

Tax Wise Retirement **POWER** Crib Sheet



From 1936 to 1981, the top federal income tax rate was never below _____%

Federal tax brackets: 2019 tax brackets (for taxes due April 15, 2020)

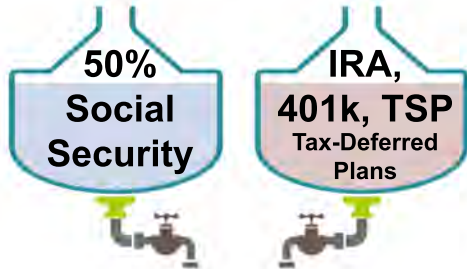
Tax Rate	Single	Married Filing Jointly
10%	Up to \$9,700	Up to \$19,400
12%	\$9,701 to \$39,475	\$19,401 to \$78,950
22%	\$39,476 to \$84,200	\$78,951 to \$168,400
24%	\$84,201 to \$160,725	\$168,401 to \$321,450
32%	\$160,726 to \$204,100	\$321,451 to \$408,200
35%	\$204,101 to \$510,300	\$408,201 to \$612,350
37%	\$510,301 or more	\$612,351 or more

SINGLE		SOCIAL SECURITY BENEFIT TAXATION USA	MARRIED FILING JOINTLY	
Provisional Income	Taxable Percentage		Provisional Income	Taxable Percentage
Under \$25,000	0%		Under \$32,000	0%
\$25,000 to \$34,000	_____ %		\$32,000 to \$44,000	_____ %
Over \$34,000	_____ %		Over \$44,000	_____ %

Common Sources of Provisional Income

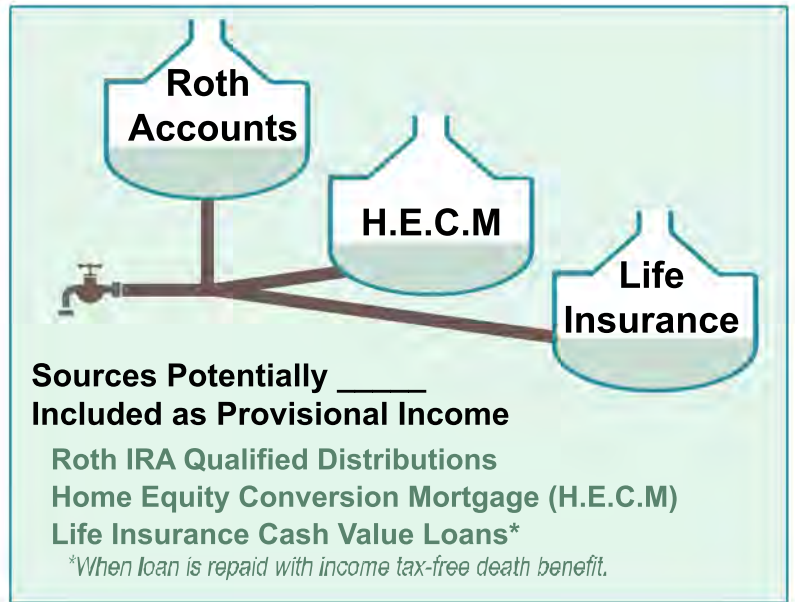
_____ % of Social Security
Tax-Deferred IRA, 401, TSP Plans
Income From Employment

1099 Interest Earnings
Tax-Free Muni Bond Interest
Rental Income



Provisional Income Sources

When Provisional Income _____	\$44,000 Married Filing Joint
	\$34,000 Single
	Up to 85% of Benefits are Taxable



When Provisional Income is at the Top Threshold for Social Security Taxation

Withdraw one additional dollar from an IRA, 401k, TSP or other tax-deferred plan.

One Social Security dollar becomes 85% taxable.

