

# Health Care Workers:

## How to Retire in the 0% Tax Bracket

47

Famously popularized by Mitt Romney back in 2012, he stated that 47% of people don't pay Federal Income Tax. This number has changed slightly over the years and there's a lot more under the surface but the reality of retiring in the 0% Tax Bracket is certainly there.



### 5 Steps to Take Today to Prepare for a Tax-Free Retirement



1

Knowledge is Power. The first thing to do is get educated. Find out what tax bracket you are currently in and what the tax bracket thresholds are. This will be very important down the road as you calculate what reportable income you can have to get in that 0% tax bracket.

2

**Consider Tax-Exempt Investments.** There are lots of different ways to save money. If you make wise decisions with where you invest it can significantly reduce your tax burden.

3

Consider utilizing Roth IRAs or Roth 401(k)s. The Gundersen and Mayo Health Systems both have excellent retirement plans. Our office has worked extensively with both and can help you not only diversify your investments but also choose your deferrals to take advantage of their Roth Option.

4

### Learn which types of Income have Tax Advantages

#### CAPITAL GAINS

Long-Term Capital Gains are taxed at a more favorable rate than ordinary income.

#### SALE OF HOME

If you have lived in and owned your house for at least two of the last five years, you may qualify to exclude up to \$250,000 of the gain from your income (\$500,000 if filing jointly).

#### RENTAL REAL ESTATE

Income from real estate can often be offset with deductions if you utilize tax-saving strategies.

5

Prioritize Withdrawals. Deciding which accounts to draw money from and when to take that money can have a considerable impact on your taxes.



### Work with a Professional

Klauke Investments & Insurance Services has been serving clients since 1983. We take pride in our professional service and always put our client's interests above all else. If you are interested in a 1-on-1 strategy session to discuss your retirement, reach out to us at 608-782-1642 to schedule an appointment. We look forward to working with you!

\*A Tax-Free Retirement is not possible for everyone. It is important to consult with a tax professional to determine the impact your choices will make on your taxes.