



# RETIREMENT PLANNING

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*Session 1*

Warm, Professional Learning Series

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## LIFE PLANNING FOR RETIREMENT [Broker-Dealer Disclosure]

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# LIFE PLANNING FOR RETIREMENT

*Designing a meaningful next chapter*



# RETIREMENT PLANNING

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*Session 1*

Warm, Professional Learning Series

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## The Retirement Landscape has Changed

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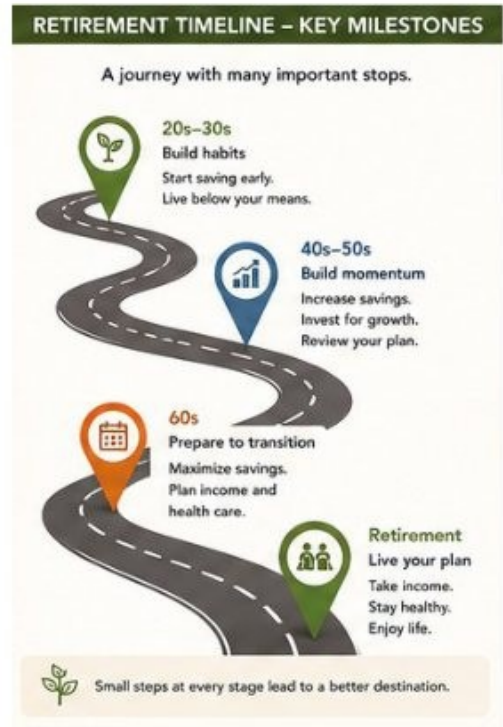
### **In this section, we will:**

- Review the “traditional” view of retirement.
- Look ahead and examine the “new” view of retirement, a retirement full of exciting new opportunities.
- Perform brief exercises to explore and understand your unique vision of retirement.
- Examine how the retirement planning process has changed.

## LIFE PLANNING FOR RETIREMENT

# Retirement Doesn't Stop the Clock

- By the time you retire at about age 65 or so, you may have spent more than 100,000 hours on the job! The average Baby Boomer began saving for retirement in their mid-thirties.
- You've likely spent tens of thousands of hours during your best working years carefully saving a portion of your earnings for retirement.
- Once retired, you'll likely stay retired for many years. But how much time have you spent actually mapping out and planning for your retirement?



Quick Poll: How much time have you spent planning life after work?

# TRADITIONAL RETIREMENT vs. NEW RETIREMENT

## TRADITIONAL RETIREMENT



One employer



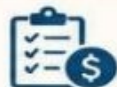
Pension-based



Retire around 65



Shorter retirement



Money-focused planning



Extended vacation

## NEW RETIREMENT

1



Multiple employers / self-employed



2



Self-directed savings



3



Flexible timing



4



Longer retirement



5



Lifestyle + financial planning



6



Active, purposeful living





# LIFE PLANNING FOR RETIREMENT

*Designing a meaningful next chapter*

## New Retirement Opportunities

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### **Many of today's retirees:**

- Aim to retire at a younger age.
- View retirement as a new, fulfilling chapter of life.
- Prioritize active, independent, purposeful lifestyles.
- Enjoy longer periods of good health and increased lifespans.
- Spend more than a quarter of their life in retirement.

# LIFE PLANNING FOR RETIREMENT

## New Retirement Opportunities

### New retirees may:

- Continue working full- or part-time.
- Start a business, offer consultative services, or even start a new career.
- Volunteer for valued causes and organizations.
- Pursue educational goals.
- Get involved with clubs.
- Discover new recreational activities or hobbies.



Discuss: Which opportunity feels most important to you?

## Life Planning for Retirement

### Values & Objectives

- Money is only one aspect of retirement planning.
- Financial security alone does not ensure a rich or fulfilling retirement experience.
- Financial freedom does provide more choices throughout life, including your retirement years.



Time for what matters.

# LIFE PLANNING FOR RETIREMENT

## Questions for Consideration

### What will be our primary source of income during retirement?

- Will I work post-retirement?
- Will my partner?
- What age do I want to retire?
- Does my partner know this?
- Who should my partner speak to about financial advice if I am incapacitated?

**PARTICIPATION PROMPTS – ENGAGE & REFLECT**

				
<b>Think About It</b>	<b>Discuss</b>	<b>Show of Hands</b>	<b>Consider This</b>	<b>Ask Anonymously</b>
What does retirement freedom look like for you?	If you came with a partner, what are your top retirement priorities?	How many of you have a good idea of how much you'll need in retirement?	What concerns you most about retirement planning?	Use the anonymous question cards for topics you may not feel comfortable asking out loud.
Take a moment to reflect.	Share and compare.	Let's see!	Let it down or discuss.	Your questions matter.

Partner Prompt: Compare one question you each want answered.

# THE FACETS OF RETIREMENT

*Retirement planning is about more than money.*



# LIFE PLANNING FOR RETIREMENT

## Personal & Partner Exercise

Review the key ideas for this part of the course.

**PARTICIPATION PROMPTS – ENGAGE & REFLECT**

				
<b>Think About It</b>	<b>Discuss</b>	<b>Show of Hands</b>	<b>Consider This</b>	<b>Ask Anonymously</b>
What does retirement freedom look like for you?	If you came with a partner, what are your top retirement priorities?	How many of you have a good idea of how much you'll need in retirement?	What concerns you most about retirement planning?	Use the anonymous question cards for topics you may not feel comfortable asking out loud.
Take a moment to reflect.	Share and compare.	Let's see!	Let it down or discuss.	Your questions matter.

Pause & Reflect: Notice themes, then compare if you came with a partner.

## LIFE PLANNING FOR RETIREMENT

### Personal & Partner Exercise

Review the statements on Pages 1–9/10.

Reflect on what stood out:

- What did you circle?
- If you're here with a partner, what did they circle?
- What will it take to fulfill their dreams and goals? How about yours?
- Are there any potential misunderstandings or conflicts you'll need to discuss in greater depth?



Time for what matters.

Pause & Reflect: Notice themes, then compare if you came with a partner.

## LIFE PLANNING FOR RETIREMENT

# Personal Retirement Framework

**You may have come today with a number of questions about retirement.**

Can I begin my new retirement today and just work part-time?

- Do I prefer a more traditional retirement?
- Does my spouse share my view of an ideal retirement?



# LIFE PLANNING FOR RETIREMENT

## The Retirement Planning Process

### TRADITIONAL RETIREMENT vs. NEW RETIREMENT

TRADITIONAL RETIREMENT		NEW RETIREMENT
 One employer	1	 Multiple employers / self-employed 
 Pension-based	2	 Self-directed savings 
 Retire around 65	3	 Flexible timing 
 Shorter retirement	4	 Longer retirement 
 Money-focused planning	5	 Lifestyle + financial planning 
 Extended vacation	6	 Active, purposeful living 

# THE RETIREMENT PLANNING PROCESS



## About This Course

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### **Section 2: Retirement Needs & Expenses**

- Determine how much you may need and when you can retire.
- Consider whether you could retire today and still maintain your desired lifestyle.

### **Section 3: Retirement Roadblocks & Mistakes**

- Recognize common retirement planning missteps.
- Review legal strategies that may help minimize yearly tax liability.

## About This Course

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### **Section 4: Retirement Income Sources**

- Review Social Security claiming considerations and earned benefit strategies.
- Explore employer-sponsored retirement plans, IRAs, and IRA-to-Roth IRA conversions.

### About This Course

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#### **Section 5: Retirement Plan Distributions**

- Compare ways to take money out of retirement accounts while maintaining financial flexibility.
- Consider why some distribution decisions cannot be reversed.

#### **Section 6: Investments**

- Review cash accounts, bonds, markets, stocks, mutual funds, ETFs, and separately managed accounts.
- Discuss investment risks and portfolio risk-management strategies.

## About This Course

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### **Section 7: Risk Management & Asset Protection**

- Consider how to protect yourself from financial loss before and during retirement.
- Review health, asset-risk management, long-term care, and insurance coverage considerations.

## About This Course

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### **Section 8: Estate Planning**

- Understand why living wills and estate plans can reduce stress for survivors.
- Review strategies and techniques that may ease estate transitions and reduce liabilities.

## SECTION

### Retirement Needs & Expenses

Estimating what retirement may require.

Pause & Reflect: What should this section help you clarify?



# INFLATION & PURCHASING POWER

*Illustrative example at 3% average inflation*

Today  
**\$1.00**



10 years  
**\$1.34**



20 years  
**\$1.81**



30 years  
**\$2.43**



*Inflation can quietly reduce what your money can buy.*

# AMERICANS RETIRE EARLIER THAN EXPECTED

*Planning for an earlier retirement can help reduce surprises.*



## Expected

Many workers expect to retire at 65 or later



## Actual

Many retirees stop working earlier than planned



Retirement may come sooner than expected — planning early can help.



**Quick Poll**

What age do you currently expect to retire?

# HOW LONG MUST YOUR MONEY LAST?

*Longer lives can mean longer retirements.*

Age 60



**Retirement begins**

The start of your next great chapter

Age 70



**More life to enjoy**

Travel, hobbies, family and experiences

Age 80+



**Living life on your terms**

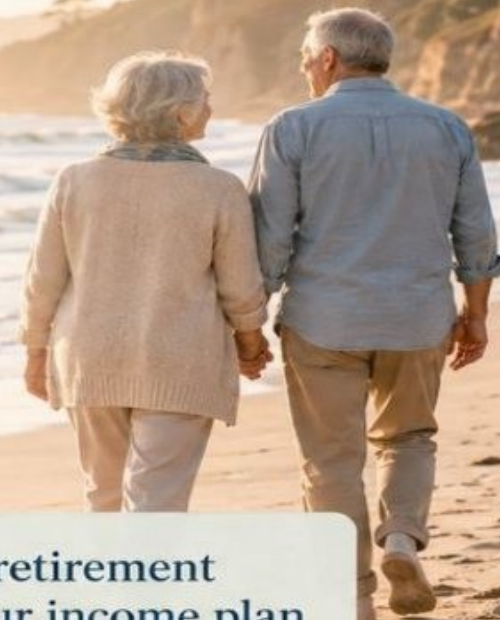
Goals evolve.  
Life continues.



Today's retirement may last **20 to 30 years** or more.



A longer retirement means your income plan needs to last longer, too.



## INFLATION – THE SILENT THREAT

Over time, inflation can erode your purchasing power.

What \$100,000  
Buys Today



\$100,000



In 20 Years  
(at 3% Inflation)



\$55,000

Inflation  
3%  
Average  
Annually



Plan for inflation to help protect your future lifestyle.

# RETIREMENT NEEDS & EXPENSES

## Inflation & Income Taxes

### Many become more conservative in retirement.

- It is important not to become too conservative too early.
- Inflation and taxes impact returns and purchasing power.



# RETIREMENT EXPECTATIONS

*Confidence, saving habits, and planning all play a role.*



Some workers feel very confident about retirement



Confidence is often linked to saving and plan participation



Many people expect to work in retirement



Debt can make saving harder



**Pause & Reflect**

*Which of these feels most relevant to you right now?*

# CALCULATING A RETIREMENT TARGET

*A simple step-by-step example.*



## 1. Estimate monthly expenses

Start with current lifestyle costs



Robert & Sophia  
\$5,000 / month



## 2. Adjust for inflation

Assume 3% average inflation



After 20 years  
\$9,006 / month



## 3. Convert to yearly expenses

Multiply monthly need by 12



After 20 years  
\$108,072 / year



## 4. Project retirement income needs

Estimate what may be needed over retirement



Over 20 years  
\$2,161,440

*Illustrative Example*

*i This example is simplified for learning purposes.*

## RETIREMENT NEEDS & EXPENSES

# How Much Will You Need to Retire?

### Step 1: Determine Your Monthly Expenses

- Estimate your current monthly living expenses.
- Separate essential expenses from optional lifestyle spending.
- Use about 80% of current lifestyle costs as a starting estimate for retirement.



## RETIREMENT NEEDS & EXPENSES

# How Much Will You Need to Retire?

### Step 2: Adjust for Inflation

- Use a hypothetical 3% average annual inflation rate over the 15-year period before retirement.
- Apply the inflation adjustment to estimate future monthly expenses.



## RETIREMENT NEEDS & EXPENSES

# How Much Will You Need to Retire?

### Step 2 Example: Adjust for Inflation

- Use a hypothetical 3% average annual inflation rate over the 15-year period before retirement.
- This example shows how inflation can increase future retirement costs.



## RETIREMENT NEEDS & EXPENSES

# How Much Will You Need to Retire?

### Step 3: Convert Monthly Costs to Yearly Needs

- Use the estimated monthly retirement expense as the monthly target.
- Multiply the monthly estimate by 12 to estimate yearly expenses at retirement.



# How Much Will You Need to Retire?

### Step 4: Inflation in Retirement

- Assume retirement begins at age 65 and may last about 20 years.
- Use a 3% annual inflation rate to estimate future living expenses.
- Calculate how much income may be needed over a 20-year retirement.



## RETIREMENT NEEDS & EXPENSES

# How Much Will You Need to Retire?

### Yearly Living Expenses During Retirement

- Start with your current annual living expenses.
- Remove expenses that may decrease, such as commuting, payroll taxes, or paid-off debt.
- Add expenses that may increase, such as health care, travel, hobbies, or family support.
- Use the result as a planning estimate, not a final number.



#### Planning Question:

Which expenses are most likely to change when you retire?



### Retirement Planning Journey

4 steps to build a confident retirement plan

1



#### Define Your Vision

Clarify your goals, lifestyle, and timing.

2



#### Estimate Your Needs

Project future expenses and income needs.

3



#### Review Your Income

Consider savings, Social Security, pensions, and investments.

4



#### Build Your Plan

Choose strategies and review them regularly.



A plan today. Confidence tomorrow.

# READY TO RETIRE TODAY?

*A nest egg estimate depends on income goals and time in retirement.*



## YEARS IN RETIREMENT

Longer retirements require more saved.

20 YEARS	.....	\$560,000	↑
30 YEARS	.....	\$840,000	
40 YEARS	.....	\$1,250,000	



REQUIRED SAVINGS  
INCREASES WITH MORE  
TIME OR HIGHER INCOME.



## TARGET YEARLY INCOME

Higher income goals require more saved.

\$40,000	.....	\$640,000	↑
\$60,000	.....	\$960,000	
\$80,000	.....	\$1,280,000	



The longer you expect retirement to last,  
the more planning flexibility matters.

*Illustrative example only.*

# HOW TO SAVE A MILLION DOLLARS

*Time and consistent saving can make a big difference.*

	MONTHLY SAVING (END OF MONTH)	YEARS INVESTED	ENDING VALUE
 <b>Start Early</b> Start in your 20s	<b>\$270</b> per month	<b>40 YEARS</b> Age 25 ————— Age 65	<b>\$1,000,000</b> 
 <b>Start Midway</b> Start in your 35s	<b>\$600</b> per month	<b>30 YEARS</b> Age 35 ————— Age 65	<b>\$1,000,000</b> 
 <b>Start Later</b> Start in your 45s	<b>\$1,450</b> per month	<b>20 YEARS</b> Age 45 ————— Age 65	<b>\$1,000,000</b> 



*Small steps taken earlier can have a powerful long-term impact.*

Hypothetical example for illustration.  
Assumes 7% average annual return. Results will vary.

## SECTION

### Retirement Roadblocks & Mistakes

Recognizing what can get in the way.

Pause & Reflect: What should this section help you clarify?



