirement accounts, you probably have a lot of questions, and these are just a few of them:

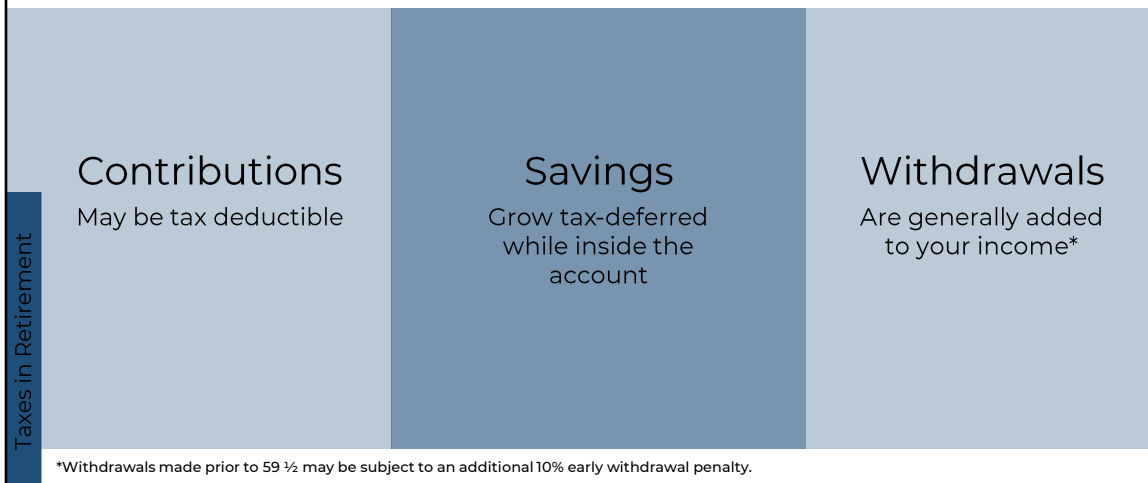
- Can I still contribute to a retirement account, and if so, how much?
- What type of retirement account is right for me?
- When do I need to take withdrawals, and how much do I have to take?
- How are my withdrawals taxed?
- How does my IRA fit into my overall plan?
- What happens to my accounts when I die?
- How can I minimize taxes?

The objective of today's presentation is to answer all of these questions, so let's first begin with a general overview of IRAs.

# Qualified Account Basics



PGM NOTE: Same text box issue, very hard to read copy in boxes from the audience. Can we changed



Let's begin with traditional IRAs. A traditional IRA, or individual retirement account, is a personal retirement account that offers certain tax benefits.

Number one, contributions may be tax deductible. Number two, while your money is inside the IRA, it grows tax-deferred.

This is probably the biggest advantage of using an IRA since your money can grow more effectively due to the compounding of interest.

Because you are not paying any taxes on any gains within the IRA, the IRA will have a larger principal on which the gains can compound.

Finally, when you take money out of your IRA, the amount you take out is treated as ordinary income for income tax purposes, and we will talk about that a little later.

The last thing to mention is that because the government treats this money as retirement money, if you take a withdrawal prior to age 59-and-a-half, the IRS may impose a 10% penalty on that withdrawal.

# 401(k) Accounts



- For 2026, the contribution limit for employee participants of a 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan (TSP) has increased to **\$24,500**.
- The catch-up contribution limit for employees aged 50+ who participate in a 401(k), 403(b), most 457 plans, and the TSP has increased to **\$8,000**
- 401(k) and other qualified plans grow tax-deferred (unless a Roth account). Distributions are taxable ordinary income.
- Distributions before age 59½ will result in a **10% tax penalty** (with exceptions, e.g. disability)
- 401(k) plans also have Required Minimum Distributions (RMDs) beginning at age 73 ( unless "still working")



Tax Reform has not affected the taxability of distributions from 401(k), 403(b), most 457 plans, TSPs, etc. They are taxable ordinary income, unless they are from a Roth account inside your plan.

Non-Roth account contributions are before-tax and those accounts will grow tax-deferred.

