

Wealth Wednesday Tip #401:

It could be worth moving to a state that won't tax your retirement distributions. There are 12 states that won't tax your distributions from 401(k) plans, IRAs or pensions, according to a recent report from AARP. Of those states, nine -- Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming -- don't have state income taxes. Meanwhile, Illinois, Mississippi and Pennsylvania don't tax retirement distributions, AARP reported. According to the nonprofit, pensions aren't taxed in Alabama or Hawaii, but those states do have taxes on 401(k) and IRA distributions.

(Source: Fox Business)

<https://www.foxbusiness.com/personal-finance/states-dont-tax-retirement-distributions-aarp>

Wisdom Wednesday

Retiring at 55 is considered early and for some, it's too early. But if you've been diligently saving and can manage your lifestyle expenses, retiring at 55 could be within reach.

Top five challenges to retiring at 55:

- Generating income before you can take money from your IRAs
- Strict rules about 401(k) and IRA withdrawals at age 55
- Social Security eligibility doesn't start until 62
- Paying for health insurance before Medicare eligibility begins at 65
- Tapping your savings earlier, while shortening your saving years, and extending how long the money needs to last is a challenge

(Source: Forbes)

<https://www.forbes.com/sites/kristinmckenna/2020/07/21/is-55-too-early-to-retire-what-you-need-to-retire-early/#872de3216d50>