# RETIREMENT ROADBLOCKS & MISTAKES

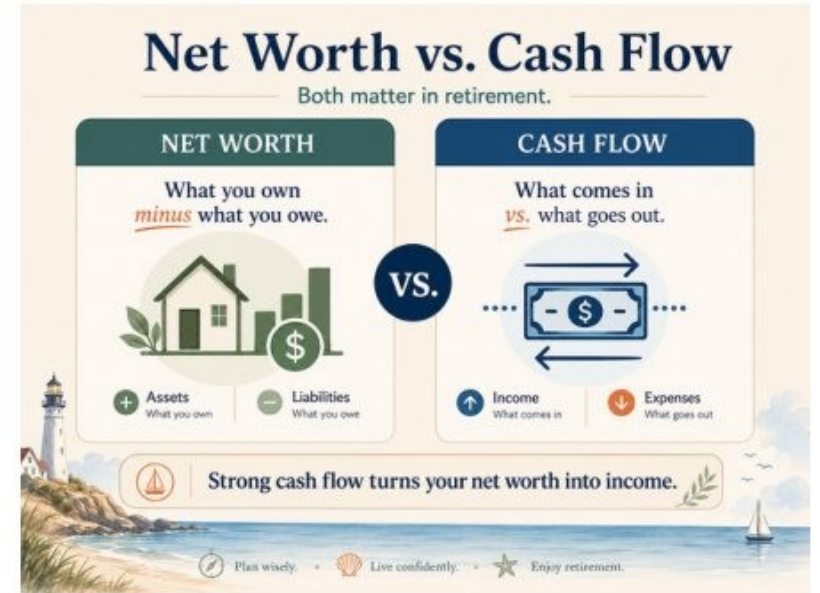
## Introduction

**People in the United States generally enjoy a high standard of living.**

However, many are unable to retire when planned or live in poverty in retirement.

**In this section, we will examine how to:**

- Take a financial inventory – net worth and cash flow.
- Manage credit wisely.
- Invest early and on a regular basis.



# RETIREMENT ROADBLOCKS & MISTAKES

## Introduction

### Retirement Roadblocks

Avoid common challenges that can derail your plan.

- Starting Too Late**  
Delaying saves less time for compounding to work.
- Not Saving Enough**  
Saving too little can lead to a shortfall in retirement.
- Too Much Debt**  
High debt payments can limit your financial freedom.
- Market Volatility**  
Market swings can impact your portfolio value.
- Healthcare Costs**  
Rising healthcare costs can strain your retirement budget.
- Longevity Risk**  
Outliving your savings is a real possibility.
- Taxes**  
Taxes can reduce your retirement income.
- Poor Planning**  
Lack of a plan can lead to costly mistakes.

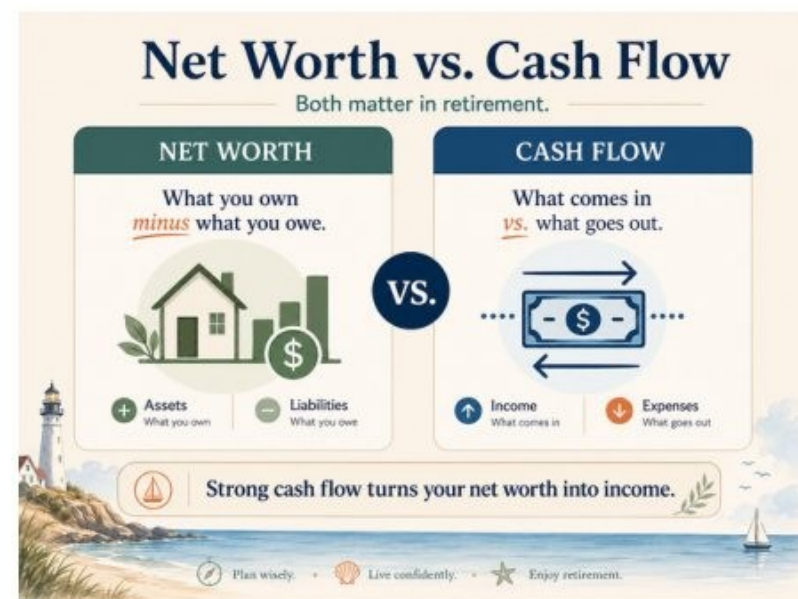
**Awareness is the first step to staying on track.**  
Understand the roadblocks. Build a plan. Secure your future.

## RETIREMENT ROADBLOCKS & MISTAKES

# Net Worth & Cash Flow Statements

The most basic way to take a financial snapshot is to create two documents:

- Your Net Worth Statement
- Your Cash Flow Statement



# RETIREMENT ROADBLOCKS & MISTAKES


## Net Worth & Cash Flow Statements

### Net Worth vs. Cash Flow

Both matter in retirement.

#### NET WORTH

What you own  
*minus* what you owe.




+ Assets  
What you own

- Liabilities  
What you owe

VS.

#### CASH FLOW

What comes in  
*vs.* what goes out.



↑ Income  
What comes in

↓ Expenses  
What goes out

Strong cash flow turns your net worth into income.

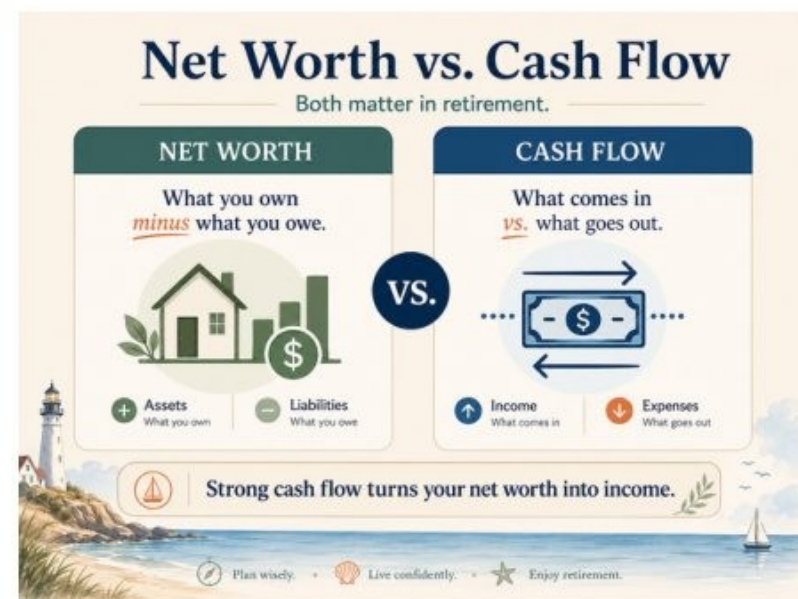
Plan wisely. • Live confidently. • Enjoy retirement.

# RETIREMENT ROADBLOCKS & MISTAKES

## Create Your Net Worth Statement

Create your net worth statement:

- Add the realistic market value of your assets.
- Add up your liabilities.
- Subtract total liabilities from total assets to calculate net worth.

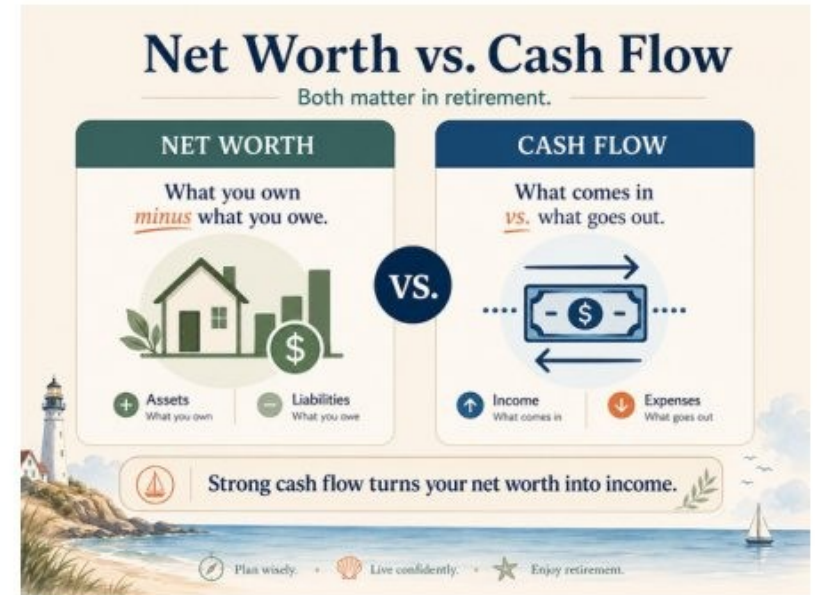


# RETIREMENT ROADBLOCKS & MISTAKES

## Create Your Cash Flow Statement

Create your cash flow statement:

- Add up your total income and earnings.
- Add up your savings plus fixed and variable expenses.
- Subtract expenses from income to calculate net cash flow.
- Net cash flow is the amount of cash available each year.



Private Reflection: Which would be easier to complete—net worth or cash flow?

## Credit & Debt

### Debt: Good vs. Bad

Not all debt is created equal.



#### GOOD DEBT



**Mortgage**  
Builds equity



**Student loans**  
Invest in your future



**Business loans**  
Grow income



#### BAD DEBT



**Credit cards**  
High interest



**Personal loans**  
Low return



**Buy now, pay later**  
Short-term thinking



**Use debt wisely. Avoid debt traps.**



# RETIREMENT ROADBLOCKS & MISTAKES

## Types of Debt

### Personal investment debt

- Borrowing to invest in assets that may improve your financial future.
- Examples: a home mortgage, student loan for career training, or small business loan.

### Necessary vs. discretionary debt

- Necessary debt supports core needs, such as transportation to work or medical care.
- Discretionary debt supports wants, such as vacations, restaurants, luxury purchases, or second homes.



## Types of Debt

### Debt prevention

- The best way to avoid debt is to plan ahead and prepare financially for the unexpected.
- Even with good planning, debt can result from job loss, divorce, medical issues, or other life events.
- Many debt problems also begin with small overspending habits that grow over time.



## Debt Reduction

### Debt Reduction Strategy

A simple approach that works.

-  1 List all debts
-  2 Focus on high-interest debt first
-  3 Make more than minimum payments
-  4 Stay consistent and patient
-  5 Become debt free — enjoy freedom!



# Debt Reduction

### General strategies to reduce debt:

- Close nonessential accounts.
- Consolidate debt at a low rate, if possible.
- Prioritize paying off the highest-interest debt first.
- Seek credit counseling services.
- Once out of debt, pay the balance every month and try not to take on new debt.

### Debt Reduction Strategy

A simple approach that works.

-  1 List all debts
-  2 Focus on high-interest debt first
-  3 Make more than minimum payments
-  4 Stay consistent and patient
-  5 Become debt free — enjoy freedom!



# Debt Reduction

### Debt reduction strategies for homeowners with equity:

- A home equity loan may refinance higher-cost debt.
- It may carry a lower interest rate than credit cards.

Important risk: Using home equity adds mortgage obligations. If payments become unaffordable, you may lose your home. Consider payment capacity and loan costs before borrowing.

### Debt Reduction Strategy

A simple approach that works.

-  1 List all debts
-  2 Focus on high-interest debt first
-  3 Make more than minimum payments
-  4 Stay consistent and patient
-  5 Become debt free — enjoy freedom!



## RETIREMENT ROADBLOCKS & MISTAKES

### Investing Regularly

# HOW TO SAVE A MILLION DOLLARS

*Time and consistent saving can make a big difference.*

	MONTHLY SAVING (END OF MONTH)	YEARS INVESTED	ENDING VALUE
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Consider This: What makes regular investing easier or harder?

# RETIREMENT ROADBLOCKS & MISTAKES

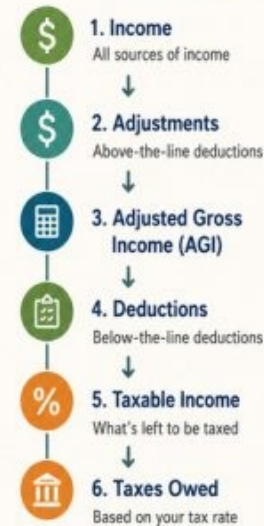
## Taxes

- Another retirement roadblock is not using tax laws to your advantage.
- Taxes are often considered a boring personal finance topic, but many people consider it the most interesting because they can legally pay fewer taxes.
- Taxes affect almost every aspect of personal finance.

### TAXES IN RETIREMENT - KEY CONCEPTS

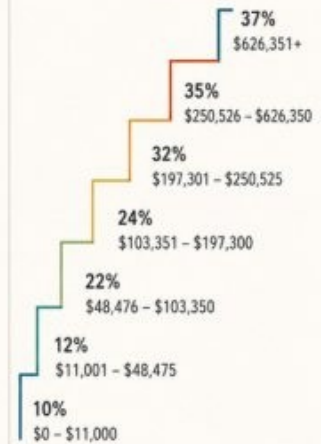
#### From Income to Taxes

*The path your money takes.*



#### Marginal Tax Rate

*You only pay the higher rate on the next dollars.*



2026 Single Filer Tax Brackets (ordinary income)  
Source: IRS.gov



Understanding the flow helps you make smarter decisions.

# RETIREMENT ROADBLOCKS & MISTAKES

## Taxes

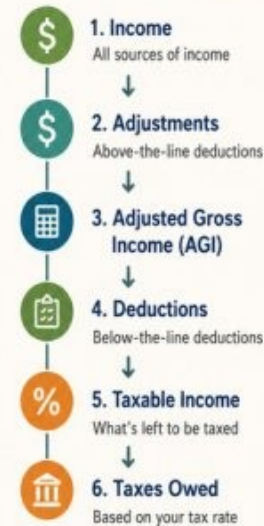
### Tax Overview

- Our tax dollars provide many social benefits.
- Tax planning is a critical part of financial planning.
- There are many financial strategies to keep more of what you earn.
- Many of today's tax laws will likely be changed in the future.
- Don't base your entire financial plan on current tax laws.

### TAXES IN RETIREMENT - KEY CONCEPTS

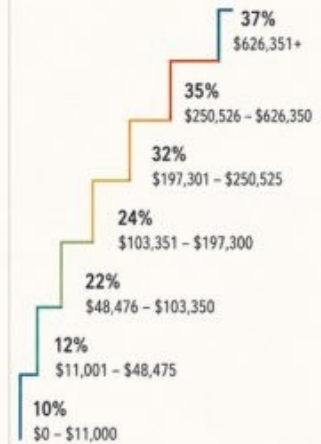
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# RETIREMENT ROADBLOCKS & MISTAKES

## Taxes

### Additional Healthcare Taxes

- The Affordable Care Act added a 0.9% Medicare tax on wages and self-employment income above the threshold amounts.
- It also added a Medicare contribution tax on certain net investment income for higher-income taxpayers.

### TAXES IN RETIREMENT - KEY CONCEPTS

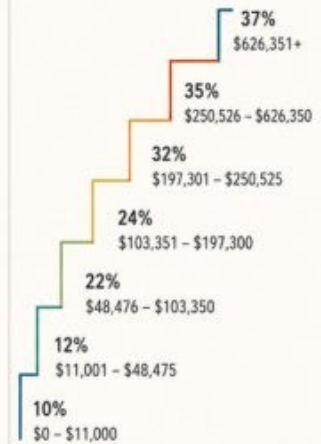
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# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Terms


### Use these terms to read tax strategy slides:

Taxable income: what remains after adjustments and deductions.

Tax bracket: the income range tied to a tax rate.





Marginal rate: the rate on your next dollar of income.



Effective rate: total tax divided by total income.



### Key Tax Terms

Know the basics.

-  **Taxable Income**  
Income subject to taxation.
-  **Tax Bracket**  
The range of income taxed at a specific rate.
-  **Marginal Tax Rate**  
The rate on your next dollar of income.
-  **Effective Tax Rate**  
Your total tax divided by total income.

 Understanding taxes helps you keep more of what you earn. 

# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Terms

### Adjusted Gross Income (AGI)

- AGI is defined as income from all taxable sources (gross income) minus specified expenses.
- AGI is the amount from which standard or itemized deductions and personal and dependent exemptions are deducted to determine the taxable amount.
- AGI is the key to determining your eligibility for certain tax benefits and the phase-out of your eligibility for others.

