

How Well Do You Understand Taxes in Retirement?

Benjamin Franklin famously said, “*In this world nothing can be said to be certain, except death and taxes.*” Unfortunately, taxes for most people do not ever stop, even in retirement. So, what do you know about taxes in retirement, and do you know how to minimize them?

One of the biggest mistakes retirees make is not paying enough attention to taxes. Not understanding how different types of accounts are taxed, and a lack of planning to minimize taxes, are two very big detriments to many people’s retirement plans. This lack of understanding and planning can make a huge difference in the ultimate value of your overall retirement plan, and the type of retirement lifestyle you will live.

The first step in minimizing your retirement tax burden is knowing how different types of retirement assets are treated. For example, tax-deferred accounts, taxable accounts, pre-taxed retirement accounts, Roth IRAs, Social Security, pensions, and annuities all have their own tax rules. In order to minimize taxes, expert knowledge and key understanding, along with strategic planning, is necessary.

One theory is that you should simply tap taxable accounts first, followed by tax-deferred accounts, and then your Roth. While this strategy may work for some retirees, in most cases it is much more complex than this. So, don’t just take “conventional wisdom” advice when it comes to minimizing your tax burden, as it could really make a big difference in your retirement nest egg.

If you think you don’t need to worry about taxes in retirement, think again. Join me next week on the ***It’s Your Money Show*** as we will be discussing in detail how different types of retirement assets and incomes are taxed, and some good strategies to minimize your tax burden. The show airs on WMEQ (880 AM) on Thursday at 7:30am and Saturday at 9:00am, as well as on WWIB (103.7 FM) on Wednesday at 7:30pm and Saturday at 5:30pm. You can also obtain this information and independent advice for your specific situation by contacting me at **(715) 835-6022** or **info@KeyStoneCV.com**, or through our website, **www.KeyStoneCV.com**.

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