Contribution limits and the Catch-Up amounts are adjusted for inflation, from time to time,

## Traditional IRAs

- For 2026, the limit on annual contributions to an IRA is **\$7,500**
- The additional catch-up contribution limit for individuals aged 50+ is **\$1,100** and is adjusted for inflation.
- Because all of the money within your **IRA grows tax-deferred**, any distributions from your 401(k) account after age 59½ will be taxed as ordinary income
- Except Roth IRAs are after tax, grow tax-free, and distributions from Roth IRAs are income tax free.
- IRAs have RMDs beginning for age 73, but Roth IRAs have **NO RMDs**.



IRAs contribution limit is \$7,500 for those under 50. If you are older than 50, you can contribute an additional \$1,100 as a catch-up.

IRA distributions grow tax deferred and are taxable when distributed.

ROTH IRAs grow tax free and are distributed tax free.

Roth IRAs have NO RMDs, which is one of the primary reasons people have Roth IRAs.



## Increased RMD Age

- Before Secure Act – RMD age =  $70\frac{1}{2}$
- After Secure Act – RMD age = 72
- After Secure Act 2.0 – RMD age = **73**
- There is a higher RISK OF MISTAKE today because of these changes.

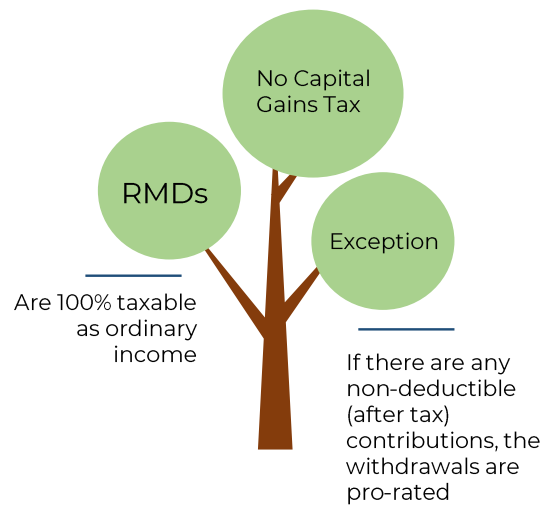


Up until 2020, the previous age for retirement account holders to begin taking their RMDs from tax-qualified retirement accounts (e.g., IRA, 401(k), 403(b), TSP, SIMPLE IRA, etc.) was age  $70\frac{1}{2}$ .

SECURE Act 1.0 raised the RMD beginning age to 72.

SECURE Act 2.0, raised the RMD age to 73 and again to age 75 for those reach age 75 in the year 2033 (those born in 1960 and later).

## How does taxation work with RMDs?



Taxation of RMDs. As we said earlier, RMDs are 100% taxable as ordinary income — not capital gains. The only exception to this is if there are any non-deductible (after tax) contributions made, then the taxation on withdrawals is pro-rated.

## The Stretch IRA

- Spouse Beneficiaries can continue an IRA as if it were always their own.
- All Beneficiaries once could Inherit an IRA and take distribution over their life expectancy...  
(When was the last time you checked your beneficiaries?)
- Deferring distribution preserves tax-deferral for longer.
- Distribution over many years reduces the relative impact of total income taxes on all withdrawals



The Stretch IRA is also known as the Inherited IRA or Beneficiary IRA. In general, beneficiaries would enjoy greater tax benefits taking distributions over a long period of time.

You may have heard about the stretch IRA before but didn't know what it was. Here's what you need to know.

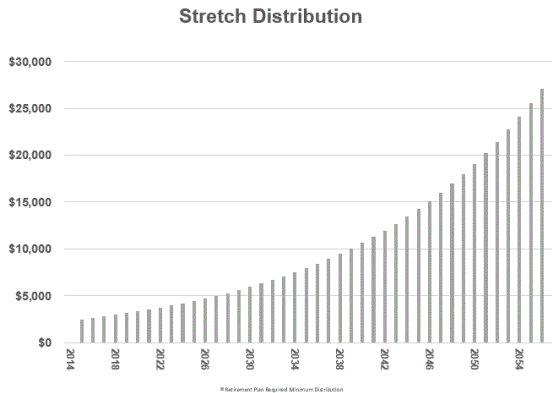
After you died, distributions could be stretched over a period of time based on your beneficiary's life expectancy (using a particular IRS table).