### TAXES IN RETIREMENT - KEY CONCEPTS

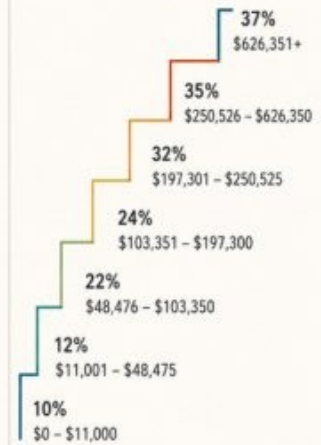
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# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Terms

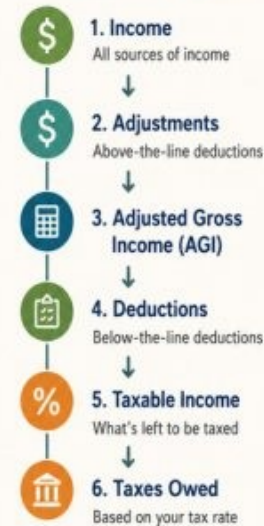
### Standard Deduction

- The standard amount you can use to reduce your taxable income.
- Depends on your tax filing status.
- Annual adjustments are based on the consumer price index. The 2026 standard deductions are:
- Single or married filing separately: \$16,100
- Married filing jointly or qualifying widower: \$32,200

### TAXES IN RETIREMENT - KEY CONCEPTS

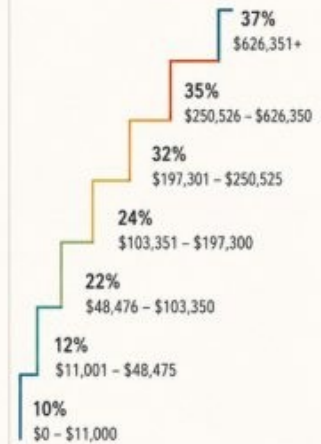
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Understanding the flow helps you make smarter decisions.

# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Terms

### Itemized Deductions<sup>1</sup>

- If your qualifying expenses exceed your standard deduction, you may reduce your taxable income by itemizing your deductions.
- You must maintain records of qualifying expenditures if you itemize your deductions.

### Deductions may include but are not limited to:

- State and local income taxes<sup>2</sup> and mortgage interest paid<sup>3</sup>
- Medical expenses
- Charitable donations

### Key Tax Terms

Know the basics.



#### Taxable Income

Income subject to taxation.



#### Tax Bracket

The range of income taxed at a specific rate.



#### Marginal Tax Rate

The rate on your next dollar of income.



#### Effective Tax Rate

Your total tax divided by total income.



Understanding taxes helps you keep more of what you earn.



# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Terms

### Taxable Income

- On tax returns, taxable income is your income after subtracting adjustments, deductions (standard or itemized) and exemptions.
- It is the amount on which your federal tax bill is calculated.
- Tax Credit
- Tax credits are more valuable since they provide a dollar-for-dollar reduction of federal income tax for qualifying investments or expenses.

### Marginal Tax Rate Example

You only pay the higher rate on the next dollar.

Taxable Income (Single Filer)	Tax Rate
1 \$0 - \$11,000	10%
2 \$11,001 - \$44,725	12%
3 \$44,726 - \$95,375	22%
4 \$95,376 - \$182,100	24%
5 \$182,101 - \$231,250	32%
6 \$231,251 - \$578,125	35%
7 \$578,126+	37%



If your income is \$100,000...

**22%**  
is your  
marginal rate.

You do not pay  
22% on all  
\$100,000.

Rates apply to ordinary income.  
Single filer brackets (example).



**Understand the brackets.  
Plan smarter.**

- ✓ Know which bracket you're in.
- ✓ Focus on strategies that reduce taxable income.
- ✓ Keep more of what you earn.

i Bracket thresholds are examples for educational purposes only and may change over time.  
Always verify current rates with the IRS or a qualified tax professional.

# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Terms Review

### Key ideas to remember:

- Taxable income is the income that remains after adjustments, deductions, and exemptions are applied.
- Your marginal tax rate applies to your next dollar of income; your effective tax rate reflects your overall tax burden.
- Understanding the difference can help you evaluate tax-saving strategies more clearly.

### Marginal Tax Rate Example

You only pay the higher rate on the next dollar.

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### Marginal Tax Rate Example

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#### 2026 Federal Income Tax Brackets (Single Filer)

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Rates apply to ordinary income. Single filer brackets.



If your income is  
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**22%** is your  
marginal rate.

You do not pay 22% on all \$100,000.

#### Key Takeaways

- ✓ Know which bracket you're in.
- ✓ Focus on strategies that reduce taxable income.
- ✓ Keep more of what you earn.



**Understand the brackets. Plan smarter.**



Bracket thresholds are for educational purposes only and may change over time. Verify current rates with the IRS or a qualified tax professional.

# RETIREMENT ROADBLOCKS & MISTAKES


## Tax Strategies

### TAX STRATEGIES IN RETIREMENT



#### 1. Manage Taxable Income


- Time income and deductions
- Consider Roth conversions

 Goal: Stay in a lower bracket



#### 2. Tax-Efficient Withdrawals


- Use tax-deferred, then tax-free, then taxable accounts
- Consider the tax impact

 Goal: Reduce taxes over time



#### 3. Give Strategically


- Qualified Charitable Distributions (QCDs)
- Bunch charitable deductions

 Goal: Support causes, lower taxes



#### 4. Plan for Your Legacy


- Use tax-advantaged accounts
- Review beneficiary designations

 Goal: Minimize taxes for your heirs



#### 5. Plan for Health Care Costs


- Use HSA if eligible
- Plan for Medicare costs and IRMAA

 Goal: Protect income from large costs



#### 6. Stay Informed & Review

- Tax laws change
- Review your plan regularly

 Goal: Keep your plan working for you



Thoughtful tax planning can help your retirement income go further.

## Tax Strategies

### 2. Contributing to a Traditional IRA

- If you do not have an employer-sponsored plan available to you, consider making contributions to a Traditional IRA.
- Depending upon your income, you may be able to deduct your contributions.
- Like a 401(k), your IRA also provides the long-term benefit of tax-deferred growth. For 2026, individuals may contribute up to the lesser of \$7,500 per year (\$8,600 per year if over age 50) or 100% of earned income.

#### TAX STRATEGIES IN RETIREMENT

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## Tax Strategies

### 3. Contributing to Flexible Spending Accounts

- Flexible spending accounts enable their employees to set aside pre-tax dollars for qualified dependent or health care expenses throughout the year.
- Plan carefully because, in general, contributions must be used in the current year and accounts typically have contribution limits.<sup>1</sup>

#### TAX STRATEGIES IN RETIREMENT

##### 1. Manage Taxable Income

- Time income and deductions
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## Tax Strategies

### 4. Considering Tax Implications Before You Retire

- People often receive their largest paychecks upon retirement, so plan when you will retire.
- It may be advantageous not to retire at the end of the calendar year and wait to receive your final paycheck when your taxable income may be less.

#### TAX STRATEGIES IN RETIREMENT

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# RETIREMENT ROADBLOCKS & MISTAKES


## Tax Strategies

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
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
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## Tax Strategies

### 6. Consolidating Deductible Expenses

- Bunch deductible expenses into one year so you can itemize, then consider taking the standard deduction the following year.
- Schedule eligible dental or medical work in the same calendar year when possible.
- Time charitable gifts together; you may also choose to make next year's gift at the end of this year.
- Consider donating appreciated long-term securities, or harvesting losses and then donating cash to charity.
- If appropriate, make the January mortgage payment in December so it appears on the year-end 1098 form.

### TAX STRATEGIES IN RETIREMENT

#### 1. Manage Taxable Income

- Time income and deductions
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# Tax Strategies

### 7. Taking Advantage of Adjustments & Tax Credits

- Adjustments and tax credits can reduce what you owe.
- Adjustments may include student loan interest or eligible contributions to a deductible traditional IRA.
- Tax credits may include child and dependent care, adoption, foreign tax, and education-related credits.
- The American Opportunity Credit and the Lifetime Learning Credit are two common education credits to review.

### Key Tax Terms

Know the basics.



#### Taxable Income

Income subject to taxation.



#### Tax Bracket

The range of income taxed at a specific rate.



#### Marginal Tax Rate

The rate on your next dollar of income.



#### Effective Tax Rate

Your total tax divided by total income.



Understanding taxes helps you keep more of what you earn.



# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Strategies

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.

#### TAX-DEFERRED ACCOUNTS (Traditional)



Contributions may reduce taxes now.



**Taxes paid when you withdraw.**

Withdrawals are treated as ordinary income.

#### EXAMPLES



401(k)s, Traditional IRAs, 403(b)s, 457(b)s

#### TAX-FREE ACCOUNTS (Roth)



Contributions are made after tax.



**Qualified withdrawals may be tax-free.**

Earnings and withdrawals are tax-free if rules are followed.

#### EXAMPLES



Roth 401(k)s, Roth IRAs, Roth 403(b)s

#### TAXABLE ACCOUNTS (Brokerage)



Contributions are not tax-deductible.



**Taxes may apply to earnings.**

You may pay taxes on interest, dividends, and capital gains each year.

#### EXAMPLES



Individual brokerage accounts, joint accounts, trust accounts



**A mix of accounts can give you more control and flexibility.**

Using different account types strategically can help manage taxes in retirement and support your long-term goals.



## Tax Strategies

### 9. Knowing When to Buy & Sell Mutual Funds

- Purchasing after annual capital gains and dividend distributions may help avoid being taxed on that distribution.
- Selling before a large dividend record date may, in some cases, allow gains to qualify for lower capital gains rates instead of ordinary income tax treatment.

**TAX STRATEGIES IN RETIREMENT**

- 1. Manage Taxable Income**
  - Time income and deductions
  - Consider Roth conversions
  - Goal: Stay in a lower bracket
- 2. Tax-Efficient Withdrawals**
  - Use tax-deferred, then tax-free, then taxable accounts
  - Consider the tax impact
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- 6. Stay Informed & Review**
  - Tax laws change
  - Review your plan regularly
  - Goal: Keep your plan working for you

Thoughtful tax planning can help your retirement income go further.

# Tax Strategies

### 10. Positioning Assets in Different Types of Accounts

- Consider holding more tax-efficient investments in taxable accounts and less tax-efficient investments in tax-deferred accounts.

### 11. Not Losing Your Deductions

- If you have excess deductions from business losses, medical expenses, or charitable gifts, a Roth conversion may be worth evaluating.
- Review phaseouts, AMT, and other exceptions with a tax professional before acting.



**Key Tax Terms**  
Know the basics.

**Calculators**  
Income subject to taxation.

**People**  
Tax Bracket  
The range of income taxed at a specific rate.

**Bar chart**  
Marginal Tax Rate  
The rate on your next dollar of income.

**Percentage**  
Effective Tax Rate  
Your total tax divided by total income.

**Lightbulb**  
Understanding taxes helps you keep more of what you earn.

The infographic features a background image of a desk with a calculator, a notebook titled 'TAX NOTES' with a checklist (Income, Deductions, Credits, Planning), a pen, a small potted plant, and a cup of coffee. A 'TAX SUMMARY' document is also visible.

# RETIREMENT ROADBLOCKS & MISTAKES

## Taxable Investments

- Your investments, their taxable status and types of earnings they produce should be considered when developing your investment and tax strategy. The categories of earnings that may be received from taxable investments are described below.
- Interest
- Income received for loaning money, typically expressed as an annual percentage rate.
- Income from savings accounts, certificates of deposit or bonds is taxed as ordinary income.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.

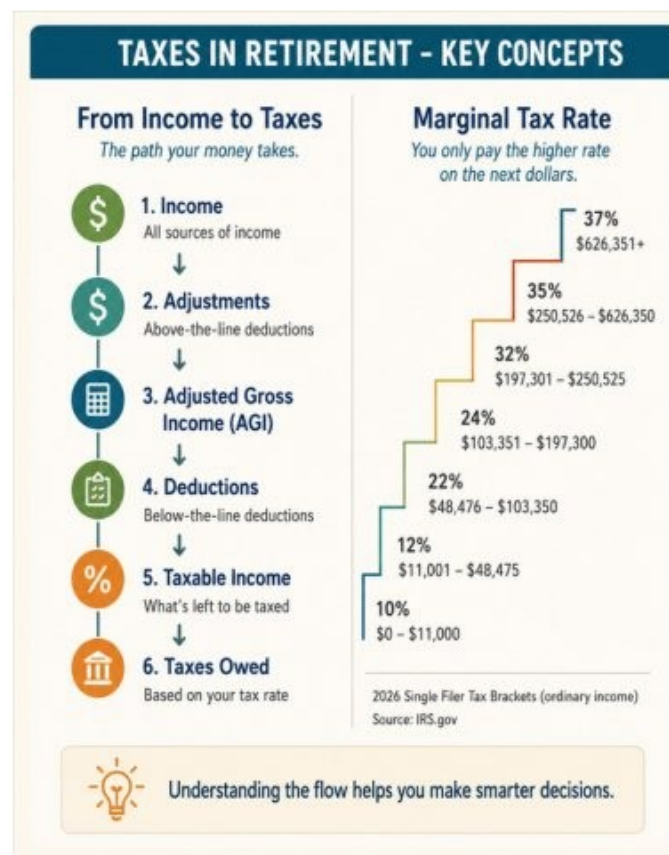


# RETIREMENT ROADBLOCKS & MISTAKES

## Taxable Investments

### Dividends

- A distribution of a portion of a company's earnings to a class of its shareholders. The dividend is often quoted in terms of the dollar amount each share receives (dividends per share).
- Qualified dividends are taxed at a lower rate than ordinary income.<sup>1</sup>
- Dividends not designated as qualified dividends are taxed as ordinary income.



<sup>1</sup> Qualified dividends are from domestic corporations and certain foreign corporations but don't include dividends from certain preferred stock or most Real Estate Investment Trusts (REITs).

# RETIREMENT ROADBLOCKS & MISTAKES

## Taxable Investments

### Capital Gains

- An increase in value of a capital asset that gives it a higher value than the purchase price. This gain is not realized until the asset is sold.
- Realized gains for assets held 12 months or less are taxed at the same rate as ordinary income.
- Assets held more than 12 months are usually taxed at a lower rate.

### TAXES IN RETIREMENT – KEY CONCEPTS

#### From Income to Taxes

The path your money takes.



Understanding the flow helps you make smarter decisions.

#### Marginal Tax Rate

You only pay the higher rate on the next dollars.



2026 Single Filer Tax Brackets (ordinary income)  
Source: IRS.gov

# RETIREMENT ROADBLOCKS & MISTAKES

## Investment Tax Rates

### Investment Tax Rates

- Investment income may be taxed differently than wages or ordinary income.
- Qualified dividends and long-term capital gains may receive preferential tax rates.
- Tax treatment can vary by account type, holding period, income level, and state rules.
- Use the marginal-rate concept to understand how additional income may be taxed.



Note: Qualified dividends and long-term capital gains have special rules and exclusions. Maximum long-term capital gains rates may vary by income and asset type. Consult your tax advisor regarding your specific situation.

## RETIREMENT ROADBLOCKS & MISTAKES

### Investment Tax Rates

#### Net Investment Income Tax (NIIT)

- NIIT may apply to investment income such as interest, royalties, passive income, annuities, dividends, and long-term capital gains.
- The NIIT is a 3.8% surtax.

#### MAGI thresholds:

- Married filing jointly / qualifying widow(er): \$250,000+
- Married filing separately: \$125,000+
- Single or head of household: \$200,000+

#### TAX-DEFERRED vs. TAX-FREE GROWTH

##### Tax-Deferred (Traditional)



- Contributions may be tax-deductible now
- Taxes paid later
- Growth is tax-deferred

Example:  
Traditional IRA, 401(k)

##### Tax-Free (Roth)



- Contributions made with after-tax dollars
- Qualified withdrawals are tax-free
- Growth is tax-free

Example:  
Roth IRA, Roth 401(k)



Both can play an important role.  
The best choice depends on you.

# RETIREMENT ROADBLOCKS & MISTAKES

## Accounts with Tax Advantages

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.

