How Should You Pull From Your Retirement Income Sources?

Not all retirement income is equal. Some you're

required to take. Others carry tax consequences. So it's important to know how to structure your retirement income in the potentially choice order.

5 Factors that influence retirement income How do you know which income source to take and at what time? The answer

depends on five factors:

Is there a gap between when some of the



sources kick in and your last paycheck? That

Age at retirement

Iull in income may necessitate pulling more assets from flexible sources. Required distributions



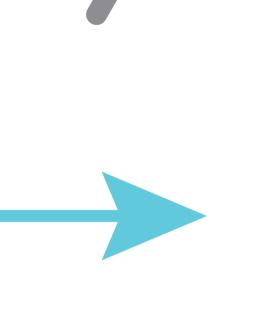
Income needs

more flexibility you have with where you pull from.

Taxes

Generally, the lower your income needs, the





minimize what you may owe?

charitable organization?

Are taxes a concern, and do you want to

Some sources mandate that you take a specific

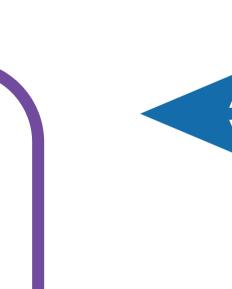
portion by a certain age. Pensions typically start

at 65; retirement accounts, at 73.



Legacy

Do you wish to leave money to heirs or a



plan administrator typically calculates the amount, which is determined by the

What are RMDs?

account's prior end-of-year fair market value and the distribution period or life expectancy. Distributions are taxed at ordinary income rates. And even for individuals who do not need the income, they must take them each year, or suffer a severe penalty.

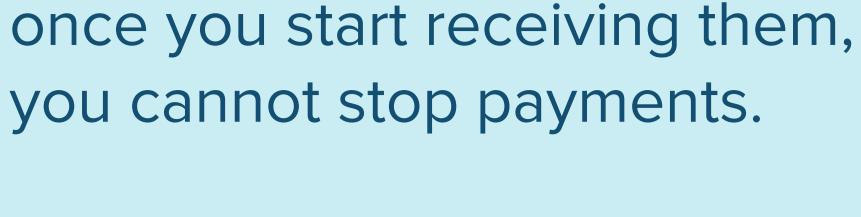
Retirement accounts require minimum distributions (RMDs) each year. Your

Some sources of retirement income require withdrawals start at a specific age. Others are variable depending on income needs—they can be taken whenever you need them, or never.

Choice order for pulling

retirement income

Social Security: Investment Assets: Benefits can start at age 62 but Individuals can increase or



Required Minimum Distributions

Required distributions start at 73

must be taken by age 70. And

Fixed Sources

years old. If you fail to withdraw the full amount, the amount not taken is taxed at 25%. Pensions:

participants receive benefits at 65

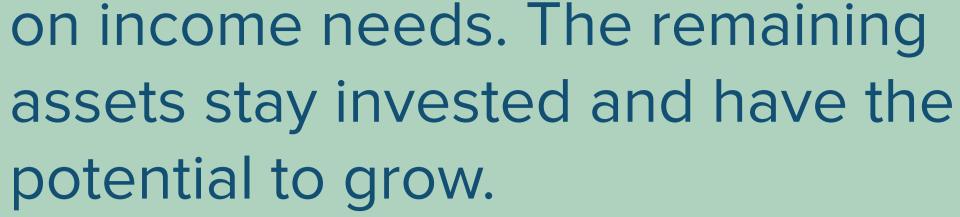
years old, unless they are still working.

Annuities:

Most plans require that

(RMDs):

Often have a predetermined start date.



Whole Life:

decrease withdrawals depending

Flexible Sources

The cash value can offer loans or become annuitized, but it is the income of last resort.

Social Security:

income flexibility?

Don't need it? Want more

your taxable income that year. However, it could *Social Security Administration, Retirement Benefits. Accessed July 2, 2024. **Pension:** Consider a lump sum payout. Reinvest in an IRA to control your income flow. You'll still need to take annual RMDs, but there's always a Roth conversion option if you don't need them.

(and pay taxes on it). But then, you may be able to contribute up to \$8,000 to a Roth IRA, if you satisfy the Roth requirements. For instance, you'll need

There are ways to structure some of your fixed income sources to potentially

maximize your benefits, lower your taxes, or transfer them to variable income.

Wait to receive.

benefits increase 8%.*

Convert to a Roth.

RMDs:

potentially provide tax-free growth for you and your beneficiaries. Gift to charity. A qualified charitable distribution (QCD) satisfies your RMD and is nontaxable if made directly from your traditional IRA to a qualified charity.

contribute but not exceeding \$161K (individual) or

\$240K (couple). Additionally, converting will raise

For every year above full retirement age (age 66 or

You're still obligated to take your annual distribution

earned income of at least the amount you

67) that you wait until age 70, your future monthly



La Sell on secondary market. Convert your annuity from a fixed income stream to a lump sum cash option. But beware: You won't receive the full cash value—it's usually discounted between 10%-20%, so consult with your annuity professional.

The content in this infographic is provided for informational purposes only, reflects our general views on investing, and should not be relied upon as

Disclosures:

Annuities:

professionals, regarding all personal finance issues. While we can counsel on tax e ciency and general tax considerations, Motley Fool Wealth Management ("MFWM") does not (and is not permitted to) provide tax or legal advice. Clients who need such advice should consult tax and legal professionals. These comments may not be relied upon as personalized financial planning or tax advice. MFWM is an SEC-registered investment advisor with a fiduciary duty that requires it to act in the best interests of clients and to place the interests of clients before its own. HOWEVER, REGISTRATION AS AN INVESTMENT ADVISOR DOES NOT IMPLY ANY LEVEL OF SKILL OR TRAINING. Access to MFWM is only available to clients pursuant to an Investment Advisory Agreement and acceptance of MFWM's Client Relationship Summary and Brochure (Form ADV, Parts 2A and 2B). You are

recommendations or financial planning advice. We encourage you to seek personalized advice from qualified professionals, including (without limitation) tax

encouraged to read these documents carefully. All investments involve risk and may lose money. MFWM does not guarantee the results of any of its advice or account management. Clients should be aware that their individual account results may not exactly match the performance of any of our Model Portfolios. Past performance is no guarantee of future results. Each Personal Portfolio is subject to an account minimum, which varies based on the strategies included in the portfolio. MFWM retains the right to revise or modify portfolios and strategies if it believes such modifications would be in the best interests of its clients.

MFWM, an affiliate of The Motley Fool LLC ("TMF"), is a separate legal entity, and all financial planning advice and discretionary asset management services for our clients are made independently by the wealth advisors and asset managers at MFWM. No TMF analyst is involved in the investment decision-making or daily operations of MFWM. MFWM does not attempt to track any TMF services. During discussions with our Wealth Advisors, they may provide advice with respect to 401(k) and IRA rollovers into accounts that are managed by MFWM. Such

recommendations pose potential conflicts of interest in that rolling retirement savings into a MFWM managed account will generate ongoing asset-based fees for MFWM that it would not otherwise receive.