New Retirement Planning Withdrawal Strategies

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What is the "Conventional Wisdom" Withdrawal Strategy, and its Limitations?

- Today's retirement savings withdrawal "Conventional Wisdom" is the worst withdrawal sequence for most Americans. It proposes
  - 1st Withdraw all funds form taxable accounts until gone
  - 2nd Withdraw all funds from tax-deferred accounts until gone
  - 3rd Withdraw all funds from tax-exempt Roth accounts until gone
- Rules of Thumb and "conventional wisdom" do NOT work for retirement guidance. More detail is needed.
- A portion of your Social Security benefits might be taxable based on a "provisional income" tax calculation.
  - Individuals: $0 taxable if income is <$25,000; 50% taxable if income between $25k-$34k; and 85% taxable if income >$34000
  - Couples: $0 taxable if income is <$32,000; 50% taxable if income between $32k-$44k; and 85% taxable if income >$44,000
- Medicare premiums increase based on your income if income it is over $170,000 for couples or $85,000 for singles
- Be aware that as you draw down from your IRAs, 401(k)s or do a Roth conversion, it will increase your tax bracket, possibly make a portion of your Social Security taxable and increase future Medicare premiums
- You need to check before you withdraw or do Roth Conversions if the action will affect your Medicare premiums or increase your Social Security taxes.

Framework for Optimal Withdrawal Strategies

- Decumulation methodology and process is different from Accumulation methodology and process
- Two key ingredients – Social Security and Withdrawal Sequence – add a lot of longevity to your savings over "conventional wisdom"
- Don't just focus on tax brackets – Social Security benefits and Medicare premiums are affected by taxable income
- Best practices for withdrawal strategies:
- Carefully evaluate and select withdrawals from tax-deferred accounts so it doesn't put you into a higher tax bracket
- There is no "one size fits all" rule of them. You will need an advisor, but it will pay off with savings lasting additional 5-11 years

Action Plan

1. Make sure you find an advisor that understands these elements and puts them together
2. Whether you are a do-it-yourselfer or someone who wants to work with an advisor, visit IncomeStrategy.com for free or inexpensive detailed advice and planning reports for both Social Security and retirement income planning.
3. Visit Income Solver's Learning Center for free case studies, articles and videos that go deeper into Social Security Claiming and decumulation
4. Update your plan every year to possibly add five to 13 years' longevity to your retirement savings.

William (Bill) Meyer, CEO, Retiree, Inc. and Social Security Solutions, Inc., is a nationally recognized expert in retirement income withdrawal strategies and Social Security claiming strategies. William developed Retiree Inc. and Social Security Solutions with Dr. William Reichenstein from Baylor University. Bill's robust research is recognized for identifying the sub-optimal nature of the conventional wisdom currently used to create withdrawal strategies and solving the gap in retirement income with a tax-efficient withdrawal strategy that is proven to extend portfolio longevity by up to a decade. Early in Bill's career, he learned financial planning techniques for the affluent, and has strived to apply those insights to all households regardless of wealth. He has a track record of successfully developing products and services in executive leadership roles at H&R Block, Advisor Software, and Charles Schwab. He is a former Trustee of the Securities Industry Institute at Wharton.

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