Designated beneficiaries were natural persons and not entities. They could take minimum distributions only, if they so chose.

The stretch IRA, then, is the name given to the strategy of a beneficiary taking only partial amounts, even small amounts from an inherited IRA each year.

Doing so helps a beneficiary to minimize their current income tax and maximize the tax deferral of the inherited account.

## RMDs for an Inherited IRA Scenario Before 2020



- **Cumulative Distributions Received = \$456,868.61**

- \*Note: This illustration is hypothetical and assumes the inheritance occurred at age 40. It also assumes a 6% rate of return on an initial value of \$100,000. This does not represent the performance of any investment product, and your results will vary.



Here's an example, so you can see exactly what I mean. Suppose you have named your daughter as your IRA beneficiary directly on your IRA beneficiary form.

When she inherits your IRA account, she's 40 years old and the account is worth \$100,000. This slide shows how much money your daughter could expect to get from the inherited IRA if she stretched distributions.

Note that we're assuming a hypothetical 6% rate of return here and that the actual rate of return your beneficiaries receive may be different.

Although distribution is spread out over many years, in this example your daughter could receive over \$450,000 from the inheriting a \$100,000 IRA.



## MAJOR CHANGE!

If you have an IRA or a Trust as a beneficiary of your IRA you may have a ticking tax time bomb...

There has been a major change as part of the secure act that you must be aware of. If your current advisor has not discussed this with you, you may be missing something. Let's discuss what has changed.

## Goodbye Stretch IRA!

- Before SECURE: Stretch IRA Concept
  - RMDs were generally paid by beneficiaries beginning by the end of the year after the owner's death
  - LESS TAXES AND MORE MONEY!



For those passing away prior to January 1, 2020, their IRA and qualified account beneficiaries could use the Stretch IRA concept.

The SECURE Act cancelled this Life Expectancy-based option for many inheriting IRA and qualified retirement account beneficiaries.

When IRA and retirement account owners passed away AND these accounts were inherited by non-spouse beneficiaries, the new owner was permitted to “stretch” the taxable distributions over the course of his or her life expectancy.

The Stretch IRA used to be a great tax-planning and estate planning strategy as a result. Inheriting beneficiaries would take their own RMDs calculated over their life expectancy using the proper IRS table.

The beneficiary could maximize the ongoing tax deferral and minimize their total taxes ultimately paid compared to taking a lump-sum distribution at the beginning.

## Goodbye Stretch IRA, Part Two!

- After the SECURE Act: The Ten-Year Rule

- Most non-spouse beneficiaries will have a new Ten-Year Rule.
- Designated Beneficiaries are natural persons who are not spouses or Eligible exception beneficiaries (e.g., minors, elders,).
- Most Designated Beneficiaries are adult-age children.
- Trusts other entities have the same Five-Year Rule as before.



Now many named beneficiaries of an IRA or retirement account whose owner passed away January 1, 2020 or later will have a new Ten-Year Rule.

The Stretch IRA is still available for surviving spouses and certain exception beneficiaries, Eligible Designated Beneficiaries. Those include minor children, the disabled or chronically ill, and beneficiaries older than the deceased or not more than 10 years younger.

All other beneficiaries who are “natural persons” are only Designated Beneficiaries. They must complete 100% distribution by the end of the 10<sup>th</sup> calendar year following the year of death.

This is known as the Ten-Year Rule. It causes these full distributions to be completed over this shorter period of time, which can cause taxes to be paid at higher rates and fewer years.

If the deceased had reached their RMD beginning date, the beneficiary must also take RMDs for years one through 9, before making a 100% distribution by the end of year 10. .

With one exception, if a trust is the beneficiary or a corporation, they have a Five-Year Rule for completing their distributions. The exception is called an “IRA Conduit Trust.”

We do have solutions that can help your family deal with the Ten-Year Rule as tax

efficiently as may be possible.

Part of the retirement navigation analysis that we perform for our clients allows us to address situations like these and identify possible solutions.