#### TAX-DEFERRED ACCOUNTS (Traditional)



Contributions may reduce taxes now.



**Taxes paid when you withdraw.**  
Withdrawals are treated as ordinary income.

#### EXAMPLES



401(k)s, Traditional IRAs, 403(b)s, 457(b)s

#### TAX-FREE ACCOUNTS (Roth)



Contributions are made after tax.



**Qualified withdrawals may be tax-free.**  
Earnings and withdrawals are tax-free if rules are followed.

#### EXAMPLES



Roth 401(k)s, Roth IRAs, Roth 403(b)s

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Contributions are not tax-deductible.



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You may pay taxes on interest, dividends, and capital gains each year.

#### EXAMPLES



Individual brokerage accounts, joint accounts, trust accounts



**A mix of accounts can give you more control and flexibility.**

Using different account types strategically can help manage taxes in retirement and support your long-term goals.



1529 plans may now be used for registered apprenticeships and qualified educational loans.

210% early withdrawal penalties usually do not apply to distributions taken after age 59½ or from qualified plans after the plan participant separated from service at age 55 or older. 3Municipal bonds are only exempt from state and local taxes if you buy bonds issued by the state or city where you live. Municipal bonds are al...

# Tax Exclusion for Home Sales Gains

If you sell your home for a profit, you may be able to exclude up to \$250,000 of gains from federal income tax - or up to \$500,000 for a married couple filing jointly.

### Eligibility generally requires:

- **Ownership test:** Owned the home for at least 2 of the 5 years before the sale.
- **Use test:** Used the home as your primary residence for at least 2 of those 5 years.

### ESTATE PLANNING BASICS

A plan today can save stress tomorrow.



#### Will

Directs how your assets are distributed



#### Trust

Helps manage and protect your assets



#### Beneficiaries

Keep your beneficiary designations up to date



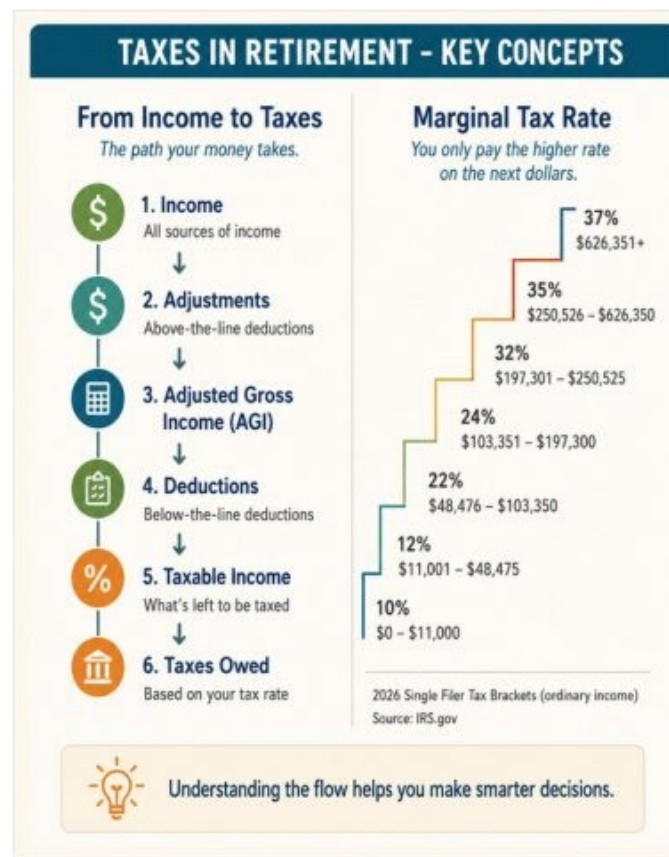
It's about more than money.  
It's about peace of mind.

# RETIREMENT ROADBLOCKS & MISTAKES

## Tax Exclusion for Home Sales Gains

**Previous sale test:** During the two-year period ending on the date of the sale, you did not exclude gains from the sale of another home.

**Joint-filer test:** To be eligible for the \$500,000 exclusion, at least one spouse must pass the ownership test and both spouses must pass use test. If you don't meet all the qualification rules, a reduced gain exclusion may be available.



## SECTION

### Retirement Income Sources

Understanding where retirement income may come from.

Pause & Reflect: What should this section help you clarify?



# RETIREMENT INCOME SOURCES

## Introduction



### Personal Retirement Sources

---

#### **Individual Retirement Accounts**

IRAs are tax-favored savings and investment plans designed to accumulate assets for retirement. The IRA itself is not a particular investment. It is a registration which provides federal income tax benefits for retirement investments.

- IRAs provide flexibility since you have virtually unlimited investment choices.
- There are 2 types of Individual Retirement Accounts:
  - Traditional IRAs
  - Roth IRAs

## RETIREMENT INCOME SOURCES

### Personal Retirement Sources

#### Traditional IRAs

- Traditional IRAs are often used to save for retirement, if you: Are not participating in an employer-sponsored qualified retirement plan. Are already making maximum contributions to your qualified plan.
- Have a spouse who wants to save but does not have earned income.
- Transfer money from your employer's plan due to job change or retirement.



Quick Poll: Which income source do you understand best?



RETIREMENT ACCOUNTS

# IRA vs. Roth IRA

*Same goal. Different tax timing.*



## Traditional IRA

TAX LATER



### Tax benefit now

Contributions may be tax-deductible, which can lower your taxable income today.



### Taxes later

Withdrawals in retirement are generally taxed as ordinary income.



When do you want the tax advantage?



## Roth IRA

TAX NOW



### Pay taxes now

Contributions are made with after-tax dollars.



### Tax-free potential

Qualified withdrawals, including earnings, may be tax-free.



### Planning takeaway

Both accounts can support your retirement goals.  
The difference is how and when taxes are handled.

## RETIREMENT INCOME SOURCES

### Traditional IRAs

#### Participation Rules & Contribution Limits

- You must have earned income to contribute.
- 2026 individual limit: \$7,500 (\$8,600 if age 50+).
- A non-working spouse may contribute if the working spouse has enough earned income.
- Married-couple limit: \$15,000 total; \$16,100 if one spouse is 50+; \$17,200 if both are 50+.
- 2026 contributions may be made until April 15, 2027.
- You may contribute less than the maximum.

#### TAX-DEFERRED vs. TAX-FREE GROWTH

##### Tax-Deferred (Traditional)



- Contributions may be tax-deductible now
- Taxes paid later
- Growth is tax-deferred

Example:  
Traditional IRA, 401(k)

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- Qualified withdrawals are tax-free
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Example:  
Roth IRA, Roth 401(k)



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# RETIREMENT INCOME SOURCES

## Traditional IRAs

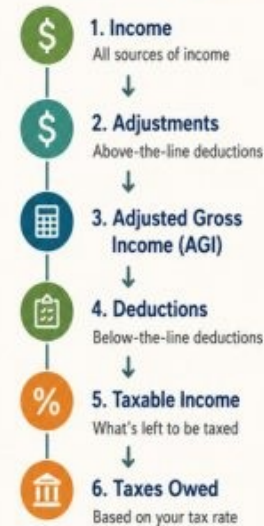
### Tax Deductible/Deferred vs. Taxable Accumulation

- \$6,000 initial investment plus \$6,000/year for 15 years
- 24% federal ordinary income tax bracket
- Taxable account contribution: \$4,560 after tax
- 15% tax on qualified dividends and capital gains
- 8% pre-tax return; 6.8% after-tax taxable return
- State and local taxes not included

### TAXES IN RETIREMENT - KEY CONCEPTS

#### From Income to Taxes

*The path your money takes.*



#### Marginal Tax Rate

*You only pay the higher rate on the next dollars.*



2026 Single Filer Tax Brackets (ordinary income)  
Source: IRS.gov



Understanding the flow helps you make smarter decisions.

# Tax Deferred vs. Taxable Accumulation

*Tax timing can change how retirement savings grow.*



## Tax-deferred account



Possible deduction now



Growth not taxed yearly



Taxes generally due when withdrawn



## Taxable account



Contributions after tax



Taxes may apply along the way



More current tax drag



Compare tax timing, not just account balances.



# RETIREMENT INCOME SOURCES

## Traditional IRAs

### Tax-Deductibility of IRA Contributions If you ARE covered by a plan at work:

#### TAX STRATEGIES IN RETIREMENT



##### 1. Manage Taxable Income

- Time income and deductions
- Consider Roth conversions

Goal: Stay in a lower bracket



##### 2. Tax-Efficient Withdrawals

- Use tax-deferred, then tax-free, then taxable accounts
- Consider the tax impact

Goal: Reduce taxes over time



##### 3. Give Strategically

- Qualified Charitable Distributions (QCDs)
- Bunch charitable deductions

Goal: Support causes, lower taxes



##### 4. Plan for Your Legacy

- Use tax-advantaged accounts
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Goal: Minimize taxes for your heirs



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- Use HSA if eligible
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Goal: Protect income from large costs



##### 6. Stay Informed & Review

- Tax laws change
- Review your plan regularly

Goal: Keep your plan working for you



Thoughtful tax planning can help your retirement income go further.

Note: If you did not live with your spouse at any time during the year, use the "Single" filing status to determine your IRA deduction.

Source: Internal Revenue Service. November 2025.



# IRA Deductibility Check



*Coverage at work and filing status can affect the deduction.*

1



Covered by a  
plan at work?

2



Check  
filing status

3



Compare AGI to  
current IRS limits



*Use current IRS guidance for the year you contribute.*



# RETIREMENT INCOME SOURCES

## Traditional IRAs

**Tax-Deductibility of IRA Contributions If you are NOT covered by a retirement plan at work, but your spouse is:**

### TAX STRATEGIES IN RETIREMENT



#### 1. Manage Taxable Income

- Time income and deductions
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Goal: Keep your plan working for you



Thoughtful tax planning can help your retirement income go further.

Note: If you did not live with your spouse at any time during the year, use the "Single" filing status to determine your IRA deduction.

Source: Internal Revenue Service. November 2025.

# When IRA Deductions May Phase Out

*Deductibility can change when workplace plan coverage and income overlap.*



**Active participant  
in employer plan**

You (or your spouse) are covered by a workplace retirement plan.



**AGI above  
specified amount**

Your adjusted gross income is above the IRS phase-out range for your filing status.



**Deduction may  
be limited**



**Check the current phase-out range  
before assuming the full deduction.**



# RETIREMENT INCOME SOURCES

## Traditional IRAs

### Traditional IRA Deductibility Phase-Out

- Can you contribute to a traditional IRA if you're not eligible for a tax deduction? The answer is yes.
- Make sure to track the tax-deductible and taxed contributions separately, or you pay taxes on the same funds twice.

### TAX STRATEGIES IN RETIREMENT

#### 1. Manage Taxable Income

- Time income and deductions
- Consider Roth conversions

Goal: Stay in a lower bracket

#### 2. Tax-Efficient Withdrawals

- Use tax-deferred, then tax-free, then taxable accounts
- Consider the tax impact

Goal: Reduce taxes over time

#### 3. Give Strategically

- Qualified Charitable Distributions (QCDs)
- Bunch charitable deductions

Goal: Support causes, lower taxes

#### 4. Plan for Your Legacy

- Use tax-advantaged accounts
- Review beneficiary designations

Goal: Minimize taxes for your heirs

#### 5. Plan for Health Care Costs

- Use HSA if eligible
- Plan for Medicare costs and IRMAA

Goal: Protect income from large costs

#### 6. Stay Informed & Review

- Tax laws change
- Review your plan regularly

Goal: Keep your plan working for you



Thoughtful tax planning can help your retirement income go further.

# Traditional IRA Withdrawals

*Taxes and penalties depend on timing and exceptions.*



**Before 59½:**

10% penalty may apply.

**59½**



**After 59½:**

penalty generally no longer applies.

## POSSIBLE EXCEPTIONS



**Education**

Qualified higher education expenses



**First Home**

Up to \$10,000 for qualified first-time home purchase



**Medical**

Unreimbursed medical expenses



**Birth/Adoption**

Up to \$5,000 per child for birth or adoption



**Disability**

Total and permanent disability



**Death**

Beneficiary inherited IRA withdrawals



**Substantially Equal Payments**

SEPP under IRS rules



*Exceptions have IRS limits and conditions.*

# RETIREMENT INCOME SOURCES

## Traditional IRAs

### Distribution Rules, Taxes & Penalties

- SECURE Act 2.0 added an exception to the 10% early-withdrawal penalty for withdrawals due to documented terminal illness.
- Required minimum distributions generally begin by April 1 of the year after you reach the applicable RMD age.
- Roth IRA rules differ from traditional IRA rules.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



# RETIREMENT INCOME SOURCES

## Roth IRAs

### TAX-DEFERRED vs. TAX-FREE GROWTH

#### Tax-Deferred (Traditional)



- Contributions may be tax-deductible now
- Taxes paid later
- Growth is tax-deferred

Example:  
Traditional IRA, 401(k)

#### Tax-Free (Roth)



- Contributions made with after-tax dollars
- Qualified withdrawals are tax-free
- Growth is tax-free

Example:  
Roth IRA, Roth 401(k)



Both can play an important role.  
The best choice depends on you.

# RETIREMENT INCOME SOURCES

## Roth IRAs

### Advantages

- Tax deferral – Your contributions and earnings compound tax-deferred.
- Tax free withdrawals – Your contributions and earnings can be withdrawn tax free (subject to 5-year holding period plus age restriction).
- Tax planning flexibility – Since you do not have to take withdrawals by age 73, you have more tax-planning flexibility during retirement.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.





# Roth IRA Contribution Basics

*Roth contributions use after-tax dollars.*




## After-tax contributions

Roth IRA contributions are made with after-tax dollars—you've already paid income tax on this money.



## Annual contribution limit

2026:  
**\$7,500**

 Age 50+ : \$8,600



## Earned income required

You must have earned income in the year you contribute to a Roth IRA.



Contribution eligibility can depend on income and current-year IRS limits.



# RETIREMENT INCOME SOURCES

## Roth IRAs

### Participation Rules & Contribution Limits

- Contribution limit for nonworking spouses is \$7,500.<sup>1</sup>
- Annual contribution limit for married couples is \$15,000 if one spouse has earned income.<sup>1</sup>
- Contributions may be made as late as the tax filing deadline for the prior year.
- You can contribute any amount (you do not have to contribute the maximum). If your adjusted gross income (AGI) is above a specified amount,

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



# Roth IRA Catch-Up Contributions



*People age 50+ may be able to contribute more.*



The standard annual contribution limit applies to everyone.

If you are age 50 or older by the end of the year, you may add more.

Your total allowable contribution may be higher.



For **2026** limits, **age 50+** may increase the allowable contribution.



*Use current IRS limits before contributing.*

## RETIREMENT INCOME SOURCES

# IRA to Roth IRA Conversions

**The Trade-Off With a Roth IRA, you pay income taxes at current tax rate in return for tax-free withdrawals during retirement and no required minimum distributions.**

What Gets Taxed? If you are converting a Traditional IRA funded with tax-deductible contributions, you will have to pay taxes on contributions and earnings. If you are converting a Traditional IRA funded with nondeductible contributions, you will only have to pay taxes on the earnings.

### TAX-DEFERRED vs. TAX-FREE GROWTH

#### Tax-Deferred (Traditional)



- Contributions may be tax-deductible now
- Taxes paid later
- Growth is tax-deferred

Example:  
Traditional IRA, 401(k)

#### Tax-Free (Roth)



- Contributions made with after-tax dollars
- Qualified withdrawals are tax-free
- Growth is tax-free

Example:  
Roth IRA, Roth 401(k)



Both can play an important role.  
The best choice depends on you.

# RETIREMENT INCOME SOURCES

## IRA to Roth IRA Conversions

- All at Once? If you convert your Traditional IRA to a Roth IRA over the course of multiple years, you may pay less total tax than if you convert during a single year.
- Conversions Cannot be Reversed
- Conversions can no longer be reversed per the Tax Cuts and Jobs Act of 2017.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.





