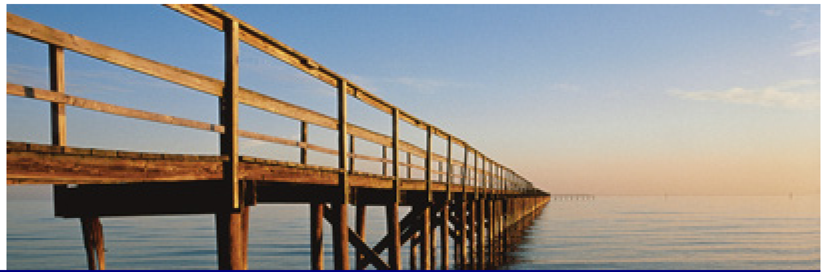

# YOUR FINANCIAL FUTURE

Strategies for Managing Your Assets

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**Tori Patrick**
President
Progressive Strategies Financial Group
27201 Puerta Real Suite 300
Mission Viejo, CA 92691
949.204.3800 702.893.1500
Fax: 702.549.1900
Tori@psfgwealth.com
www.psfgwealth.com
CA Insurance Lic# OJ13973

## Tips for Avoiding an Early Withdrawal Penalty

If you take a taxable distribution from your IRA before age 59½, you generally will be required to pay a 10% additional federal tax. However, in certain situations, you may be able to avoid the imposition of the added tax. One little-known penalty exception is available to IRA owners who take substantially equal periodic payments (SEPPs) from their IRA accounts.

A financial hardship, or perhaps an early retirement, may cause you to consider taking an early distribution from your IRA. Whatever the case, before tapping into your account, you should think about how it might affect your future retirement income -- as well as the income taxes you may potentially owe.

### All About SEPPs

SEPPs might be an appropriate strategy if you need to supplement your income -- perhaps while you are starting a new business venture. Once you start taking SEPPs, you'll have to continue for a minimum of five years or until you reach age 59½, whichever comes later. So, if you begin a SEPP program at age 45, you'll have to continue making withdrawals for 14½ years -- until you turn 59½. If you begin taking SEPPs at age 58, you'll have to take withdrawals for five years, or until you reach age 63.

At the end of the required SEPP period, you can modify your withdrawal program or discontinue withdrawals (until you reach age 70½ and have to begin taking annual required minimum distributions from your IRA). If you want to stop taking SEPPs before the end of the required SEPP period, you'll generally have to pay a 10% penalty plus interest on the amounts you withdrew under the SEPP arrangement before reaching age 59½.

The IRS has several "safe harbor" methods for calculating the required SEPP amount. Payments must be taken at least annually and are either fixed or recalculated annually, depending on which method you use.

IRA distribution planning can be complex. Understanding the tax rules can help you make the most of your retirement assets.

This communication is not intended to be tax advice and should not be treated as such. Each individual's -- and business's -- tax situation is different. You should contact your tax professional to discuss your own situation.