How Should You Pull From Your Retirement Income Sources?

Not all retirement income is equal. Some you're required to take. Others carry tax consequences. So it's important to know how to structure your retirement income in the potentially choice order.

5 Factors that influence retirement income

How do you know which income source to take and at what time? The answer depends on five factors:



Is there a gap between when some of the

Age at retirement

sources kick in and your last paycheck? That Iull in income may necessitate pulling more assets from flexible sources.

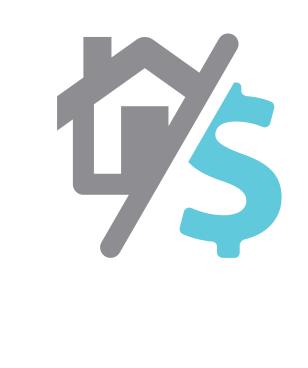


Generally, the lower your income needs, the

more flexibility you have with where you pull

Required distributions

Some sources mandate that you take a specific portion by a certain age. Pensions typically start at 65; retirement accounts, at 73.



from.

Income needs

Taxes Are taxes a concern, and do you want to

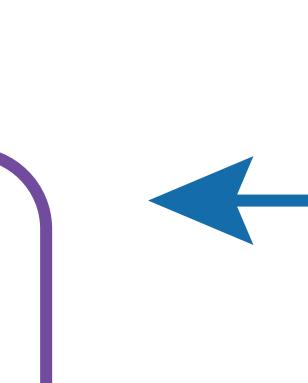
minimize what you may owe?



Legacy

charitable organization?

Do you wish to leave money to heirs or a



Retirement accounts require minimum distributions (RMDs) each year. Your

What are RMDs?

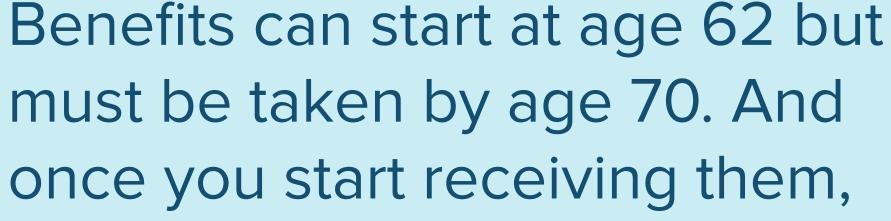
plan administrator typically calculates the amount, which is determined by the account's prior end-of-year fair market value and the distribution period or life expectancy. Distributions are taxed at ordinary income rates. And even for individuals who do not need the income, they must take them each year, or suffer a severe penalty.

Some sources of retirement income require withdrawals start at a specific age. Others are variable depending on income needs—they can be taken whenever you need them, or never.

Choice order for pulling

retirement income

Fixed Sources Flexible Sources



Social Security:

Required Minimum Distributions (RMDs): Required distributions start at 73 years old. If you fail to withdraw the full amount, the amount not

taken is taxed at 25%.

Most plans require that

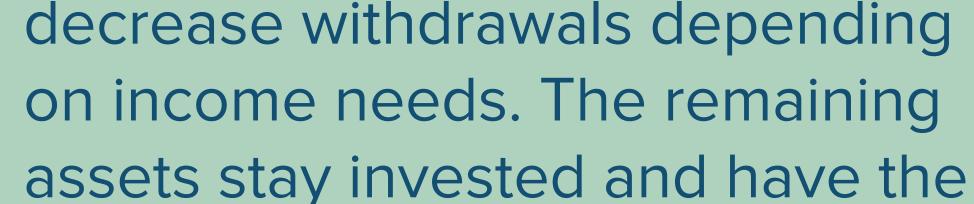
you cannot stop payments.

participants receive benefits at 65 years old, unless they are still

Pensions:

working. **Annuities:** Often have a predetermined start date.

income flexibility?



Individuals can increase or

Investment Assets:

potential to grow.

Whole Life: The cash value can offer loans or become annuitized, but it is the income of last resort.

For every year above full retirement age (age 66 or 67) that you wait until age 70, your future monthly benefits increase 8%.* RMDs:

