

REDUCING TAXES IN  
YOUR RETIREMENT



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Taxes. Should we just stop here? Let's chalk them up to a necessary evil.



### **AGR** The Good

- They fund infrastructure projects, provide community-related services, bolster health and safety measures, and give our children access to experiences we may not have had ourselves.

### **AGR** The Bad

- We may feel that we pay more than our fair share. Uncle Sam may spend our tax dollars on initiatives and budgetary items we don't agree with. There may also be no direct impact we see in a timely manner. Whatever the case, taxes do make our wallets lighter.

Taxes don't magically disappear or may not even reduce in retirement. It's common for individuals to assume the taxes they owe will decrease in retirement because they are no longer employed, but that isn't always the case:

**AGR** Deductions, credits, and other tax benefits may be limited or not available once you're retired.

**AGR** Retirement plan(s) you've saved in for years may be fully taxable when you withdraw funds.

**AGR** Social Security and other pension income used to bridge your cash flow needs may be taxable.

AGR

## 2023 TAXES | THE NUMBERS

2023 FEDERAL INCOME TAX BRACKETS & RATES			
Single Filers, Married Couples Filing Jointly, & Heads of Households			
Tax Rate	Single Filing	Married Filing Jointly	Head of Household Filing
10%	\$0 - \$11,000	\$0 - \$22,000	\$0 - \$15,700
12%	\$11,000 - \$44,725	\$22,000 - \$89,450	\$15,700 - \$59,850
22%	\$44,725 - \$95,375	\$89,450 - \$190,750	\$59,850 - \$95,350
24%	\$95,375 - \$182,100	\$190,750 - \$364,200	\$95,350 - \$182,100
32%	\$182,100 - \$231,250	\$364,200 - \$462,500	\$182,100 - \$231,250
35%	\$231,250 - \$578,125	\$462,500 - \$693,750	\$231,250 - \$578,100
37%	\$578,125+	\$693,750+	\$578,100+

2023 FEDERAL STANDARD DEDUCTIONS		
Single Filers, Married Couples Filing Jointly, & Heads of Households		
Single Filing	Married Filing Jointly	Head of Household Filing
\$13,850	\$27,700	\$20,800
*Single, HOH: Add \$1,750 if Age 65 or Older or Blind		
*MFJ: Add \$1,400 if Age 65 or Older or Blind per Qualifying Spouse		

2023 ESTATE, GIFT, & GENERATION-SKIPPING (GST) TAXES	
All Filers	
Estate & Gift Tax Exclusion	\$12,920,000
Gift Tax Annual Exclusion	\$17,000
GST Tax Exemption	\$12,920,000
*Maximum Estate, Gift, & GST Tax Rate: 40%	
*Plus Deceased Spousal Unused Exclusion Amount, If Applicable	

2023 SOCIAL SECURITY BRACKETS		
Base Provisional Income Amounts for Benefit Taxation		
Filer	Taxable up to 50%	Taxable up to 85%
Single, HOH	\$25,000	\$34,000
MFJ	\$32,000	\$44,000

Source: Internal Revenue Service



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# YOUR RETIREMENT ASSETS

## Asset

401(k), 403(b), 457(b), SEP IRA, Simple IRA, Traditional IRA

## Phase

*Accumulation:* Tax-Deductible Contributions

*Growth:* Tax-Deferred

*Distribution:* Taxed, Ordinary Income

## Summary

You may have saved in this account(s) through your employer for years. Often, these retirement plans had employer matches, profit-sharing, or other incentives. An IRA is not an employer plan, but has similar tax characteristics. For complete details and comparison, please talk with us.

## Possible Tax-Savings Strategies

- AGR** Net Unrealized Appreciation
- AGR** Qualified Leverage Strategy
- AGR** Roth Conversion
- AGR** Qualified Charitable Distributions

## Asset

Roth 401(k), Roth IRA, Cash Value Life Insurance

## Phase

*Accumulation:* Post-Tax Contributions

*Growth:* Tax-Deferred

*Distribution:* Tax Free

## Summary

The Roth option allows you to contribute after-tax money into your retirement accounts. Only the Roth IRA has income phase-outs, which means it may not have been/be available to you. Cash Value Life Insurance distributions may be taxable if policy is terminated instead of using loans to fund cash flow needs. Talk to us about the specifics.

## Possible Tax-Savings Strategies

- AGR** Indexed Universal Life Insurance
- AGR** Variable Universal Life Insurance
- AGR** Premium-Finance Insurance
- AGR** The Kai-Zen Plan
- AGR** Roth IRAs NOT Subject to RMDs

## Asset

Non-Retirement Investment Account(s), CDs, Savings, Checking

## Phase

*Accumulation:* Post-Tax Contributions

*Growth:* Taxed, Ordinary Income or Capital Gains

*Distribution:* Non-Taxable

## Summary

These are common consumer accounts that allow individuals and families to accumulate savings aside from their retirement accounts. Most often, the growth is taxable, but there are certain fixed income investments that may not be taxable at Federal and/or State levels. Discuss those options and many tax considerations with us today!