# Who would you rather leave your IRA to?

Your Spouse?

Your Children?

Or the IRS?

The answer to this question is obvious right?

Are your IRA's set up properly in terms of beneficiary distribution?

Part of our process is to run a beneficiary audit to help ensure you are not leaving more money to the IRS and less to your loved ones.

There some other strategies that could help you reduce taxes in retirement! But first, let's play some more retirement jeopardy!

## Retirement Jeopardy

### Question:

- Who was the chief legislator responsible for establishing the Roth IRA?

YOU JUST EARNED A  
100 GRAND!



### Answer:

- The Roth IRA was established by the Taxpayer Relief Act of 1997 (Public Law 105-34) and named for its chief legislative sponsor, Senator William Roth of Delaware

## Roth IRA Conversions

- Amounts converted are taxable income in year of conversions
- No 10% penalty applies if conversion before ages 59 ½
- No income limit on Roth conversions
- It's okay to consult your tax professional



Now let's talk about the potential for Roth IRA conversion strategy that may help you in your retirement planning and perhaps even your estate planning.

A Roth IRA conversion is a transaction where you change money from a pre-tax account, like an IRA, 401(k) or 403(b), to a Roth IRA.

When you make a Roth conversion, the amount of money you convert is taxable as income in that year.

For example, let's say Jill has \$100,000 in a traditional IRA and would like to convert it to a Roth IRA. We'll talk more about why she might do that in a moment.

If Jill converts her \$100,000 IRA to a Roth, she will add \$100,000 to her taxable income for that year. Her total income will be taxable at the rates that apply for that total amount.

Because this is a big decision and can have a significant impact on your taxes, you should evaluate this option with your tax and or financial advisors before moving ahead.

## Roth IRAs Have No RMDs

No required minimum distributions during your lifetime

- YOU DECIDE when you want to make distributions
- Allows your account to grow, tax-free for life
- Can provide a tax-free inheritance to heirs
- NOTE: An Inheriting Roth beneficiary may be subject to the Ten-Year Rule, however.



Another big benefit of the Roth IRA, and one that many retirees find attractive, is that Roth IRAs have no required minimum distributions.

Remember all those RMD calculations and potential mistakes we talked about earlier? This is not an issue with a Roth IRA.

You can withdraw as much or as little as you want from your Roth, all without income tax.

That also means your Roth IRA can continue to grow and compound tax-free for your inheriting beneficiary, which also makes it a very intriguing vehicle from an estate planning perspective.

However, it is important to note that inherited IRA's DO have RMDs whereas Inherited Roths do not. The beneficiary may be subject to the Ten-Year Rule, however.



## Who can do a Roth IRA Conversion?

- Anyone can convert their IRA (or other eligible retirement account) to a Roth IRA:
  - No age limits (high or low)
  - No income limits (high or low)
  - No requirement to be working

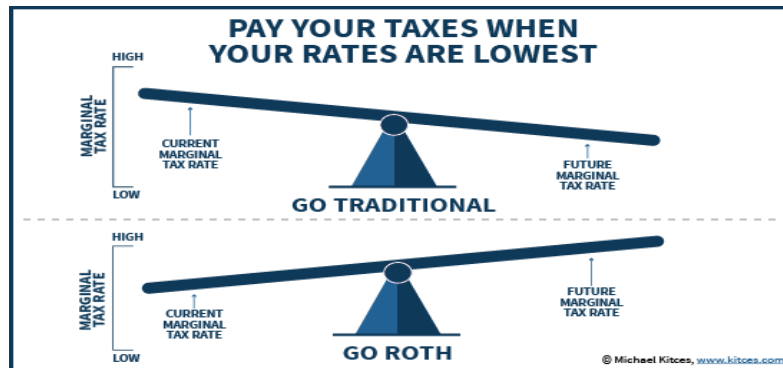


Something else to keep in mind is that unlike Roth IRA *contributions*, there are no restrictions on who can make Roth IRA *conversions*.

You can't be too old. You can't be too young. You can be working or you can be retired. There's no minimum amount of income you need or a maximum amount of income you can have.