# Roth IRA Withdrawal Timeline

*Qualified withdrawals depend on time, age, and account history.*



First Roth  
IRA opened



5-year  
holding period



Age 59½



Qualified  
distributions



No lifetime RMDs for  
the original Roth IRA owner.



**TAKEAWAY:** Track both the five-year rule  
and age requirement.

# RETIREMENT INCOME SOURCES

## Roth IRAs

### Distribution Rules, Taxes & Penalties

- Roth IRA funds generally must remain in the account for at least five years or until age 59½, whichever is later, before earnings can be withdrawn penalty-free.
- If the holding period is not met, taxes or penalties may apply to earnings or converted funds.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.





# Roth IRA Exception Check

*Some penalty exceptions depend on specific facts and documentation.*

• Including Updates from the **SECURE Act 2.0** •

-  **1** | Confirm exception type
-  **2** | Document eligibility
-  **3** | Verify repayment window
-  **4** | Review reporting requirements



Terminal illness rules may provide penalty relief under specific conditions.



General education only.  
*Verify current rules before acting.*



# RETIREMENT INCOME SOURCES

## Review: IRA vs. Roth IRA

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



Apply It: Which factor would you want to discuss with a tax professional?

# RETIREMENT INCOME SOURCES

## Other Sources of Income

### Investment Accounts

- Investments held outside of a retirement plan often provide an important source of retirement income. A few examples of investment types include annuities, bonds, mutual funds, certificates of deposit and others. As you approach and begin your retirement, your financial circumstances will change.
- You should consider making adjustments to your investment mix to reflect these changes.



# RETIREMENT INCOME SOURCES

## Other Sources of Income

### Employment income

- Retirement no longer always means leaving work permanently.
- Some people retire earlier but still need income for many years.
- Part-time work, self-employment, or consulting can add income and purpose.
- Work income may affect Social Security benefits and taxes when combined with pension or annuity income.



# RETIREMENT INCOME SOURCES

## Other Sources of Income

### Inheritances

It is important to consider any potential inheritances as a source of retirement income. The U.S. population is currently experiencing the largest transfer of estate assets in our history.



# RETIREMENT INCOME SOURCES

## Other Sources of Income

### Life Insurance

- Some policies may build cash value.
- Cash value may be borrowed or withdrawn to supplement income.
- Policy loans or withdrawals can reduce beneficiary proceeds.

### Rental Real Estate

- May generate ordinary income or losses, passive income or losses, capital gains, and depreciation.
- Can affect retirement tax planning during retirement.

### TAXES IN RETIREMENT - KEY CONCEPTS

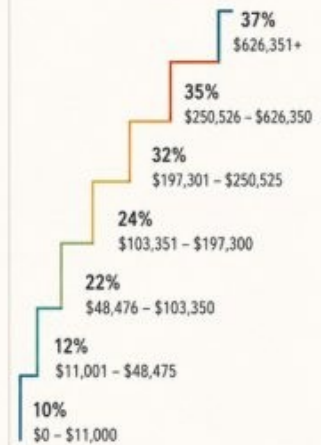
#### From Income to Taxes

*The path your money takes.*



#### Marginal Tax Rate

*You only pay the higher rate on the next dollars.*



2026 Single Filer Tax Brackets (ordinary income)  
Source: IRS.gov



Understanding the flow helps you make smarter decisions.

# RETIREMENT INCOME SOURCES

## Other Sources of Income

### Home equity

- Home equity = home value minus mortgages, liens, or claims.
- For many retirees, it is a large share of personal wealth.
- Some retirees have paid-off homes but limited income.
- Home equity can sometimes be converted into retirement income, but using it adds risk.





# Social Security Overview



Benefits can be one part of a larger retirement income plan.



## Retirement Benefits

monthly income based on your earnings record



## Spousal & Survivor Considerations

benefits may affect household planning



## Claiming Timing

age choices can change monthly benefits



## Income Planning

coordinate benefits with other sources



Use Social Security as one planning component,  
*not the whole plan.*

# RETIREMENT INCOME SOURCES

## Social Security

### Social Security benefits

- Benefits are based on your 35 highest-earning years.
- Working longer may replace lower-earning years with higher-earning years.
- Reduced benefits may begin at age 62.
- Full retirement age is generally 65–67, depending on birth year.
- Delaying can increase the monthly benefit up to age 70.



# Social Security Claiming Timing

*When you claim can shape your monthly benefit.*



**Age 62**

**EARLY CLAIMING**

Benefits may be reduced.



**Full Retirement Age**

**BASELINE BENEFIT**

Your full benefit amount.



**Age 70**

**DELAYED CLAIMING**

Monthly benefit may increase.



*What matters more: earlier income or a larger monthly benefit?*



## PLANNING TAKEAWAY

Claiming strategy depends on income needs, health, work plans, and spouse considerations.



# Social Security Eligibility Check



*Eligibility depends on work history and benefit records.*

1



## WORK CREDITS

Confirm you have enough covered work.

2



## EARNINGS RECORD

Review your Social Security statement.

3



## BENEFIT ESTIMATE

Compare possible claiming ages.



*Review your record before making claiming decisions.*

# Retirement Earnings Test



*Working while claiming early can affect benefits.*



## CLAIM BEFORE FULL RETIREMENT AGE

You begin benefits before reaching your full retirement age (FRA).



## EARN ABOVE ANNUAL LIMIT

Your earnings exceed the annual limit set by Social Security.



## BENEFIT MAY BE TEMPORARILY REDUCED

Social Security may withhold part of your benefit. It's not lost—just temporary.



**Rules change by age and year.**  
Check current Social Security guidance.



# Earnings Test Example

*The impact depends on age, earnings, and current limits.*

## SCENARIO



1) CLAIMING AGE

63



2) WORK EARNINGS

\$28,000



3) ANNUAL LIMIT

\$23,400  
(2024)



Some benefits  
may be withheld  
temporarily.



*Withheld benefits may be recalculated later.*



Estimate the effect before claiming while working.

## RETIREMENT INCOME SOURCES

# Retirement Earnings Penalty

### Working While Claiming Benefits

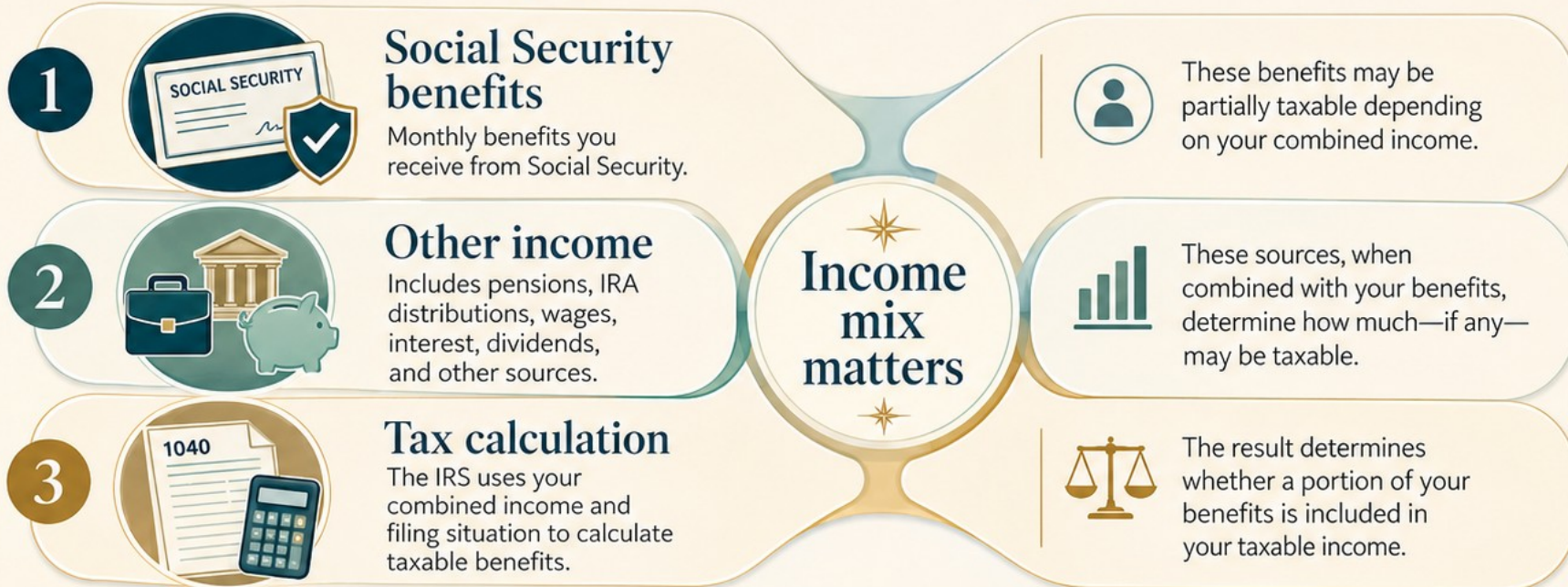
- Before full retirement age, earnings may temporarily reduce Social Security benefits.
- The earnings limit and reduction rules can change by year and age.
- Delaying benefits may increase future monthly income for some retirees.
- Use this as a planning question, not a final claiming decision.



Question: What would you want to know before working while claiming?

# How Social Security Benefits May Be Taxed

*Taxability depends on your income mix and filing situation.*



**Some benefits may become taxable when combined income rises.**



Taxability can change from year to year as income changes.



**Review taxes before choosing withdrawals or claiming strategies.**



Thoughtful planning today can help you keep more of what you've earned.



# RETIREMENT INCOME SOURCES

## How Are Retirement Benefits Taxed?

### Combined Income Limitations for Taxation of Social Security Retirement Benefits<sup>1</sup>

#### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



<sup>1</sup> Your combined income is the sum of your adjusted gross income, plus nontaxable interest, plus one-half of your Social Security (on your 1040 tax return.) If you are married filing separately or your spouse is making deductible contributions to a retirement plan, special taxation rules may apply. Source: Social Security Admi...

## RETIREMENT INCOME SOURCES

# Social Security Strategy

- The era of so-called “aggressive” Social Security claiming strategies came to an end in November 2015.
- However, some tactical moves remain available on a case-by-case basis.
- Claimants can only take one benefit, so what you take and when is incredibly important.

### SOCIAL SECURITY – CLAIMING STRATEGIES

When you claim can impact your monthly benefit.



Full Retirement Age (FRA)

66–67  
(depending on birth year)



Live longer? Delaying could mean more income for life.

# Before You Claim

*A claiming decision should fit the larger retirement plan.*



## Claiming strategy



### 1 Age

Your benefit amount may increase the longer you wait.



### 2 Health

Life expectancy is a personal factor in the timing decision.



### 3 Work Plans

Earnings can affect your benefits—know the rules and your goals.



### 4 Spouse or Survivor Needs

Consider how your decision impacts your spouse and survivors.



### 5 Other Income Sources

Evaluate pensions, investments, and other income in your plan.



Compare timing options *before* starting benefits.

## RETIREMENT INCOME SOURCES

# Social Security Strategy

- Social Security administrators may state that taking benefits at 62, full retirement age (65–67) or 70 will all add up to the same total amount.
- Unless you anticipate a short lifespan, taking retirement at 62 (or even full retirement age) may result in significantly reduced lifetime benefits.
- Online benefits calculators may give you incorrect numbers based on missing information, inaccurate information or calculation assumptions.

### SOCIAL SECURITY – CLAIMING STRATEGIES

When you claim can impact your monthly benefit.



Full Retirement Age (FRA)

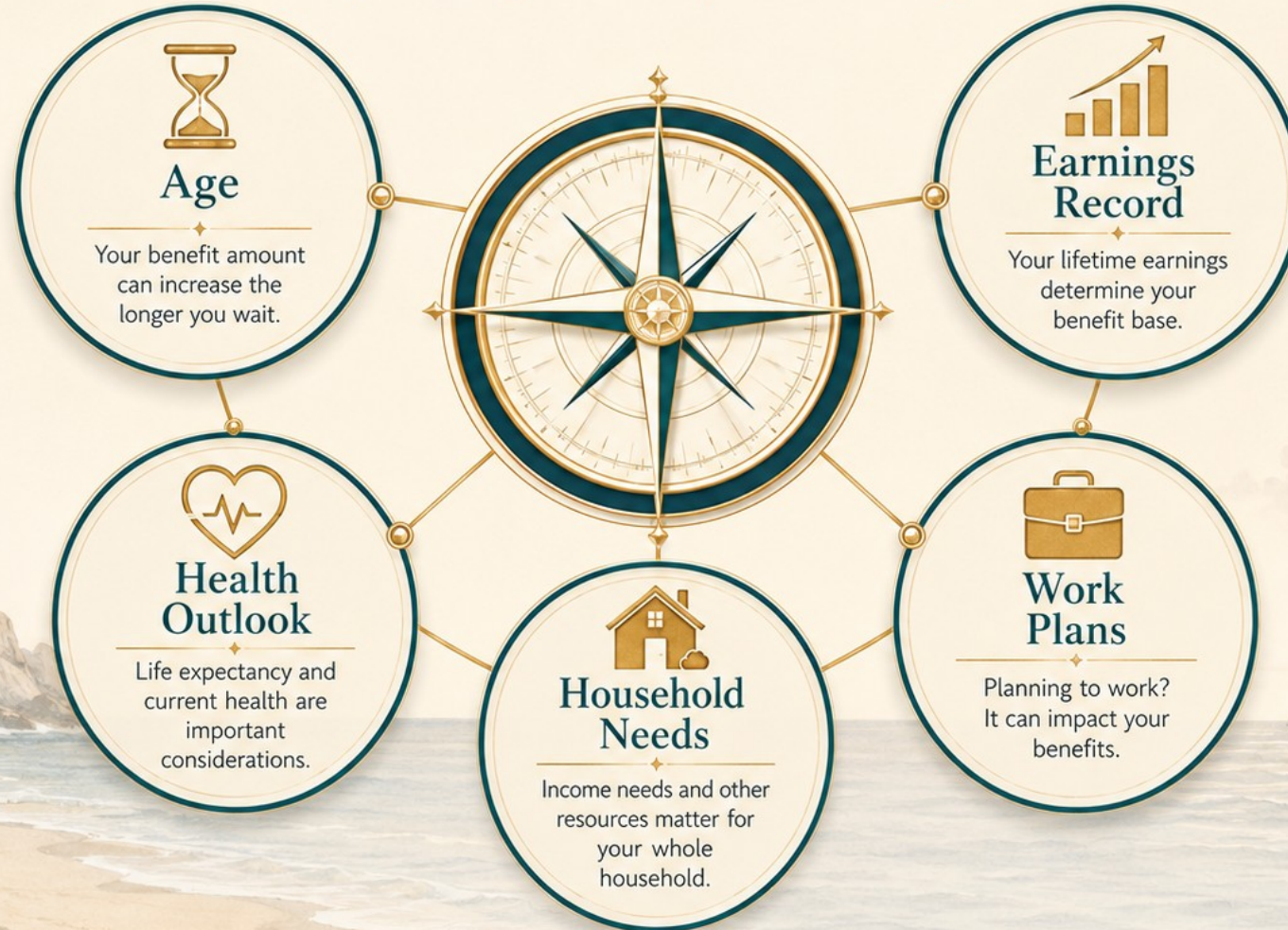
66–67  
(depending on birth year)



Live longer? Delaying could mean more income for life.

# Benefit Factors

*Several personal factors shape the claiming decision.*



The best timing depends on *your* full situation.

## RETIREMENT INCOME SOURCES

# Social Security Strategy

- Maximizing Your Benefit The vast majority of workers take their Social Security benefits too early to maximize their benefits.
- Many come to later regret their decision.
- Delaying their benefits could have resulted in a significantly larger monthly check as well as more total money over their lifespan.



Quick Poll: Income now, longevity, spouse, or taxes—what matters most?

