



As you transition into retirement, your financial focus will likely shift from building your savings to managing your spending. A tax-efficient withdrawal strategy can help you maximize your assets and enjoy a fulfilling retirement.

## Understanding Common Retirement Income Sources

Your retirement income will likely come from various accounts and investment vehicles. Some common retirement income sources include:

- **Required withdrawals:** At age 73, you'll need to start taking Required Minimum Distributions (RMDs) from certain accounts like traditional IRAs and 401(k)s. These withdrawals are mandatory and taxed as ordinary income.
- **Automatic income:** Sources like Social Security, pensions, and annuities provide regular, predictable payments. Be aware that healthcare costs can affect these streams.
- **Optional income:** Sources like traditional and Roth 401(k)s and IRAs, along with taxable investment accounts, generally offer more flexibility in when and how much you withdraw (outside of any applicable RMDs).

## Navigating Your New Tax Situation

Many people find that their tax landscape changes in retirement. Here are a few key considerations to keep in mind:

- **Account-specific tax implications:** Different accounts are taxed in different ways. Some accounts may be taxed as ordinary income, while others may offer tax-free withdrawals.
- **Shifting tax brackets:** While your income may be lower in retirement, large withdrawals or RMDs could push you into a higher tax bracket.
- **State and local taxes:** Some states provide more favorable tax treatment for retirees by exempting certain retirement income or applying reduced tax rates.

## Work With a Financial Professional

Managing your finances and optimizing your withdrawal strategy can be complex, but a financial professional can help. Let's work together to create a personalized, tax-efficient plan that aligns with your goals and helps you enjoy the retirement you've envisioned. Contact the office today to start the conversation.



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