LARSON
WEALTH MANAGEMENT

5 Tax Strategies for Retirees Often Overlooked

1. **Anticipating changes in income and proactively planning**. The amount of taxable income for many retirees can change dramatically as they enter retirement. Many high income earners go from the highest tax bracket to the lowest over the course of a few years. Still others who are in a low tax bracket in the early retirement years find that their taxable income is much higher once they take required minimum distributions (RMDs) at age 70.5. Planning ahead for these changes is a huge opportunity for retirees that want less stress.
2. **Tax-free qualified dividend and long-term capital gains.** As of 2018, investors in the 12% marginal tax bracket pay a 0% long-term capital gains rate. So yes, some investors can claim capital gains and have no federal tax liability. This strategy is especially important if you may be in a higher tax bracket in the future, or if tax law changes.
3. **Qualified Charitable Distributions from IRAs.** If you are over age 70.5 and need to take required minimum distributions (RMDs) from your IRAs, you have the ability to send these RMDs directly to a 501(c)3 and avoid tax on the distribution. If you take the standard deduction when you file your taxes, this strategy may be especially appealing. Many investors can save several thousand dollars per year by implementing this strategy.
4. **529 College Savings Accounts.** If you live in Virginia (and many other states), you can claim a state tax deduction for money invested into state-sponsored 529 accounts. Furthermore, 529 accounts owned by grandparents do not hinder the ability for your grandkids to receive financial aid.
5. **Roth IRAs.** These accounts often make sense if you have a long time horizon, or if you may be in a higher tax bracket in the future than you are in now. As long as you have employment income , you can contribute to a Roth (subject to income limits). Many investors should consider converting over Traditional IRA money into a Roth. Roth IRAs are generally very good vehicles for wealth transfer, as they do not have to be withdrawn for the lifetime of the owner and pass to beneficiaries tax-free.

Quite likely, you will spend your money much more wisely than the federal government will spend it! Be proactive to keep more of it. You deserve an advisor who seeks to understand you and will work alongside your CPA to recommend tax-saving strategies for you and your family. To schedule an introductory face-to-face meeting, please click here.

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