## Possible Tax-Savings Strategies

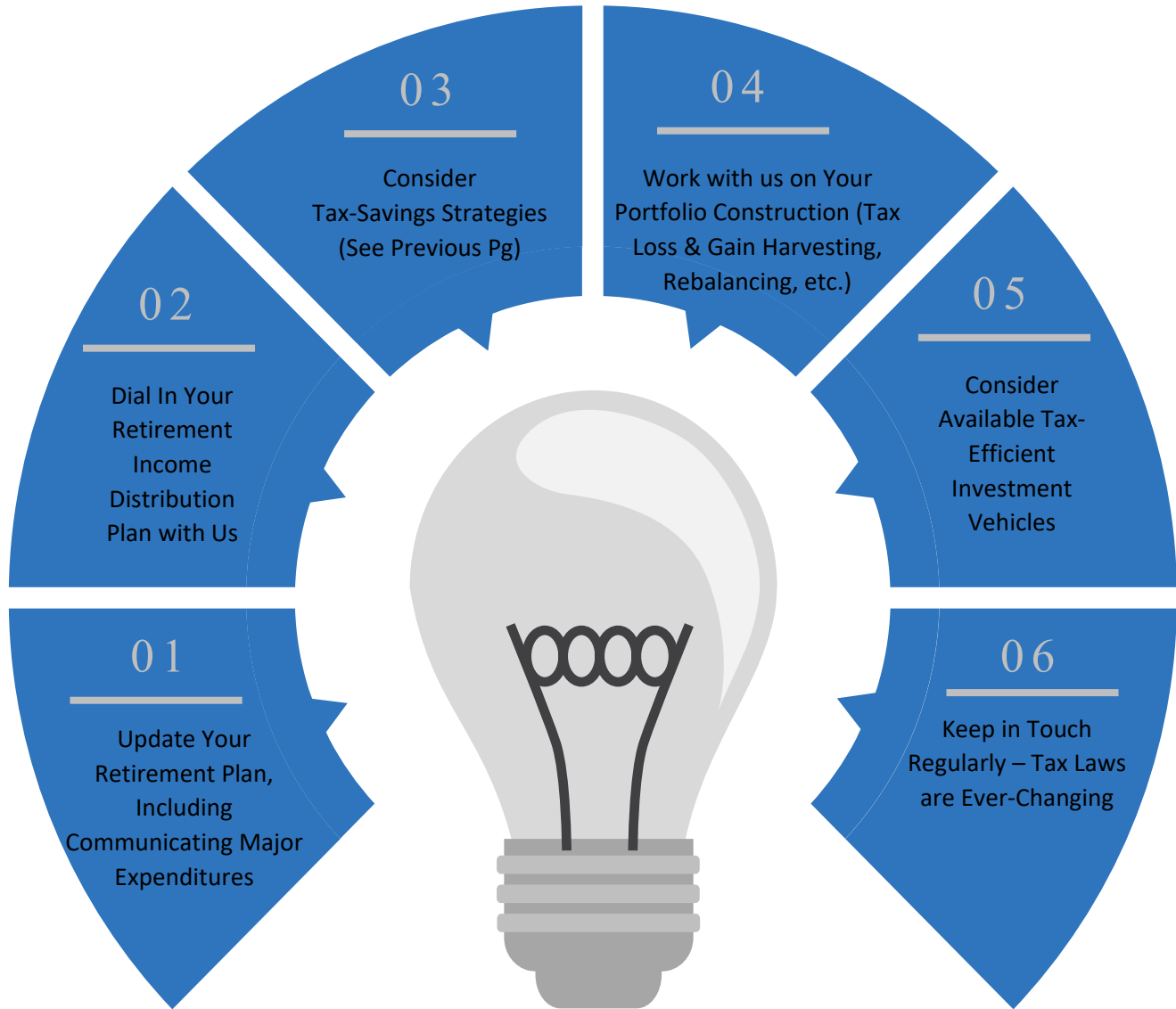
- AGR** Tax-Loss & Gain Harvesting
- AGR** Portfolio Rebalancing
- AGR** U.S. Government Bonds
- AGR** Municipal Bonds



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## SO, WHAT CAN I DO ABOUT THIS?

So, if we must pay taxes, is there anything we can do to pay something more in line with our “fair share”? Absolutely – it takes ongoing education, careful planning, and effective communication between you and us.



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