

# Regent Financial Services

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## Reasons to Roll

When you leave your job or retire, you have an opportunity to manage your funds in an employer-sponsored retirement plan such as a 401(k), 403(b), or government 457(b) plan. Depending on the situation, you generally have four options.\* The approach that typically gives you the most control over the funds is to transfer some or all of the assets to an IRA through a rollover.

Three out of five households who owned traditional IRAs in 2022 had executed at least one IRA rollover from an employer-sponsored retirement plan. These were the top reasons for the most recent rollover.

**64%**



**Did not want to leave assets with former employer**

**62%**



**Preserve tax treatment of savings**

**61%**



**Consolidate assets**

**54%**



**More investment options**

**44%**



**Required to take all assets out of former employer's plan**

**43%**



**Keep assets with same financial services provider**

**40%**



**Use different financial services provider**

**30%**



**Easier to roll assets to an IRA than to a new employer's plan**

\*Other options may include leaving assets in the former employer's plan, transferring assets to a new employer-sponsored plan, or withdrawing the money.

Source: Investment Company Institute, 2023 (multiple responses allowed)

# How Taxes Impact Your Retirement-Income Strategy

Retirees face several unique challenges when managing their income, particularly when it comes to taxes. From understanding how taxes relate to Social Security and Medicare to determining when to tap taxable and tax-advantaged accounts, individuals must juggle a complicated mix of factors.

## Social Security and Medicare

People are sometimes surprised to learn that a portion of Social Security income becomes federally taxable when combined income exceeds \$25,000 for single taxpayers and \$32,000 for married couples filing jointly. The taxable portion is up to 85% of benefits, depending on income and filing status.<sup>1</sup>

In addition, the amount retirees pay in Medicare premiums each year is based on the modified adjusted gross income (MAGI) from *two years earlier*. In other words, the cost retirees pay for Medicare in 2023 is based on the MAGI reported on their 2021 returns.

## Taxable, Tax-Deferred, or Tax-Free?

Maintaining a mix of taxable, tax-deferred, and tax-free accounts offers flexibility in managing income each year. However, determining when and how to tap each type of account and asset can be tricky. Consider the following points:

**Taxable accounts.** Income from most dividends and fixed-income investments and gains from the sale of securities held 12 months or less are generally taxed at federal rates as high as 37%. By contrast, qualified dividends and gains from the sale of securities held longer than 12 months are generally taxed at lower capital gains rates, which max out at 20%.

**Tax-deferred accounts.** Distributions from traditional IRAs, traditional work-sponsored plans, and annuities are also generally subject to federal income tax. On the other hand, company stock held in a qualified work-sponsored plan is typically treated differently. Provided certain rules are followed, a portion of the stock's value is generally taxed at the capital gains rate, no matter when it's sold; however, if the stock is rolled into a traditional IRA, it loses this special tax treatment.<sup>2</sup>

**Tax-free accounts.** Qualified distributions from Roth accounts and Health Savings Accounts (HSAs) are tax-free and therefore will not affect Social Security taxability and Medicare premiums. Moreover, some types of fixed-income investments offer tax-free income at the federal and/or state levels.<sup>3</sup>

## The Impact of RMDs

One income-management strategy retirees often follow is to tap taxable accounts in the earlier years of retirement in order to allow the other accounts to continue benefiting from tax-deferred growth. However, traditional IRAs and workplace plans cannot

grow indefinitely. Account holders must begin taking minimum distributions after they reach age 73 (for those who reach age 72 after December 31, 2022). Depending on an account's total value, an RMD could bump an individual or couple into a higher tax bracket. (RMDs are not required from Roth IRAs and, beginning in 2024, work-based plan Roth accounts during the primary account holder's lifetime.)

## Don't Forget State Taxes

State taxes are also a factor. Currently, seven states impose no income taxes, while New Hampshire taxes dividend and interest income and Washington taxes the capital gains of high earners. Twelve states tax at least a portion of a retiree's Social Security benefits.

## Eye on Washington

Finally, both current and future retirees will want to monitor congressional actions over the next few years. That's because today's historically low marginal tax rates are scheduled to revert to higher levels in 2026, unless legislation is enacted (see table).

## Help Is Available

Putting together a retirement-income strategy that strives to manage taxes is a complex task indeed. Investors may want to seek the help of a qualified tax or financial professional before making any final decisions.<sup>4</sup>

## Tax Rates Scheduled to Rise

Unless legislation is enacted, federal marginal income tax rates are scheduled to rise in 2026.