I think you see what I mean. If you want to convert you IRA to a Roth IRA, there's nothing in the tax rules that will stop you from doing so.

# Is a Roth Conversion Right for You?



Taxes in Retirement

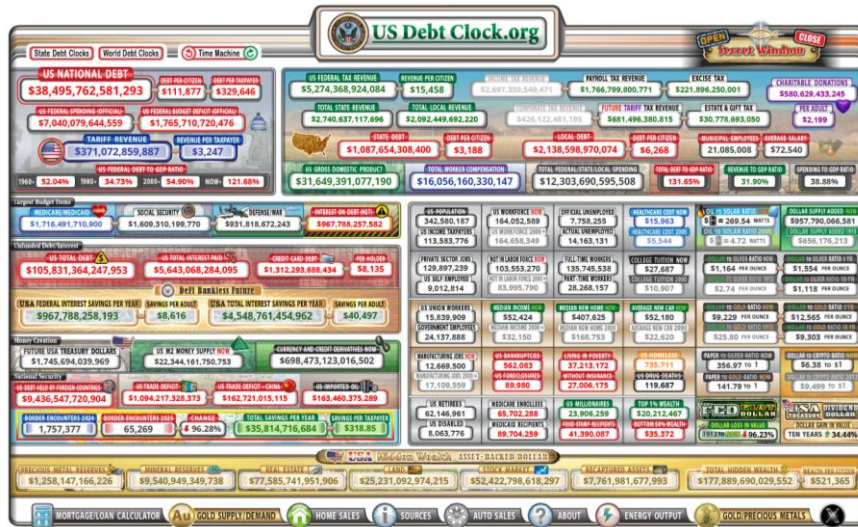


Right now taxes may be on sale. Everyone's situation is different. How do you know if converting is right for you?

Well, much of the decision depends on whether or not you believe you will be in a higher or lower tax bracket in the future.

What Direction do you think taxes are going? Up or down? Impossible to really know. But we can look at the indicators. One big indicator is our debt in the country. Does anyone here think it is going down? How might the government help pay for this debt??

Take a look at this



USDebtClock.org on 12/18/2025



If you go to [www.usdebtclock.org](http://www.usdebtclock.org), you can find this in real time. It can give you a headache if you stare at it long enough. One thing we know for sure....

# Where is the money coming from?



Taxes in Retirement



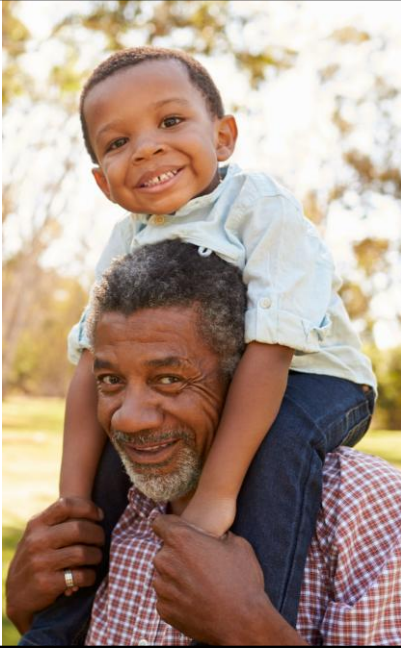
# Pay tax on the *SEED*... Save taxes on the *CROP*



Taxes in Retirement



It is better to pay tax on the seed to save taxes on the crop. Part of our retirement navigation analysis helps you make this decision. Most importantly, if you do choose to convert, we can help you manage the process most tax efficiently. You do not have to convert your entire IRA balances at one time. Again, when we get together, if this is something you would like to learn more about and understand if it is right for you, just let us know today.



## Review

- How the most recent tax changes can affect you
- The three different buckets- Taxable, tax deferred, and tax free
- Disinherit the IRS! Not having the government take 40% or more of your IRA when you pass away
- Does it make sense to convert to a Roth IRA?
- Retirement Navigation Analysis



We've covered lots of information today. These are some of the high points, and one or more of these things may affect you. And honestly, if any of my clients were in here today, I'd feel just a little bit embarrassed. That is because I feel it's important for advisors to spend time with their clients explaining how these things work. Perhaps you haven't met with an advisor before, or maybe you haven't seen your advisor in several years.

