

Friday, October 2, 2020

Financial Fact Friday:

Many prospective retirees don't know that withdrawals from a 401(k), 403(b), 457 plan, and traditional IRA are taxed as regular income. Pension income and Social Security benefits are often taxable, too. You'll also owe taxes on any interest and investment income generated outside your tax-advantaged retirement accounts. That includes the money you make on bank CDs and high-yield savings accounts.

If you expect your retirement income from all sources to be about the same as your working income, your tax bill each year should be the same, too. Reference your recent tax returns to guide you on what your annual tax budget should be.

If you think you'll make less money in retirement, you may end up in a lower tax bracket. And that would translate to a smaller annual tax bill.

(Source: MSN)

<https://www.msn.com/en-us/money/savingandinvesting/10-expenses-retirees-often-overlook-before-retirement/ss-BB18XTgk#image=2>