Total Taxable Income

\$1

85¢

\$1.85

At a _____ % effective tax rate, you would pay _____ ¢ in tax on that \$1

Tax Wise **POWR** Q&A

- 1 _____ could be the largest expense in retirement for many people.
- 2 A future tax rate _____ could be one of the biggest risks that many people will face in retirement.
- 3 I believe that my future personal tax rates will be _____ .
- 4 When looking at the balance shown on your traditional IRA, 401k, TSP or other retirement plan statements, it can be a mistake to assume that the entire balance is yours because of _____ taxes.
- 5 The IRS uses what is referred to as Provisional Income to determine the _____ portion of Social Security benefits.
- 6 For many people, one of the largest sources included as Provisional Income are withdrawals from _____ IRA, 401k, TSP retirement plans.
- 7 Also included as Provisional Income is _____ % of Social Security benefits.
- 8 The top 85 percent threshold for Social Security taxation occurs when Provisional Income exceeds \$ _____ for individuals, and \$ _____ for married couples filing a joint income tax return.
- 9 Because of Medicare IRMAA surcharges, higher income beneficiaries could pay _____ premiums for Part B and Part D coverage.
- 10 Many people do not consider the importance of the _____ of their income when attempting to reduce taxable Social Security, Medicare surcharges and taxation of retirement plan distributions.

Tax Wise **POWR** Q&A

- 11** The process of converting to a Roth account could cause Social Security taxes and Medicare premium surcharges to go _____ in the year of conversion and then _____ in years following the conversion.
- 12** Some of the ideal characteristics of tax advantaged retirement resources might include the ability to access money without triggering additional income taxes or Medicare premium surcharges, and is also not included as part of _____ Provisional Income tax calculations.
- 13** Some Life insurance policies provide living benefits in the form of an acceleration of the death benefit that can be used while the insured is still _____ to help pay for long term care expenses.
- 14** As long as withdrawals meet the conditions of being considered qualified distributions from a _____ account, they can be accessed after age 59½ income tax free and without any IRS penalty.
- 15** A Home Equity Conversion Mortgage (H.E.C.M) is a line of credit that allows _____ access to the equity in the borrower's home that can be used to supplement retirement income, help pay the expenses of long term care, pay taxes associated with converting to a Roth account or for any other reason.
- 16** You should always consult with your _____ before implementing any strategy or concept that might be used to impact taxes.
- 17** Taking a more forward facing view of planning might involve restructuring retirement assets today in order to change the _____ of income five or more years in the future.

Tax Wise **POWR** Q&A

Answer Key

1. **Taxes**
2. **increase**
3. **higher** or **lower** (*there is no wrong answer*)
4. **deferred**
5. **taxable**
6. **tax-deferred**
7. **50**
8. **\$34,000; \$44,000**
9. **higher**
10. **sources**
11. **up; down**
12. **Social Security**
13. **alive**
14. **Roth**
15. **tax free**
16. **tax professional**
17. **sources**

RETIREMENT QUIZ

1. How worried are you about the possibility of experiencing a future reduction in your standard of living at some point during your retirement?

Not worried (0 points) ____ Somewhat Worried (1 point) ____ Very Worried (2 points) ____

2. Are you or will you be relying on yields from risky securities for a portion of your retirement income?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

3. Have a large portion of your retirement funds experienced yields of 3% or less over the past five years?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

4. Are you worried that government spending could lead to increased tax rates, inflation, or both?

No (0 points) ____ Yes (1 point) ____

5. Is more than 75% of your retirement savings in a traditional tax-deferred IRA, 401k, TSP or other accounts where 100% of the withdrawals will be subject to income taxes?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

6. Are you or will you be forced to pay Medicare IRMMA premium surcharges based on your current or future retirement income?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

7. If you are not yet covered by Medicare, do you understand the program's three enrollment periods and how to avoid possible penalties and coverage delays?