# Maximizing Your Benefit

*Timing can change monthly income.*

**EARLY CLAIMING**  
*Reduced monthly benefit*

62



Claiming early  
reduces your benefit  
for life.

**FULL RETIREMENT AGE**  
*Baseline benefit*

67



This is your full  
retirement age and  
your baseline benefit.

**DELAYED CLAIMING**  
*Higher monthly benefit*

70+



Delaying your claim  
increases your benefit  
for life.

*What matters more: earlier income or a larger monthly benefit?*

# RETIREMENT INCOME SOURCES

## Social Security Strategy

### Maximizing Your Benefit

#### Ways to wait:

- Keep your current job
- Find a second job
- Cut your spending
- Move to a lower cost-of-living area

#### SOCIAL SECURITY – CLAIMING STRATEGIES

When you claim can impact your monthly benefit.



Full Retirement Age (FRA)

66–67  
(depending on birth year)



Live longer? Delaying could mean more income for life.

## RETIREMENT INCOME SOURCES

# Retirement Income & Social Security

- Social Security was intended as a supplemental income source, but many retirees rely heavily on Social Security for the bulk of their income. Over 72.9 million people received benefits from programs administered by the Social Security Administration (SSA) in 2024.
- 6 million people were newly awarded Social Security benefits in 2024.
- 55% of adult Social Security beneficiaries in 2024 were women.



## RETIREMENT INCOME SOURCES

# The Future of Social Security

- How will changing demographics change Social Security?
- Demographic Trends<sup>1</sup> In 1945, the ratio of workers to Social Security beneficiaries was 41.9 to 1. In 2023, the ratio of workers to Social Security beneficiaries was 2.7 to 1. In 2035, Social Security projects a ratio of workers to beneficiaries of
- 2.4 to 1.

### SOCIAL SECURITY – CLAIMING STRATEGIES

When you claim can impact your monthly benefit.



Full Retirement Age (FRA)

66–67  
(depending on birth year)



Live longer? Delaying could mean more income for life.

# Planning Assumptions

*Social Security should be coordinated with other income sources.*



## Benefit Estimate

Estimate your Social Security benefits based on timing, earnings history, and claiming strategy.



## Other Income

Consider pensions, retirement accounts, investments, and any other sources of income.



## Tax Treatment

Understand how Social Security and other income may be taxed in retirement.



## Longevity Needs

Plan for a retirement that could last 20, 30, or even 40+ years.



PROGRAMS AND RULES CAN CHANGE OVER TIME.



Build flexibility into the retirement income plan.

## RETIREMENT INCOME SOURCES

# Employer-Sponsored Retirement Plans

**Employer Plan Comparison**  
At a glance.

	401(k)	403(b)	SEP, A IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

## RETIREMENT INCOME SOURCES

# Why Workplace Plans Matter

**Participation, contribution levels, and plan understanding influence retirement readiness.**

Employees often need to make active choices about savings, investments, and beneficiaries.

### INHERITED RETIREMENT ACCOUNTS – KEY RULES (SECURE 2.0)




Beneficiary Type	RMDs During Life	Must Empty Account By	Notes
Spouse	✓	Not required	Can roll over to own IRA.
Minor Child (of account owner)	✓	Age 25	Becomes subject to the 10-Year Rule.
Eligible Designated Beneficiary (EDB)	✓	Decedent's life expectancy	Includes certain individuals (e.g., disabled, chronically ill, not more than 10 years younger, others).
Non-Eligible Designated Beneficiary	–	10 Years	10-Year Rule applies.
Charity or Estate	–	N/A	Generally not subject to income tax.

**i** Rules are complex and can change. Consult a tax or financial professional.

#### ENT PLANNING ROADMAP

- 1** Define Your Vision  
What do you want retirement to look like?
- 2** Estimate Needs

#### WHAT MATTERS MOST

 **Your Health**  
Take care of your body and mind.

## RETIREMENT INCOME SOURCES

# Qualified Retirement Plans

Qualified plans receive favorable tax treatment. The two major categories are defined benefit and defined contribution plans.

### Employer Plan Comparison

At a glance.

	401(k)	403(b)	SEP, A IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
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Portability	Yes	Yes	Yes	Yes	Maybe

# RETIREMENT INCOME SOURCES

## Defined Benefit vs. Defined Contribution



# RETIREMENT INCOME SOURCES

## Defined Benefit Plans

A defined benefit plan typically provides a monthly benefit at retirement. Benefits may be based on salary, years of service, and plan formula.

### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

#### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
- ▶ Taxable (may be tax-deferred)

#### 2. Keep It Invested

Stay invested for future growth.



- ▶ Potential for growth continues
- ▶ Leave assets to beneficiaries
- ▶ Subject to market risk

#### 3. Roll It Over

Move to another qualified account.



- ▶ IRA or new employer plan
- ▶ Maintain tax-deferred status
- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

# RETIREMENT INCOME SOURCES

## Defined Benefit Plan Rules

**Participant contributions vary by plan.**  
**Retirement income is generally taxed when distributed.**  
Required minimum distribution timing may apply.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



## RETIREMENT INCOME SOURCES

# Defined Benefit Plan Advantages

### Predictable benefit structure.

- Less reliance on participant investment decisions.
- Potentially valuable income foundation.

#### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

##### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
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There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

## RETIREMENT INCOME SOURCES

### Defined Benefit Plan Considerations

**Less portability and flexibility than some account-based plans.**

Benefit availability depends on plan terms and employer sponsorship.



# RETIREMENT INCOME SOURCES

## Defined Contribution Plans

**Defined contribution plans build an account balance.**

Participants often control contribution levels and investment selections.

### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

#### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
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- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

## RETIREMENT INCOME SOURCES

### Defined Contribution Plan RMDs

**RMD timing depends on account type, age, and employment status.**

Rules change over time and should be verified.

#### Required Minimum Distributions (RMDs)

Plan ahead to avoid taxes and penalties.



<sup>1</sup> If you are still working and don't own more than 5% of the company, you can delay until the year after you retire.

## RETIREMENT INCOME SOURCES

# Defined Contribution Plan Advantages

### Payroll deduction can make saving systematic.

- Employer contributions may help grow the account.
- Distribution choices vary by plan.

#### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

##### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
- ▶ Taxable (may be tax-deferred)

##### 2. Keep It Invested

Stay invested for future growth.



- ▶ Potential for growth continues
- ▶ Leave assets to beneficiaries
- ▶ Subject to market risk

##### 3. Roll It Over

Move to another qualified account.



- ▶ IRA or new employer plan
- ▶ Maintain tax-deferred status
- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

## RETIREMENT INCOME SOURCES

# Defined Contribution Plan Types

Common plan types include 401(k), 403(b), SEP IRA, SIMPLE IRA, and 457 plans.

Each plan type has different rules, limits, and withdrawal options.

**Employer Plan Comparison**  
At a glance.

	401(k)	403(b)	SEP, A IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

# RETIREMENT INCOME SOURCES

## 401(k) Plans

### 401(k) Plans

Save today. Build tomorrow.



**Pre-tax contributions**  
Reduce your taxable income



**Tax-deferred growth**  
Earnings grow until withdrawn



**Employer match**  
Free money toward your future



**Wide investment choices**  
You choose and can adjust



**Change beneficiaries anytime**  
(Spouse consent may be required)



**Employees<sup>1</sup> can contribute through payroll deduction.**

<sup>1</sup> Subject to eligibility requirements.

# RETIREMENT INCOME SOURCES

## 401(k) Contributions

**Contribution limits and catch-up opportunities change over time.**

Participants should verify current limits before making decisions.

**Employer Plan Comparison**  
At a glance.

	401(k)	403(b)	SEP, A IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
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High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

## RETIREMENT INCOME SOURCES

# 401(k) Total Contribution Limit

**Total contributions may include employee, employer, and profit-sharing amounts.**

Plan and legal limits both matter.

### 401(k) Plans

Save today. Build tomorrow.



**Pre-tax contributions**

Reduce your taxable income



**Tax-deferred growth**

Earnings grow until withdrawn



**Employer match**

Free money toward your future



**Wide investment choices**

You choose and can adjust



**Change beneficiaries anytime**

(Spouse consent may be required)



Employees<sup>1</sup> can contribute through payroll deduction.

<sup>1</sup> Subject to eligibility requirements.

## RETIREMENT INCOME SOURCES

# Traditional and Roth 401(k) Options

**Traditional contributions may reduce taxable income now.**

Roth contributions are made after tax and may support tax-free qualified withdrawals.

### TAX-DEFERRED vs. TAX-FREE GROWTH

Tax-Deferred  
(Traditional)



- Contributions may be tax-deductible now
- Taxes paid later
- Growth is tax-deferred

Example:  
Traditional IRA, 401(k)

Tax-Free  
(Roth)



- Contributions made with after-tax dollars
- Qualified withdrawals are tax-free
- Growth is tax-free

Example:  
Roth IRA, Roth 401(k)



Both can play an important role.  
The best choice depends on you.

## RETIREMENT INCOME SOURCES

### 401(k) Withdrawals and RMDs

**Withdrawal access depends on plan terms, age, employment status, and exceptions.**

RMD rules and penalties require careful review.

#### Required Minimum Distributions (RMDs)

Plan ahead to avoid taxes and penalties.



<sup>1</sup> If you are still working and don't own more than 5% of the company, you can delay until the year after you retire.

# RETIREMENT INCOME SOURCES

## 403(b) Plans

### 403(b) Plans

For schools, nonprofits & certain organizations.



Pre-tax contributions



Tax-deferred growth



Investment choices



Easy payroll deduction



Employer may contribute



Portable – roll to an IRA or new employer plan



A powerful way to save with potential tax advantages.

# RETIREMENT INCOME SOURCES

## 403(b) Contributions

**Employee deferrals, employer contributions, and catch-up rules may apply.**

Some newer rules affect automatic enrollment and catch-up contributions.

### Employer Plan Comparison

At a glance.

	401(k)	403(b)	SEP, A IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

## RETIREMENT INCOME SOURCES

# 403(b) Catch-Up Opportunities

**Certain long-service employees may qualify for additional catch-up opportunities.**

Eligibility depends on plan terms.

### 403(b) Plans

For schools, nonprofits & certain organizations.

-  Pre-tax contributions
-  Tax-deferred growth
-  Investment choices
-  Easy payroll deduction
-  Employer may contribute
-  Portable – roll to an IRA or new employer plan



A powerful way to save with potential tax advantages.

## RETIREMENT INCOME SOURCES

### 403(b) Roth Accounts

**Some 403(b) plans offer Roth contribution options.**

Tax treatment depends on contribution type and withdrawal qualification.

#### TAX-DEFERRED vs. TAX-FREE GROWTH

Tax-Deferred  
(Traditional)



- Contributions may be tax-deductible now
- Taxes paid later
- Growth is tax-deferred

Example:  
Traditional IRA, 401(k)

Tax-Free  
(Roth)



- Contributions made with after-tax dollars
- Qualified withdrawals are tax-free
- Growth is tax-free

Example:  
Roth IRA, Roth 401(k)



Both can play an important role.  
The best choice depends on you.

## RETIREMENT INCOME SOURCES

### 403(b) Vesting

**Employee contributions are generally fully vested.**

Employer contributions may follow a vesting schedule.

#### 403(b) Plans

For schools, nonprofits & certain organizations.



Pre-tax contributions



Tax-deferred growth



Investment choices



Easy payroll deduction



Employer may contribute



Portable – roll to an IRA or new employer plan



A powerful way to save with potential tax advantages.

# RETIREMENT INCOME SOURCES

## 403(b) Withdrawals

**Withdrawals may be taxable and may be subject to penalties.**

Loans and hardship withdrawals depend on plan terms.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



## RETIREMENT INCOME SOURCES

### 403(b) RMDs

**RMD timing may apply to 403(b) accounts.**

Account holders should confirm current rules and plan provisions.

#### Required Minimum Distributions (RMDs)

Plan ahead to avoid taxes and penalties.



\* If you are still working and don't own more than 5% of the company, you can delay until the year after you retire.

# RETIREMENT INCOME SOURCES

## SEP IRA Plans

**SEP IRA**  
Simple for employers.  
Powerful for saving.



- Employer-funded
- High contribution limits
- Tax-deductible for employer
- Tax-deferred growth
- Portable – roll to an IRA
- Great for self-employed & small business owners

Employers decide the contribution amount each year.

\* Limits are set.

# RETIREMENT INCOME SOURCES

## SEP IRA Contributions

**Contribution amounts may vary by year.**

Limits are based on current rules and compensation.

### Employer Plan Comparison

At a glance.

	401(k)	403(b)	SEP, A Plan	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

## RETIREMENT INCOME SOURCES

# SEP IRA Withdrawals and RMDs

**Withdrawals are generally taxable.**

Early withdrawal penalties and RMD rules may apply.

### Required Minimum Distributions (RMDs)

Plan ahead to avoid taxes and penalties.



<sup>1</sup> If you are still working and don't own more than 5% of the company, you can delay until the year after you retire.







# RETIREMENT INCOME SOURCES

## SIMPLE IRA Plans

### SIMPLE IRA Plans

Save simply. Grow steadily.



-  Employee pre-tax contributions
-  Employer must contribute either match or non-elective
-  Lower admin costs
-  Tax-deferred growth
-  Easy to set up and maintain
-  Great for small businesses



Simple to start. Great benefits for employees.

Annually and may differ from 401(k) limits.

# RETIREMENT INCOME SOURCES

## SIMPLE IRA Contributions

**Employer match or nonelective contributions may apply.**

Catch-up opportunities may be available.

### Employer Plan Comparison

At a glance.

	401(k)	403(b)	SEP, A Plan	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

# RETIREMENT INCOME SOURCES

## SIMPLE IRA Withdrawals

**The 2-year rule can affect transfers and early withdrawals.**

Participants should verify plan-specific rules.

**SIMPLE IRA Plans**  
Save simply. Grow steadily.



- Employee pre-tax contributions
- Employer must contribute either match or non-elective
- Lower admin costs
- Tax-deferred growth
- Easy to set up and maintain
- Great for small businesses

Simple to start. Great benefits for employees.

annually and may differ from 401(k) limits.

# RETIREMENT INCOME SOURCES

## SIMPLE IRA RMDs

### RMD timing may apply.

Rules should be reviewed before retirement.

#### Required Minimum Distributions (RMDs)

Plan ahead to avoid taxes and penalties.



<sup>1</sup> If you are still working and don't own more than 5% of the company, you can delay until the year after you retire.

# RETIREMENT INCOME SOURCES

457 Plans

## 457 Plans

- Designed for public service and nonprofit employees.
- Pre-tax contributions and tax-deferred growth can help build savings.
- Some plans do not impose the same 10% early-withdrawal penalty before age 59½.
- Roth availability, portability, and catch-up rules can vary by plan.

## 457 Plans

Designed for public service & non-profit organizations.



- Pre-tax contributions
- Higher contribution limits<sup>2</sup>
- No 10% early withdrawal penalty (before age 59½)
- Tax-deferred growth
- Roth 457 option may be available
- Portability may vary



Great flexibility for those who serve others.

## RETIREMENT INCOME SOURCES

# Retirement Income Sources

**Contribution limits and catch-up rules may differ from other plans.**

Roth options may be available in some plans.

### 457 Plans

Designed for public service  
& non-profit organizations.



-  Pre-tax contributions
-  Higher contribution limits<sup>2</sup>
-  No 10% early withdrawal penalty (before age 59½)
-  Tax-deferred growth
-  Roth 457 option may be available
-  Portability may vary



Great flexibility for those  
who serve others.

## RETIREMENT INCOME SOURCES

# Retirement Income Sources

**A special 3-year catch-up rule may be available before normal retirement age.**

It cannot always be combined with other catch-up rules.

### 457 Plans

Designed for public service  
& non-profit organizations.



-  Pre-tax contributions
-  Higher contribution limits<sup>2</sup>
-  No 10% early withdrawal penalty (before age 59½)
-  Tax-deferred growth
-  Roth 457 option may be available
-  Portability may vary



Great flexibility for those  
who serve others.