When I meet with folks, I help make sure they understand everything we've talked about today. It's essential for everyone to know these things as they navigate their retirement years.

Making errors with your qualified accounts can cost you thousands of dollars throughout the course of your retirement, and even after you're gone. To review, these were the main items we discussed today:





There is nothing normal about the new normal. We are seeing a convergence of occurrences that we cannot ignore.

## What lies ahead?

Fact: none of us have experienced anything like the past 6 years.

- Will there be a Recession in 2026?
- The 2026 Election campaigns are getting busy.
- Will our stock market gain or lose 20% annually--again?
- Inflation is down but not done. Which way is next?
- Will the US housing market return to normal? Or Mortgage rates?
- Do Interest Rates increase or decrease from here?
- What about Wars and conflicts around the world?
- When will Social Security solvency reform happen? Or how?



Life today may be more unpredictable and more interconnected. Do markets and the economy continue to grow? Or do we see recession and market declines? What do financial professionals advise? Do not panic; stick to your plans. It is easy for them to say when the money is ours.

It has been the best of times and the worst of times. Some things have been great in the last year or two--like the stock market and interest rates. Some things are not great--like inflation or buying a home.

When things are uncertain, what is the best thing to do? When things are uncertain, what is the worst thing to do?



# NOTHING!!!



Folks, the worst thing you can do is nothing. Even if you are not sure what to do, the something you can do get an opinion on if you are doing things right when it comes to your retirement.

# What's Next?

Taxes in Retirement



1st Appointment Questionnaire

Name: \_\_\_\_\_

1. Do you, or will you, have a pension?

2. Do you have any other income?

3. What are you looking for in retirement? (e.g. income, travel, etc.)

4. What are your current health concerns?

5. If you could have one thing, what would it be?

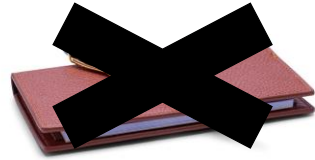
6. What are the following three strategies most important to you?

7. Do you have any other assets that you are looking to plan for?

8. Do you have any other assets that you are looking to plan for?

Office Use: \_\_\_\_\_

Next Appointment: \_\_\_\_\_



So where do we go from here?

What does this look like for YOU?



## My commitment to you!

Helping unlock clarity about your money, retirement, and future.



- I do something special for people who attend my informational seminar .
- I've put together a report that I will customize for you when you come in to meet with me privately. When we meet, I can:
  - help assess your current financial approach
  - help you estimate how much spendable money you might have in retirement based on your current savings level - this could be eye-opening, if you've never seen an estimate of your spendable income in retirement, based on today's strategy
  - show you this tool and how I might help you get on a path to greater financial confidence in retirement

## You will once and for all learn:

- What income you can **COUNT ON** in retirement
- How you can minimize taxes to make your money last longer
- What rate of return you must average to make your investments last for the rest of your life
- How to have a report card on your money to tell you each year if you are behind, ahead or **RIGHT ON TRACK** for your financial goals.

Our goal for you is to come away learning these things:

- How to efficiently withdraw income from your IRA accounts
- How to minimize taxes on your retirement account distributions
- **What rate of return you must average to make your investments last for the rest of your life**
- How to have a report card on your money to tell you each year if you are behind, ahead or **RIGHT ON TRACK** for your financial goals

# Retirement Navigation Analysis

Taxes in Retirement



Thank you all for taking the time to with us and educate yourselves on these important topics.

If you have an advisor that you work with currently who has given you a plan or opinion in this realm, like with any medical diagnosis, it can be a good idea to get a second or even third opinion.

Out of sight, out of mind will not solve this, we cannot institute the Ostrich method-sticking our heads in the ground and hoping it will go away. It will not. We are going to have to face the retirement risks we discussed.

Unfortunately, we cannot eliminate them, but we can plan for them, we can prepare properly so that these risks do not wreak havoc on our overall retirement plan.