Don't need it? Want more

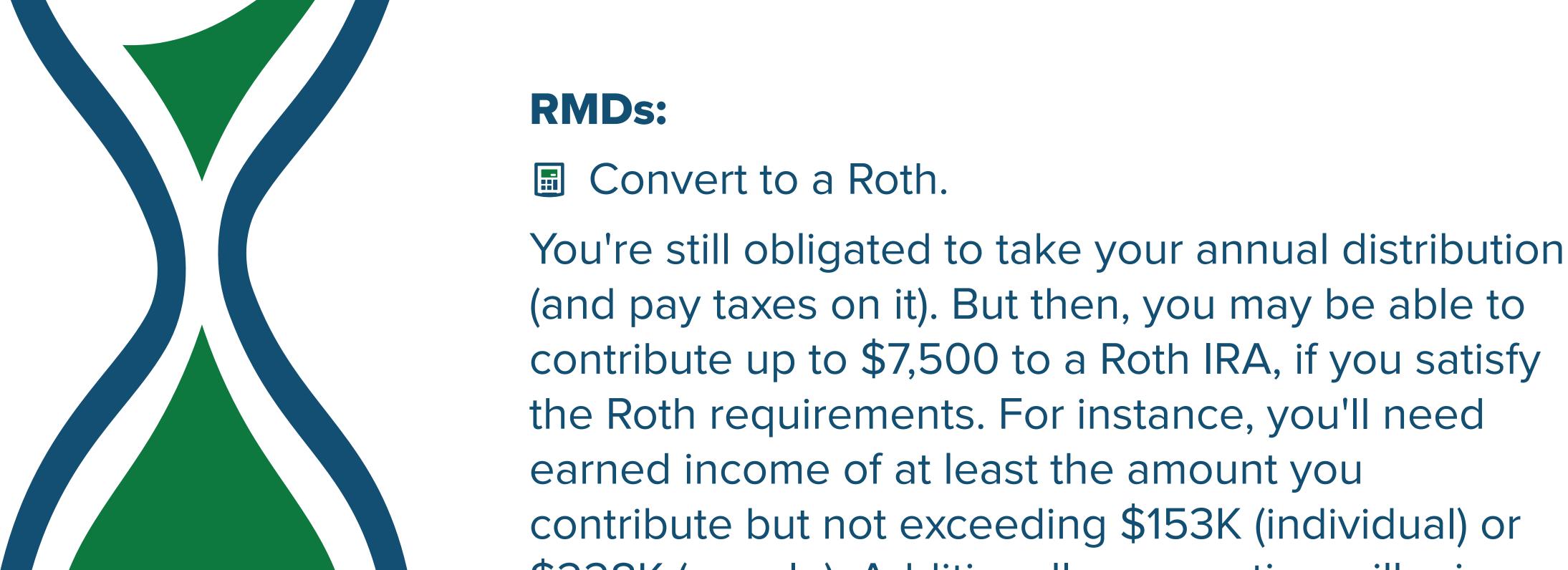
There are ways to structure some of your fixed income sources to potentially

maximize your benefits, lower your taxes, or transfer them to variable income.

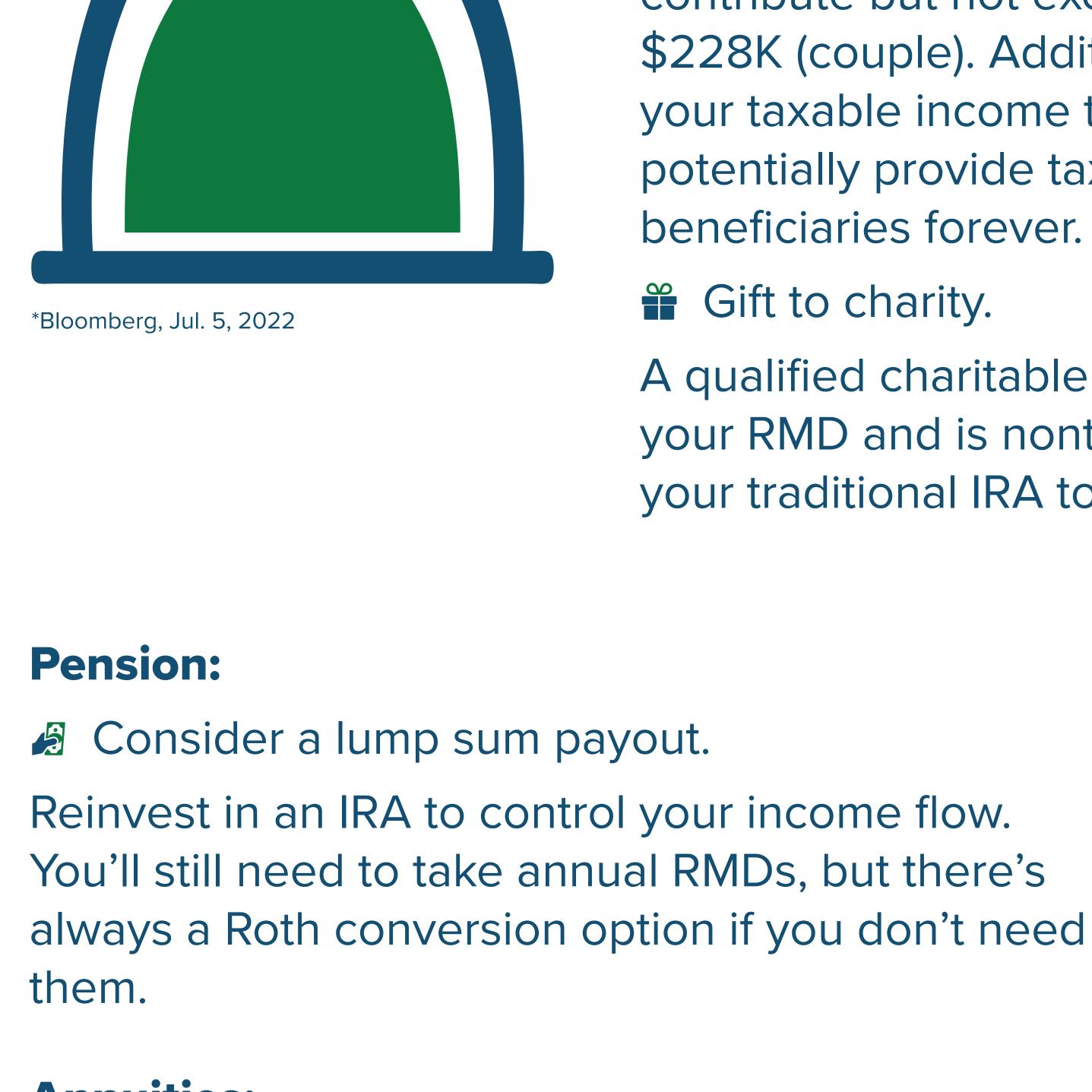
Wait to receive.