## RETIREMENT INCOME SOURCES

# Retirement Income Sources

**Contribution limits depend on plan type and current law.**

Employer contributions may affect allowable deferrals.

### 457 Plans

Designed for public service  
& non-profit organizations.



-  Pre-tax contributions
-  Higher contribution limits<sup>2</sup>
-  No 10% early withdrawal penalty (before age 59½)
-  Tax-deferred growth
-  Roth 457 option may be available
-  Portability may vary



Great flexibility for those  
who serve others.

## RETIREMENT INCOME SOURCES

# Retirement Income Sources

**Some 457 plans do not impose the same 10% early withdrawal penalty.**

Distribution access may depend on separation from service or emergency rules.

### 457 Plans

Designed for public service  
& non-profit organizations.



-  Pre-tax contributions
-  Higher contribution limits<sup>2</sup>
-  No 10% early withdrawal penalty (before age 59½)
-  Tax-deferred growth
-  Roth 457 option may be available
-  Portability may vary



Great flexibility for those  
who serve others.

## RETIREMENT INCOME SOURCES

# Retirement Income Sources

### RMD timing may apply.

Employment status and ownership rules can affect timing.

### 457 Plans

Designed for public service  
& non-profit organizations.



-  Pre-tax contributions
-  Higher contribution limits<sup>2</sup>
-  No 10% early withdrawal penalty (before age 59½)
-  Tax-deferred growth
-  Roth 457 option may be available
-  Portability may vary



Great flexibility for those  
who serve others.

# RETIREMENT INCOME SOURCES

## Retirement Account Beneficiaries

### INHERITED RETIREMENT ACCOUNTS – KEY RULES (SECURE 2.0)



Beneficiary Type	RMDs During Life	Must Empty Account By	Notes
Spouse	✓	Not required	Can roll over to own IRA.
Minor Child (of account owner)	✓	Age 25	Becomes subject to the 10-Year Rule.
Eligible Designated Beneficiary (EDB)	✓	Decedent's life expectancy	Includes certain individuals (n.g., disabled, chronically ill, not more than 10 years younger, others).
Non-Eligible Designated Beneficiary	–	10 Years	10-Year Rule applies.
Charity or Estate	–	N/A	Generally not subject to income tax.



Rules are complex and can change. Consult a tax or financial professional.

### RETIREMENT PLANNING ROADMAP

- 1 Define Your Vision  
What do you want retirement to look like?
- 2 Estimate Needs

### WHAT MATTERS MOST



**Your Health**  
Take care of your body and mind.

# Spousal Beneficiary Options

*A spouse may have more than one path after inheriting a retirement account.*

1



## Treat as your own

May allow the account to continue under spouse rules.

2



## Roll over to IRA

Move assets into an IRA when appropriate.

3



## Inherited account

Keep beneficiary status and follow distribution rules.



Review timing, age, and tax rules before choosing.

# RETIREMENT INCOME SOURCES

## Inherited Account Rules

Inherited account rules vary by beneficiary type. The 10-year rule and exceptions are complex.

### INHERITED RETIREMENT ACCOUNTS – KEY RULES (SECURE 2.0)



Beneficiary Type	RMDs During Life	Must Empty Account By	Notes
Spouse	✓	Not required	Can roll over to own IRA.
Minor Child (of account owner)	✓	Age 25	Becomes subject to the 10-Year Rule.
Eligible Designated Beneficiary (EDB)	✓	Decedent's life expectancy	Includes certain individuals (e.g., disabled, chronically ill, not more than 10 years younger, others).
Non-Eligible Designated Beneficiary	–	10 Years	10-Year Rule applies.
Charity or Estate	–	N/A	Generally not subject to income tax.

## RETIREMENT INCOME SOURCES

# Reviewing Beneficiary Designations

**Review beneficiary names, contingent beneficiaries, and estate document coordination.**

Confirm rules for spouse consent where applicable.

### INHERITED RETIREMENT ACCOUNTS – KEY RULES (SECURE 2.0)



Beneficiary Type	RMDs During Life	Must Empty Account By	Notes
Spouse	✓	Not required	Can roll over to own IRA.
Minor Child (of account owner)	✓	Age 25	Becomes subject to the 10-Year Rule.
Eligible Designated Beneficiary (EDB)	✓	Decedent's life expectancy	Includes certain individuals (e.g., disabled, chronically ill, not more than 10 years younger, others).
Non-Eligible Designated Beneficiary	–	10 Years	10-Year Rule applies.
Charity or Estate	–	N/A	Generally not subject to income tax.

# RETIREMENT INCOME SOURCES

## Workplace Plan Comparison

### Employer Plan Comparison

- Compare 401(k), 403(b), SEP IRA, SIMPLE IRA, and 457 plans.
- Review who each plan serves, whether employer contributions are typical, and penalty rules.
- Contribution potential and portability can differ across plan types.
- Check your own plan documents before making changes.

#### Employer Plan Comparison

At a glance.

	401(k)	403(b)	SEP IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	–	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

# RETIREMENT INCOME SOURCES

## Participant Decision Points

Review your plan documents for contribution rate, match, fees, investments, Roth option, vesting, and beneficiaries.

**Employer Plan Comparison**  
At a glance.

	401(k)	403(b)	SEP, A IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
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Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

Action Prompt: What plan detail will you look up after today?

## RETIREMENT INCOME SOURCES

### Quick Poll: Plan Documents

**Which plan detail would you be most likely to look up after today?**

- Match, fees, beneficiaries, Roth option, or withdrawal rules?

**Employer Plan Comparison**  
At a glance.

	401(k)	403(b)	SEP, A IRA	SIMPLE IRA	457
Employee Contributions	✓	✓	—	✓	✓
Employer Contributions	May	May	✓	✓	May
Best For	Most Employees	Nonprofits, Schools	Small Business	Small Business	Govt. & Nonprofits
Early Withdrawal Penalty	10%	10%	10%	10%	No 10%
High Contribution Potential	Yes	Yes	Yes	No	Yes
Portability	Yes	Yes	Yes	Yes	Maybe

Action Prompt: What plan detail will you look up after today?

# Workplace Plan Takeaways

*Employer plans can support retirement income, but rules matter.*



## Contributions

Your contributions come from payroll deductions, often on a pretax basis.



## Employer match

Your employer may match a portion of your contributions. Don't leave free money on the table.



## Investment choices

You choose how your account is invested from the plan's available options.



## Distribution rules

There are rules for when and how you can take money out—and taxes may apply.



Know the plan rules *before* moving or withdrawing money.

# From Income Sources to Distribution Strategy

*Retirement income works best when sources and withdrawals are coordinated.*

## INCOME SOURCES



**Social Security**  
Lifetime income  
you can count on



**Workplace Plan**  
Employer-sponsored  
retirement savings



**IRA**  
Tax-advantaged  
retirement savings



**Savings & Other**  
Personal savings and  
investable assets

## COORDINATE



Align sources,  
timing, and taxes  
to support your  
retirement goals.

## DISTRIBUTION STRATEGY



**Timing**  
Coordinate when to  
start each income  
source



**Withdrawals**  
Sustainable amounts  
that support your  
lifestyle



**Taxes**  
Smart withdrawal  
order to help  
manage taxes



**Spending Plan**  
Align income with  
goals, needs, and  
peace of mind



Match timing, taxes, and cash-flow needs before taking withdrawals.

# RETIREMENT INCOME SOURCES

## Factual Review Needed

Verify all 2026 limits, SECURE 2.0 references, RMD ages, catch-up rules, and inherited account rules before final release.

### INHERITED RETIREMENT ACCOUNTS – KEY RULES (SECURE 2.0)



Beneficiary Type	RMDs During Life	Must Empty Account By	Notes
Spouse	✓	Not required	Can roll over to own IRA.
Minor Child (of account owner)	✓	Age 25	Becomes subject to the 10-Year Rule.
Eligible Designated Beneficiary (EDB)	✓	Decedent's life expectancy	Includes certain individuals (e.g., disabled, chronically ill, not more than 10 years younger, others).
Non-Eligible Designated Beneficiary	–	10 Years	10-Year Rule applies.
Charity or Estate	–	N/A	Generally not subject to income tax.

## SECTION

### Retirement Plan Distributions

Turning savings into income decisions.

Pause & Reflect: What should this section help you clarify?



## RETIREMENT PLAN DISTRIBUTIONS

### Introduction

---



Audience Prompt: What concerns you most about taking money out?

# RETIREMENT PLAN DISTRIBUTIONS

## Introduction

### Topics

- Taking money out of retirement plans
- Defined benefit plans
- Defined contribution plans
- Retirement plan distribution choices
- Lump sum distributions
- IRA transfers



Audience Prompt: What concerns you most about taking money out?

# RETIREMENT PLAN DISTRIBUTIONS

## Defined Benefit Plans

### Defined benefit plans share the following characteristics:

- Employer-sponsored, qualified retirement plans
- Tax-deferred retirement savings vehicles
- May be offered by public or private employers.
- Do not require participants to make investment selections.
- Promise a specified monthly benefit at retirement to eligible employees.
- May use factors such as salary and years of service or state a promised benefit as an exact dollar amount.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



## RETIREMENT PLAN DISTRIBUTIONS

### Defined Benefit Plans

- Retiring or Changing Jobs? Benefits are typically not payable until normal retirement age.<sup>1</sup>
- Lump-sum distribution
- Many defined benefit plans offer some type of lump-sum distribution option.
- Monthly annuity payments upon retirement
- Most common distribution schedule for defined benefit plans.
- You must select an annuity income option.

#### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

##### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
- ▶ Taxable (may be tax-deferred)

##### 2. Keep It Invested

Stay invested for future growth.



- ▶ Potential for growth continues
- ▶ Leave assets to beneficiaries
- ▶ Subject to market risk

##### 3. Roll It Over

Move to another qualified account.



- ▶ IRA or new employer plan
- ▶ Maintain tax-deferred status
- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

# RETIREMENT PLAN DISTRIBUTIONS

## Defined Contribution Plans

**There are many types of defined contribution plans.**

- Examples include 401(k), 403(b), SEP-IRA, SIMPLE and others.

**These plans share the following characteristics:**

- Employer-sponsored, qualified retirement plans.
- Tax-deferred retirement savings vehicles.
- Provide an individual account for each participant. The employee or the employer (or both) may contribute to the employee's account.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



# RETIREMENT PLAN DISTRIBUTIONS

## Defined Contribution Plans

- Participants are often responsible for investment selections. Benefits based upon contributions +/- income, expenses, gains or losses.
- Participants have choices when taking money out of plans.
- Changing Jobs? Do the Right Thing
- Many employees do not maximize retirement savings and continue to defer taxes by transferring or rolling over retirement plans.
- Those who take their account balances in cash pay tax penalties and lose potential tax-deferred growth.

### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

#### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
- ▶ Taxable (may be tax-deferred)

#### 2. Keep It Invested

Stay invested for future growth.



- ▶ Potential for growth continues
- ▶ Leave assets to beneficiaries
- ▶ Subject to market risk

#### 3. Roll It Over

Move to another qualified account.



- ▶ IRA or new employer plan
- ▶ Maintain tax-deferred status
- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

# RETIREMENT PLAN DISTRIBUTIONS

## Defined Contribution Plans

### Retiring or Changing Jobs?

- Leave money in the plan (if allowed).
- Cannot make additional contributions.
- Limited investment choices.
- Another account to monitor.
- Avoid penalties and preserve tax-deferred status.
- Plan may change if former employer is involved in a merger or purchase.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



# RETIREMENT PLAN DISTRIBUTIONS

## Defined Contribution Plans

### Retiring or Changing Jobs?

- Transfer money to new employer's plan (if allowed).
- Can continue to make contributions.
- Limited investment choices.
- Avoid penalties and preserve tax-deferred status.

#### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

##### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
- ▶ Taxable (may be tax-deferred)

##### 2. Keep It Invested

Stay invested for future growth.



- ▶ Potential for growth continues
- ▶ Leave assets to beneficiaries
- ▶ Subject to market risk

##### 3. Roll It Over

Move to another qualified account.



- ▶ IRA or new employer plan
- ▶ Maintain tax-deferred status
- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

# RETIREMENT PLAN DISTRIBUTIONS

## Defined Contribution Plans

### Retiring or Changing Jobs?

- 1. Transfer money into a Traditional IRA.
- Can continue to make IRA contributions.
- Wide range of investment choices.
- Avoid penalties and preserve tax-deferred status.
- IRA rules are sometimes more flexible than employer-sponsored plans.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



# RETIREMENT PLAN DISTRIBUTIONS

## Defined Contribution Plans

### Retiring or Changing Jobs?

- 2. Receive a lump-sum distribution.
- You receive the entire qualified plan account balance.
- Pay taxes due.
- Penalties may apply if exemption qualifications are not met.

### 3. Receive monthly annuity payments (if allowed).

- You must select an annuity income option.

#### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

##### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
- ▶ Taxable (may be tax-deferred)

##### 2. Keep It Invested

Stay invested for future growth.



- ▶ Potential for growth continues
- ▶ Leave assets to beneficiaries
- ▶ Subject to market risk

##### 3. Roll It Over

Move to another qualified account.



- ▶ IRA or new employer plan
- ▶ Maintain tax-deferred status
- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

# RETIREMENT PLAN DISTRIBUTIONS

## Moving Your Retirement Assets



# RETIREMENT PLAN DISTRIBUTIONS

## Moving Your Retirement Assets

- Rollovers A rollover means moving retirement assets from a qualified retirement account or employer-sponsored plan into an IRA without tax penalty.
- Rollovers are not deductible but must be reported to the IRS. A “direct rollover” occurs when funds are moved directly from an employer-sponsored retirement plan to a traditional IRA custodian.
- There is a 20% mandatory tax withholding if the employer-sponsored retirement plan funds are made payable to the account holder.

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



# RETIREMENT PLAN DISTRIBUTIONS

## Moving Your Retirement Assets

### Rollovers

- In most cases, you are limited to one IRA-to-IRA rollover in any one-year period, unless you are converting an IRA to a Roth IRA.
- If a check is made payable to you, you generally have 60 days to move the funds into a qualified IRA to avoid taxes and possible penalties.
- The IRS may waive the 60-day requirement in limited circumstances, such as financial institution error or certain hardships.

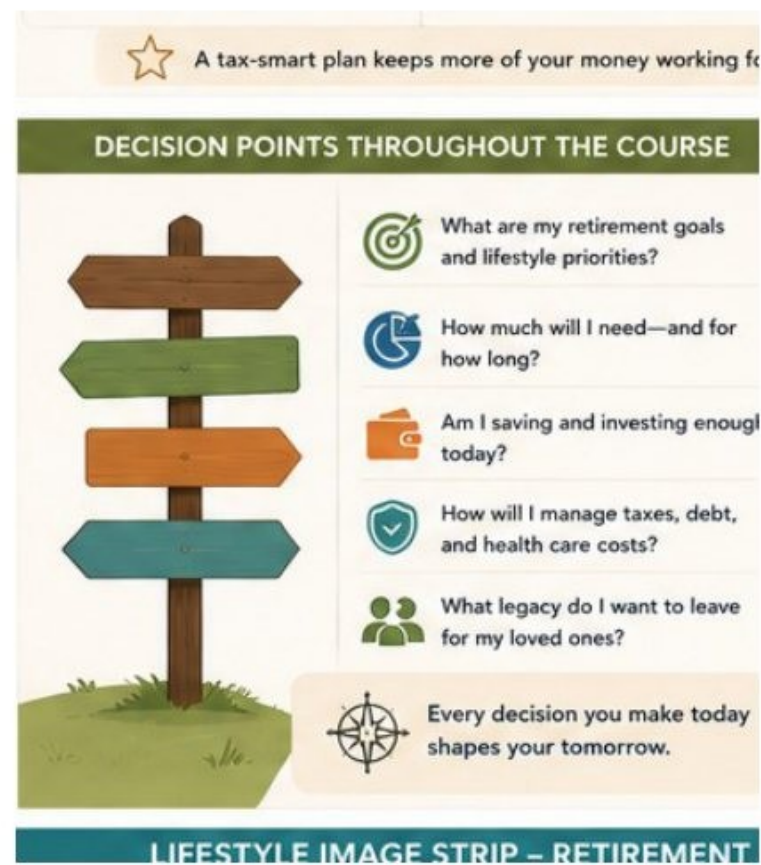


## RETIREMENT PLAN DISTRIBUTIONS

# Company Securities in Retirement Plans

### Net Unrealized Appreciation (NUA)

- If your workplace plan includes company stock, NUA may be available when you change jobs or retire.
- NUA can allow part of the stock value to receive long-term capital gains treatment.
- How it works: company shares are distributed in kind to a taxable brokerage account as part of a total plan distribution.