The question is how? What to do next? We have diagnosed a problem; how do we treat it? Well, the first step is understanding your specific situation. My firm can help you do that. That is the first step in understanding how to deal with the issues we discussed here today. Everyone in the room tonight is welcome to schedule a consultation with me to do this.

Here is what to expect:

A cup of your favorite beverage and a conversation.

We are going to talk about your situation, your concerns, and your goals. everything we discuss is confidential. During that consultation, nothing is sold! Leave your

checkbooks at home.

There is no charge for the meeting or our creation of your personalized health care cost analysis.

We are a full-service retirement planning firm, so once I have your analysis, we can review it together and make any necessary suggestions or recommendations.

Please fill out the evaluation form in your folder and indicate the date and time that is most convenient for you. If you could turn them in at the back of the room where you signed in, we will get you set up with all of the information you need. Thank you all again for taking the time to listen and educate yourselves with me. I look forward to our getting together.



## Not Sure?

- Interesting, I will have to think about it
- I'm too busy right now
- Not sure I can do anything now
- I think we have a good broker
- I had a bad experience with someone I trusted
- I do not want a second opinion
- Not sure I want to align
- Potential price of inaction

**Excessive fees, overpaying taxes, potential loss of money!**

We do not provide legal or tax advice. Please consult qualified tax and/or legal professionals prior to making a decision for your individual situation.



Not sure? People say, “It’s interesting. I’ve got to think about it.” I don’t buy that. I think if I raise an issue in your mind tonight about what you’re doing from an income standpoint, or if you’re just concerned that we may be 60 points from the all-time high and think we might have another crash sometime soon, I think it’s worthwhile to get together and see what other alternatives are available.

Second one, “I think I’m too busy right now.” Hey I can appreciate that. I’m a busy guy myself. I’ve got my appointment book over there. It goes through the end of January, so if we can’t see you in October or November, we’ll see you in December. January. If we can’t see you now, you tell us when it’s convenient and we’ll follow up with you and see when you want to see us.

Third one here, “I’m not sure I can do anything now.” I don’t know if you can either. I believe we can help you. No situation is foreign to us. We have seen it all and look forward to helping you if we can. I think it would be worthwhile to get together. It’s very rare we can’t give you some recommendation.

The next one here, “I think we have a good broker.” Well if you do, that’s a good thing and I’ll be the first one to tell you. I see about 800 new people a year and I can count

on one hand the number of people I couldn't give a recommendation to. It's few and far between, but if you're one of them I will say, "Hey, you've got your Is dotted in your Ts crossed. I wouldn't change a thing. That will give you much more confidence in what you're doing.

The next one here, "I'm not sure I want to align." What does that mean? "Well, they come in and I ask them what their number one investment priority is and they said they want their money protected and then they spread all the statements on the table, where do you think the bulk of their money is? It's in the stock market." "So they're telling me one thing, but they're doing the polar opposite and they wonder why every seven years, they lose half their money. They're out of alignment." My job is to get you closer to the alignment that you think that you're in.

Next one here, "I had a bad experience with someone I trust." We can all say that about some walk of life, can we not? Am I the only guy that ever had a bad experience with a car mechanic? And he's my brother. How about a home contractor. They'll say they'll be there Tuesday. They just don't tell us what year. We've all had bad experiences with someone. It's a fact of life. There's bad people in my industry.

I've been in the business since 1987. Talk to your neighbors, talk to your friends. They may have been to one of my programs. You'd be surprised. They may even be one of my clients.

Last but not least, the potential price of inaction. Somebody sat in your seat back in 2008 right before the meltdown and you know what they said? "It's interesting. I got to think about it. I'm too busy right now. I'm not sure you can help me. My question to you is what did it cost them to not come see me? They went down 50%. It took them six years to get back to even. They may have cost them 30 or 40% to not come see me when it wouldn't have cost anything just to come in and get a second opinion. I encourage you tonight if I raised an issue in your mind about what you're doing, when we come around to collect your evaluation forms, we'll have our appointment book and we would love to see you.





## Consultations are free & without obligation!



Agent Name



Agent Email



Agent Phone Number