Social Security:

\$228K (couple). Additionally, converting will raise your taxable income that year. However, it could potentially provide tax-free growth for you and your beneficiaries forever. Gift to charity.



A qualified charitable distribution (QCD) satisfies your RMD and is nontaxable if made directly from your traditional IRA to a qualified charity.



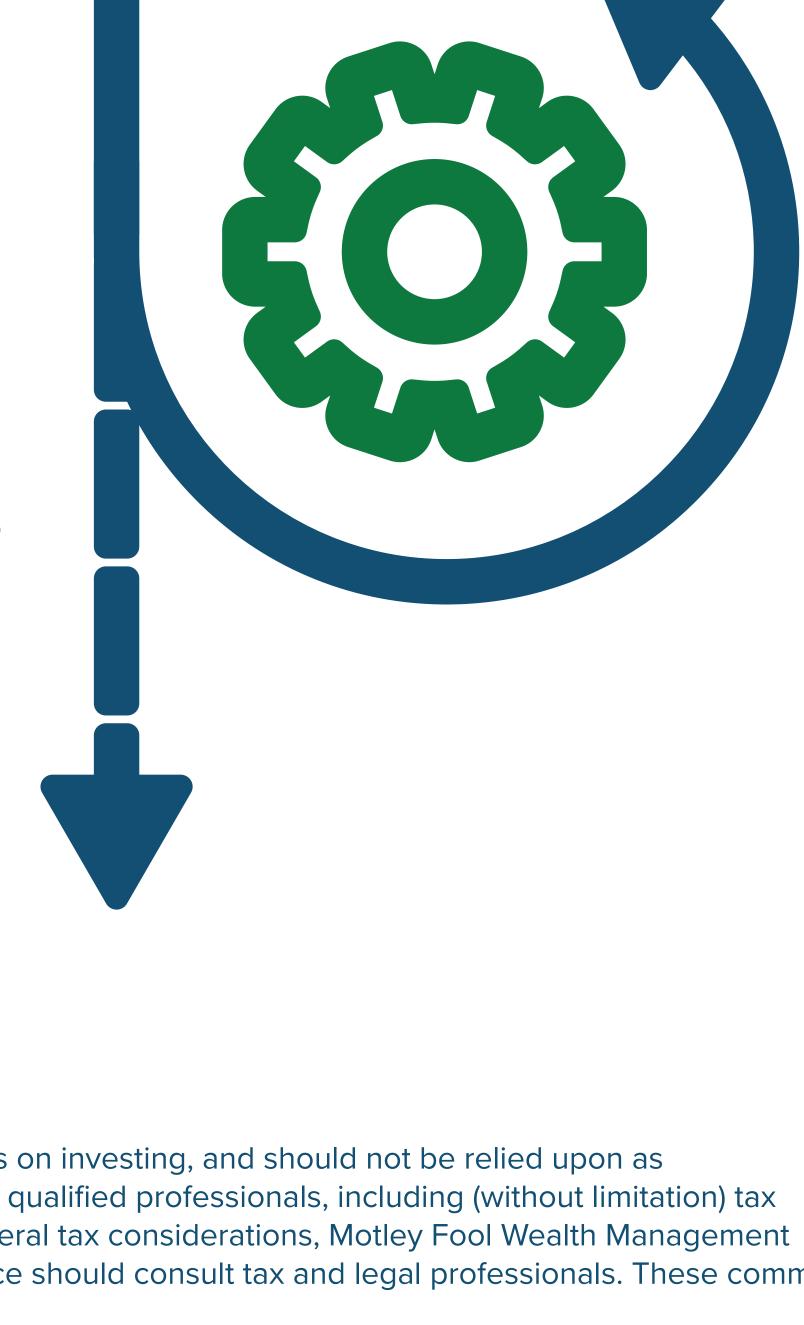
Annuities:

You'll still need to take annual RMDs, but there's

La Sell on secondary market. Convert your annuity from a fixed income stream to

receive the full cash value—it's usually discounted between 10%-20%, so consult with your annuity professional.

a lump sum cash option. But beware: You won't



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