# RETIREMENT PLAN DISTRIBUTIONS

## Company Securities in Retirement Plans

### NUA tax treatment

- You pay ordinary income tax on the original cost basis of the company stock.
- The difference between cost basis and market value at distribution may be taxed as long-term capital gain.
- Later gains or losses depend on how long you hold the stock after distribution.
- NUA treatment is generally lost if the stock is transferred to an IRA or converted to a Roth IRA.

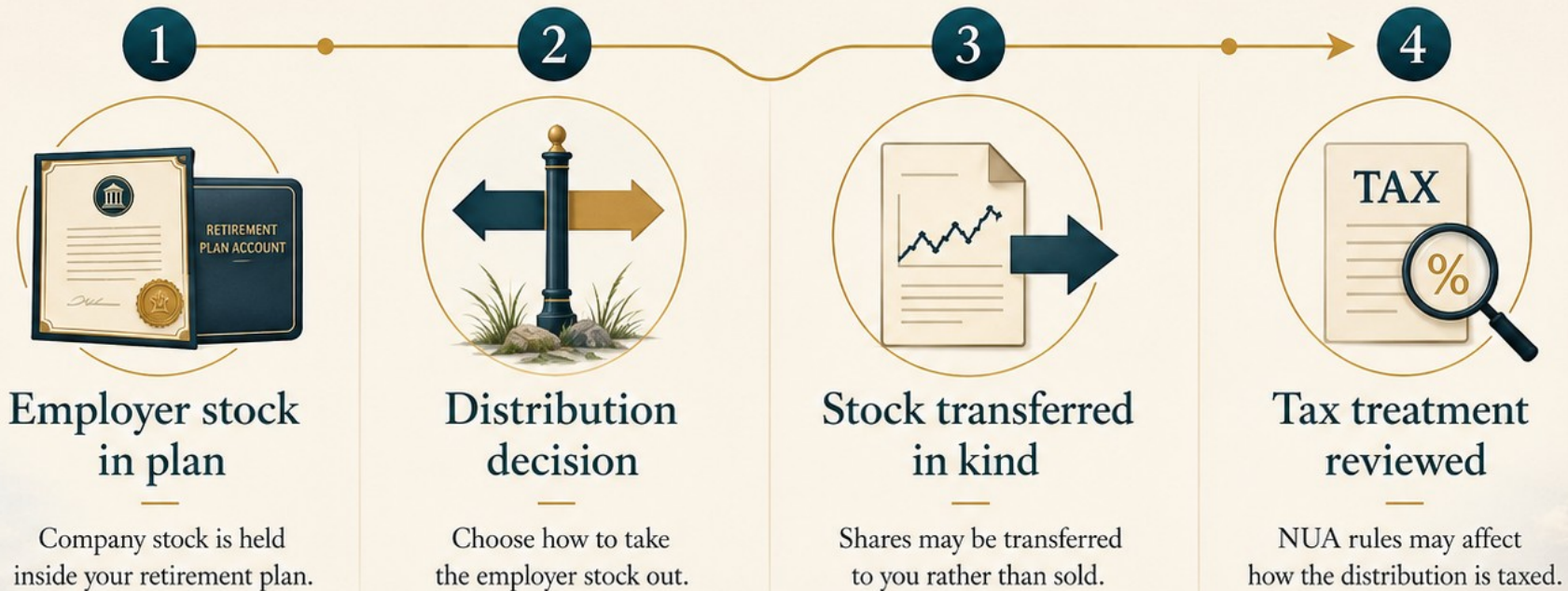
### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.



# Company Stock and NUA

*A distribution decision can affect how taxes are handled.*



**!** NUA decisions can be complex. Review tax treatment before acting.



Coordinate plan rules, timing, and tax advice before distributing employer stock.

# RETIREMENT PLAN DISTRIBUTIONS

## Company Securities in Retirement Plans

**Net Unrealized Appreciation Example** The table below shows how her company stock will be taxed:

### Understanding Retirement Account Tax Options

Different accounts can receive different tax treatment.





# Annuity Income Flow

*An annuity can turn savings into scheduled income.*



Review **costs, guarantees, liquidity, and tax treatment** before choosing.

## RETIREMENT PLAN DISTRIBUTIONS

### Annuity Income

- Annuity Choices Retirement plans may not list all choices and you must request to see them.
- Single life – Paid over the lifetime of the retiree, this selection provides the largest monthly benefit. Upon the death, the spouse receives nothing.<sup>1</sup>
- Joint and 100 percent survivor – A monthly benefit is paid over the life of the retiree. When the worker dies, the spouse receives the same benefit.

**ANNUITIES – TURNING SAVINGS INTO LIFETIME INCOME**

The infographic features a background image of two green Adirondack chairs on a lakeshore at sunset. On the left, four icons with corresponding text describe annuity benefits: a shield for Lifetime Income, a calendar for Predictable Payments, a plus/minus sign for Options for You, and a bar chart for Tax-Deferred Growth. On the right, a 'How It Works' section includes a text box and a flow diagram with three circular icons: a person for 'Your Savings', a document for 'Annuity Contract', and a wallet for 'Lifetime Income', connected by arrows.

**Lifetime Income**  
Income you can't outlive.

**Predictable Payments**  
Helps cover essential living expenses.

**Options for You**  
Fixed, indexed, or variable choices.

**Tax-Deferred Growth**  
Earnings grow until you receive them.

**How It Works**  
You contribute a lump sum. The insurance company guarantees payments for a period of time or for your lifetime.

Your Savings → Annuity Contract → Lifetime Income

<sup>1</sup> If you are married, the spouse's written permission is required to select any other option other than joint and survivor.



# Annuity Choices



*Different annuities solve different income needs.*



## FIXED

Predictable  
stated rate.



## VARIABLE

Value can rise or fall  
with investments.



## INDEXED

Interest may link  
to a market index.



Compare risk, fees, guarantees, and access to money.



# RETIREMENT PLAN DISTRIBUTIONS

## Retirement Distribution Comparison

Review the key ideas for this part of the course.

### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

#### 1. Take Income (Distributions)

Turn savings into paychecks.



- ▶ Monthly, quarterly or annual income
- ▶ Choose the amount that fits your needs
- ▶ Taxable (may be tax-deferred)

#### 2. Keep It Invested

Stay invested for future growth.



- ▶ Potential for growth continues
- ▶ Leave assets to beneficiaries
- ▶ Subject to market risk

#### 3. Roll It Over

Move to another qualified account.



- ▶ IRA or new employer plan
- ▶ Maintain tax-deferred status
- ▶ More control and investment choices



There is no one-size-fits-all answer.  
The right choice depends on your goals, needs, and tax situation.

# RETIREMENT PLAN DISTRIBUTIONS

## In-Service Withdrawals

### Early-withdrawal penalty basics

- Retirement plan or Traditional IRA withdrawals before age 59½ may trigger a 10% tax penalty.
- Some penalty-free exceptions may apply.
- Common examples include death, disability, and certain unreimbursed medical expenses over 10% of AGI.
- Rules vary by plan and account type; verify before withdrawing.

### RETIREMENT PLAN DISTRIBUTIONS – YOUR CHOICES

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# In-Service Withdrawals

*Some plans may allow access before retirement.*

1



Check  
plan rules

2



Confirm  
eligibility

3



Review  
taxes

4



Understand  
penalties



*Availability depends on the plan and current rules.*



*Ask before withdrawing so you understand the tradeoffs.*

## RETIREMENT PLAN DISTRIBUTIONS

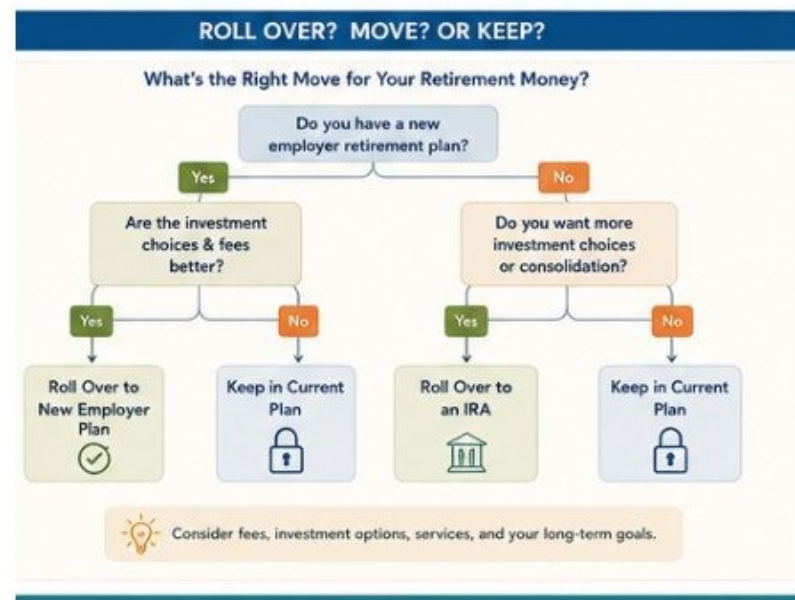
### In-Service Distributions

**In most cases, you must leave your money in the retirement plan until a triggering event occurs, such as termination or retirement.**

Some plans allow you to transfer part of the balance to an IRA while you are still working.

Why explore this possibility?

- You may want broader investment choices than the plan offers.
- You may want to reduce an overconcentration in employer stock or address concerns about company risk.

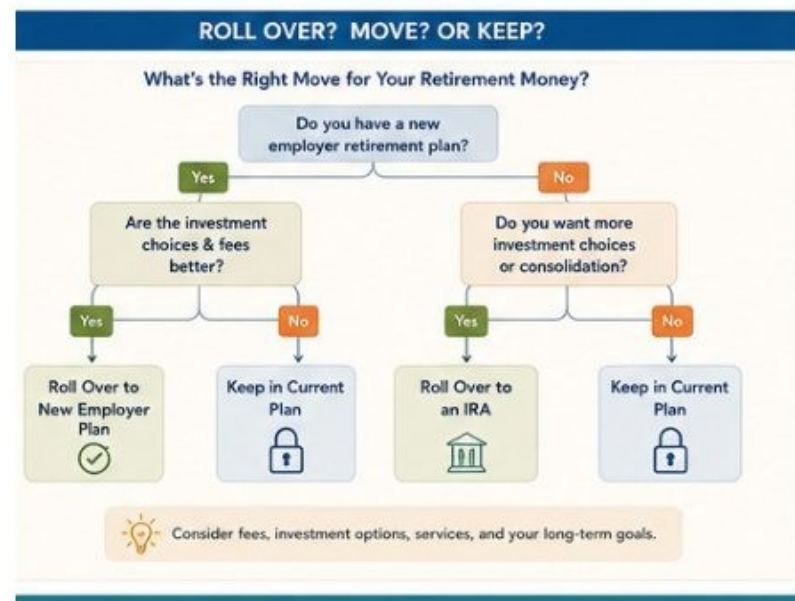


# RETIREMENT PLAN DISTRIBUTIONS

## In-Service Distributions

### In-service distributions

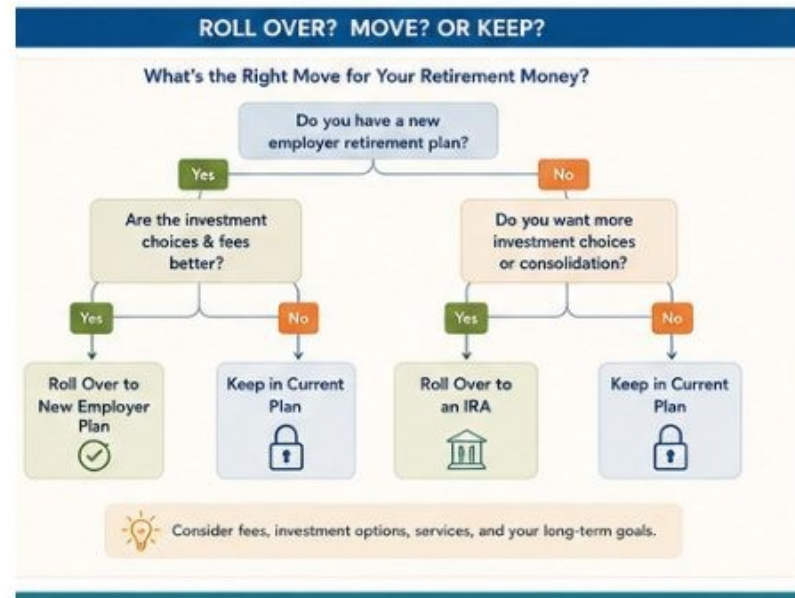
- Check the summary plan description to see whether your plan allows in-service distributions.
- If allowed, rules are usually in the plan distribution section.
- Different rules may apply before and after normal retirement age.
- Before normal retirement age, eligible sources may include profit sharing, stock bonus/ESOP assets, rollover contributions, or assets from a terminated plan.



## RETIREMENT PLAN DISTRIBUTIONS

### In-Service Distributions

**In addition, after the plan's normal retirement age, salary deferral accounts may be eligible.** You may also receive distributions (including elective deferrals) if you incur a severance from employment. This applies even if you continue in the same job for a different employer after an acquisition, merger or consolidation.





# 72(t) Early Withdrawal Rule

*A structured payment plan may avoid the early withdrawal penalty.*



## Before 59½

Distributions taken before age 59½ may be subject to a 10% penalty.



## SEPP schedule

Establish a Substantially Equal Periodic Payment (SEPP) schedule.



## Continue required payments

Continue payments for the entire required period to maintain penalty avoidance.



**Rules are strict.**  
*Changes can trigger tax consequences.*



Coordinate 72(t) decisions with qualified tax and financial guidance.

# 72(t) Example

*Equal periodic payments require careful planning.*



## ACCOUNT BALANCE

*The current balance of the qualified account you plan to use.*



## IRS METHOD

*The approved calculation method used to determine your payment amount.*



## ANNUAL PAYMENT

*The fixed payment amount calculated to remain substantially equal.*



## REQUIRED SCHEDULE

*The timeline of equal payments that must be followed each year.*



THIS IS AN ILLUSTRATION, NOT TAX ADVICE.



*Model the schedule before starting withdrawals.*

# Required Minimum Distributions

*RMDs are timing rules for retirement accounts.*



## FIRST RMD

You must take your first RMD by April 1 of the year after you turn 73.



## ANNUAL WITHDRAWALS

You must take at least one RMD each year from each eligible retirement account.



## DEADLINE MATTERS

RMDs are due by December 31 each year (except the first RMD).



## PENALTY RISK

Missing an RMD deadline can trigger a significant IRS penalty.



## PLANNING TAKEAWAY

Track deadlines and coordinate withdrawals across retirement accounts.



**CAUTION:** *Missing a deadline can create tax consequences.*

# RETIREMENT PLAN DISTRIBUTIONS

## Required Minimum Distributions

### How RMDs Are Calculated

It's based on two things.



**Account Balance**  
(Dec. 31 of  
Prior Year)



**IRS Life Expectancy  
Factor**



**RMD  
Amount**



The IRS factor decreases each year – RMDs typically increase.