Yes (0 points) ____ No (1 point) ____ I am currently on Medicare

8. Have you carefully considered the potential advantages of converting your traditional IRA, 401k, TSP or other tax-deferred plan to a Roth account and if so, did you factor into any conversion decision potential of future tax savings relating to Social Security benefits?

Yes (0 points) ____ No (1 point) ____

9. Have you consider potential opportunities for increasing after-tax spendable retirement income by the proper timing of withdrawals from various accounts, Roth conversions or the use of a Home Equity Conversion Mortgage (H.C.E.M.)?

Yes (0 points) ____ No (1 point) ____

10. Are you familiar with how a Home Equity Conversion Mortgage (H.C.E.M.) can be used to purchase a new home for the purpose of downsizing, or to help pay for long term care, protect a retirement portfolio or potentially increase the after-tax lifetime of Social Security benefits?

Yes (0 points) ____ No (1 point) ____

11. Are you healthy and does your family have a history of greater longevity? (If so you might expect to live a long life which ironically might means you could be more in need of care.)

Yes (1 point) ____ No (0 points) ____

12. Do you have a family history of dementia, Alzheimer's disease or neurological disorders? This can put you at higher risk of needing care.

Yes (1 point) ____ No (0 points) ____

13. Do you have a living trust?

No (1 point) ____ Yes (0 points) ____

14. Have you prepared a medical or health care power of attorney?

No (1 point) ____ Yes (0 points) ____

15. Do you worry about your children's future financial security?

Yes (1 point) ____ No (0 points) ____

16. If your death occurred tomorrow would your surviving spouse experience a reduction in income greater than 20%?

No (0 points) ____ Yes (1 point) ____ I am not sure. (2 points) ____

17. If you do not have long term care insurance, have you considered hybrid life insurance that provides living benefits that can be used to help pay for long term care?

Yes (0 points) ____ No (1 point) ____

18. If married or divorced, has your financial advisor prepared a computer analysis of your Social Security retirement benefits, spousal benefits and survivor benefits to determine the best strategy for maximizing lifetime benefits?

Yes (0 points) ____ No (2 points) ____ I have never been married. (0 points) ____

19. Have you or your financial advisor prepared long term projections of both your estimated retirement income and expenses, in an attempt to determine if you might one day outlive your savings?

Yes (0 points) ____ No (2 points) ____

20. Have you personally met with your financial advisor in the past 12 months?

Yes (0 points) ____ No (1 point) ____ I do not have a financial advisor. (2 points) ____

Total Points ____

A **score of 12** or higher might indicate that you may be at a high risk of experiencing a reduction in your future standard of living. You would be well advised to meet with a knowledgeable financial advisor experienced with the issues of market fluctuations, maximizing lifetime Social Security benefits, the impact of taxation and the challenges of longevity.

A **score of 6 to 11** might indicate a moderate exposure to the risk of experiencing a reduction in your future standard of living. It might be wise to focus early on any issues that could possibly increase this risk in the future.

A **score of 0 to 5** might indicate that you have little to no exposure to the risk of experiencing a reduction in your future standard of living.

Retirement Plan **POWR**

BUDGET WORKSHEET

Household / Living	Monthly Amount Current	Monthly Amount Retirement	Notes
Rent/mortgage			
Mortgage prepayments			
Real Estate Taxes			
Renters /homeowners insurance premiums			
Utilities - water / gas / electric / trash pick up			
Groceries and other essentials			
Internet / phone / cable			
Entertainment - / events / shows / dining out			
Hobbies / dues / memberships			
Vacation / travel			
Other			
Other			
TOTAL			

Miscellaneous			
TOTAL			

Transportation	Monthly Amount Current	Monthly Amount Retirement	Notes
Auto Loans			
Auto Insurance			
Auto Registration Fees			
Fuel			
Service / Repairs			
Other			
TOTAL			

Health			
Health Insurance / Medicare			
Long Term Care Insurance			
Life Insurance			
Medications			
Other			
TOTAL			

TOTAL			
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