The Truth About Required Minimum Distributions:

What you don't know can hurt you.

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How many times have you heard, "**What you don't know won't hurt you**"?

The truth is, "**What you don't know can hurt you**".

Do you remember why you opened your retirement accounts? I'll bet it went something like this:

Save on taxes now by deferring taxes until you retire. At which time you will no longer be employed and your income tax bracket will be less. Then when you make withdraws on your retirement accounts for living expenses, the tax consequence will be less.

Maybe true, but did you take into consideration what the Required Minimum Distributions (RMD) might do to your adjusted gross income for the year? The RMDs on your tax deferred accounts could raise your tax bracket from 10% to 35%. Not what most of us have planned for in retirement.

There are many ways to offset the costly impact of RMDs on your retirement savings:

- Use of tax free non-reportable income
- Reduction of the federal tax rate at age 70 through age 85
- Paying taxes on qualified money early, which reduces RMD's at age 70 ½.
- Leaving qualified money deferred longer

One should also consider:

- Cost of living adjustments
- Tax classification of each individual asset
- Social Security calculations

As you can see, the RMD calculators do not tell the whole story when trying to prepare for the financial fluctuation of tax consequences at age 70 ½.

Are you taking advantage of the current tax codes to reduce taxes on your retirement accounts? If you are between age 50 – 70 it's not too late.

Make an appointment today and get the facts, because being pro-active now could save you hundreds of thousands of dollars in retirement.

Make an Appointment or call (972) 731-2539

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