

| HOW DOES THIS TYPE OF INCOME GET TAXED? | TYPE OF TAXATION | | | | | |
|--|--|--------------------------|--|---------------------|--|-----------------|
| | Federal Tax (ordinary income) | Federal Tax (LTCG rates) | State Tax (if applicable) | Potential 3.8% NIIT | Early/Non-Qualified Withdrawal Penalty | AGI Sensitivity |
| | TAXABLE ACCOUNTS | | | | | |
| Long-Term Capital Gains (LTCGs) | | + | + | + | | + |
| Short-Term Capital Gains (STCGs) | + | | + | + | | + |
| Ordinary Dividends | + | | + | + | | + |
| Qualified Dividends | | + | + | + | | + |
| Interest | + | | + | + | + ¹ | + |
| Municipal Bonds | | | Same state: No Different state: Yes | | | |
| Treasury Securities | + | | | + | + ¹ | + |
| | ROTH RETIREMENT ACCOUNTS | | | | | |
| Qualified Withdrawals or Basis ² | | | | | | |
| Non-Qualified Withdrawals (of earnings) | + | | + | | Pre-59.5: 10% ³ | + |
| | TRADITIONAL RETIREMENT ACCOUNTS | | | | | |
| Qualified Withdrawals | + | | + | | | + |
| Non-Qualified Withdrawals | + | | + | | Pre-59.5: 10% ³ | + |
| | NON-QUALIFIED ANNUITIES | | | | | |
| Withdrawals Consisting of Gains ⁴ | + | | + | + | Pre-59.5: 10% ³ | + |

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| HEALTH SAVINGS ACCOUNTS (HSAs) | | | | | | |
| Qualified Withdrawals | | | | | | |
| Non-Qualified Withdrawals | + | | + | | Pre-65: 20% ³ | + |
| 529 ACCOUNTS | | | | | | |
| Qualified Withdrawals | | | | | | |
| Non-Qualified Withdrawals (of earnings) | + | | + | | 10% ³ | + |
| LIFE INSURANCE CASH VALUE | | | | | | |
| Policy Loans ⁵ | | | | | | |
| Policy Withdrawals/Dividends (basis) ⁵ | | | | | | |
| Policy Withdrawals/Dividends (gains) ⁵ | + | | + | | | + |
| RENTAL PROPERTY | | | | | | |
| Rental Income | + | | + | + | | + |

¹Certain interest-bearing accounts (e.g., CDs) and treasury securities (e.g., I Bonds and EE Bonds) may be subject to an interest-forfeiture penalty (not a tax penalty) if withdrawn early.

²Except for basis attributable to conversion principal withdrawn within five years.

³Depending on the circumstances and the type of account you are pulling from, certain early withdrawals may be exempt from additional penalties.

⁴Annuities are generally taxed on a LIFO basis. However, some annuities are taxed on a pro-rata basis via annuitization.

⁵If the policy is a MEC, it is taxed on a LIFO basis. Policy loans from a MEC are fully taxable (but increase basis), and distributions/loans taken prior to age 59.5 are subject to a 10% penalty.

⁶Unless derived from a trade or business.

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