Current rate	2026
10%	10%
12%	15%
22%	25%
24%	28%
32%	33%
35%	35%
37%	39.6%

1) Combined income is the sum of adjusted gross income, tax-exempt interest, and 50% of any Social Security benefits received.

2) Distributions from tax-deferred accounts and annuities prior to age 59½ are subject to a 10% penalty, unless an exception applies.

3) A qualified distribution from a Roth account is one that is made after the account has been held for at least five years and the account holder reaches age 59½, dies, or becomes disabled. A distribution from an HSA is qualified provided it is used to pay for covered medical expenses (see IRS publication 502). Nonqualified distributions will be subject to regular income taxes and penalties.

4) There is no guarantee that working with a financial professional will improve investment results.

# 5 Spring Cleaning Chores for Your Kitchen: Do Each in 20 Minutes or Less



By: Perry Santanachote  
consumerreports.com

Cross these off your check list and tackle grim, dust, and sneaky food bits that have built up on and inside your appliances.

The kitchen is probably a room you spend a lot of your time in-while awake, anyways-which makes it one of the germiest. There are things like sponges and cutting boards that you must clean and replace regularly, but when was the last time you looked behind the refrigerator? And what is that dang smell taking over the sink area?

Luckily, many kitchen cleanup tasks take hardly any time as all, as long as you've got the right tools and cleaning solutions. Here are five chores that you can do in under 20 minutes each.

## Clean the Toaster Oven

Not only are the burnt grease and cheese splatters caked onto the walls of your toaster oven gross, but letting food build up in a cooking appliance is also a fire hazard. Ideally, you're wiping it down regularly, but realistically, you're doing it only when we remind you to, so here is your reminder in four easy steps.

1. Unplug the toaster oven.
2. Remove the crumb tray and cooking rack(s) and wash them with a sponge and dishwashing detergent. Stubborn messes might need an overnight soak in hot soapy water.
3. Remove burnt-on food from the toaster's interior walls using a damp polyester or nylon scrubber.
4. Use a damp, sudsy cloth to clean the glass door, then rinse, and dry with a clean towel.

## Clean the Garbage Disposal

Most odors that come out of the garbage disposal are coming from food buildup on the splash guard. That's the removable black rubber panel that sits atop your sink's drain hole. You can scrub it with warm water and baking soda or simply toss it in the top rack of a drain hole. Food residue

can also gum up the walls of the garbage disposal. For that, follow these steps:

1. With the disposal and faucet turned off, put six ice cubes in the chamber, followed by 1 tablespoon of baking soda, three thin lemon slices, and 1 teaspoon of bleach. Top it off with six more ice cubes.
2. Turn on the disposal without running water until you hear the grinding stop.
3. With the motor still running, flush with cold water for 30 seconds.

## Vacuum the Refrigerator's Condenser Coils

Condenser coils dissipate heat from the refrigerator to keep it cold. Over time, dust, dirt, and other debris can collect on the coils and act as an insulator, making it harder for the coils to keep the refrigerator cool. The coils are usually located on the back of the fridge or underneath it behind the grille. For built-ins, check the top of the appliance. Once you gain access to the coils, gently vacuum them using a soft brush attachment.

## Clean the Dishwasher's Spray Arms

For your dishwasher to run smoothly, it needs clean and clear spray arms (the propellers that shoot water onto your dishes). The bottom spray arm should lift off its base with a gentle tug. Unscrew the center wash arm from the bottom of the top rack using a Phillips head screwdriver. Check to see whether food debris is clogging any of the spray nozzles. Gingerly remove debris with a toothpick or pipe cleaner, being careful not to deform the hole.

# Doritos Taco Salad

Ingredients:

7

Total

Time:

20 min

Calories:

240



Recipe by: Yummly.com

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*"I made this recipe several times for parties and my friends all love it. It's so easy and quick to make!"*

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## Ingredients:

- 1 lb. 95% lean ground beef
- 1.25 oz. taco seasoning reduced sodium
- 1 head iceberg lettuce (*medium-large, chopped into bite sized pieces*)
- 1 large tomato (*diced*)
- 4 oz. sharp cheddar cheese (*low-fat or 2%, shredded*)
- 4 oz. Doritos (*nacho cheese, broken up into bite sized pieces*)
- 1 cup Catalina dressing (*light, like Kraft Lite Catalina*)

## Directions:

1. Brown the ground beef in a skillet over medium heat, breaking it up into pieces with a wooden spoon. Add the packet of taco seasoning and stir until well coated. Set aside.
2. In a large serving bowl, combine the lettuce, tomatoes, cheese and ground beef. When ready to serve, add the Doritos and dressing and toss to coat.



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