15 *Tax Planning Moves*

for Retirees (or pre-retirees)

lower your lifetime tax bill

Are you a Retiree or Pre-Retiree?

15 Tax Planning Moves for You

The goal is to limit your *lifetime tax bill*. Try to limit taxes on a year-to-year basis, with an eye on the future as well.

I. Have a strategic withdrawal strategy

Instead of deferring all IRA withdrawals until Required Minimum Distributions (RMDs) begin, consider taking withdrawals from multiple tax types (Roth & Taxable). This can help reduce future RMDs, lower Medicare premiums, and manage tax brackets.

Have the right mix of stocks & bonds in each of your accounts should compliment your withdrawals strategy. For example, if you are living off your pre-tax assets & planning on giving Roth assets to your heirs, then you should have more bonds in your pre-tax accounts.

II. Have a multi-year Roth Conversion strategy

Having a multi-year Roth conversion strategy is one of the most powerful tools available to retirees who hold significant balances in tax-deferred retirement accounts. If you have over $1 million in traditional IRAs or 401(k)s, those accounts are essentially a ticking tax time bomb—every dollar withdrawn will be taxed as ordinary income. Without a plan, Required Minimum Distributions (RMDs) beginning at age 73 can push you into higher tax brackets, increase Medicare premiums, and trigger the dreaded “widow’s tax penalty” when a surviving spouse is forced to file as a single taxpayer.

A well-designed Roth conversion strategy allows you to spread conversions over several low-income years, filling up lower tax brackets intentionally and reducing your lifetime tax bill. This proactive approach gives you more control over your taxable income, limits future RMDs, and builds a pool of tax-free assets that can be used later in retirement or passed down to heirs more efficiently. If you have seven figures or more in deferred accounts, the cost of *not* having a strategy can be substantial.

III. Use Qualified Charitable Distributions (QCDs)

If you're 70½ or older, you can give directly from your IRA to charity (up to $100,000 per year) and reduce your taxable income. QCDs count toward your RMD and may help keep you in a lower tax bracket.

IV. Plan for the Widow's Tax Penalty

Surviving spouses often face higher tax rates after the first spouse passes. Pre-planning through Roth conversions, accelerating income, or shifting assets can help minimize this long-term tax impact.

V. Maximize the Standard Deduction vs Itemized Deductions

Retirees often qualify for a higher standard deduction. Consider "bunching" charitable gifts or deductible medical expenses into one year to exceed the deduction threshold and maximize tax efficiency.

VI. Reevaluate Social Security Timing

Delaying Social Security until age 70 can increase your benefit and potentially reduce taxes early in retirement by allowing you to draw down pre-tax accounts while in a lower bracket.

VII. Manage Investment Income for Capital Gains Efficiency

Asset location is a big deal – if your advisor is holding mutual funds in your taxable account, they will kick out big gains!

Use tax-efficient withdrawal strategies. Hold appreciated investments for over a year to benefit from lower long-term capital gains tax rates. Also consider tax-loss harvesting during down markets to offset gains.

VIII. Track Medical and Long-Term Care Expenses

Medical costs often rise in retirement. Be sure to keep detailed records and consider using a Health Savings Account (HSA), if you still have one, to cover qualified expenses tax-free.

IX. Review Medicare Premium Brackets (IRMAA)

Your income affects Medicare Part B and D premiums. By managing taxable income through Roth withdrawals or QCDs, you may be able to avoid costly IRMAA surcharges.

X. Consider Real Estate Income and Tax Treatment

If you own rental property, understand how depreciation, expenses, and even short-term rental rules (like the 14-day exemption) can help offset taxes. Retirees with more time may qualify for active participation benefits.

XI. XII. Simplify Recordkeeping and Use Financial Tools

Use software or apps to track RMDs, charitable giving, investment performance, and spending. A clear system can help you and your advisor stay organized and tax-smart.

Book a free Discovery Call to see if we can help: [Click Here]

Sam Hamilton

45 Minute Tax Strategy Discovery Call

45 min

I look forward to meeting you! Let's talk taxes. I'll give you a free opinion on some tax strategies to think about, if you actually need a tax preparer, and ideas on how to reduce your tax bill this year and in the future.