

How Retirement Tax Changes Affect Planning

By: Hyatt and Weber

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Most retirees are well aware of how their income changes in retirement, but many do not know how their taxes change as well. Take the following into consideration when executing a retirement plan:

Income and deductions. While most retirees experience a drop in income and may move into a lower tax bracket, they may not be able to claim many of the deductions they did while they were working.

Retirement income, however, still generates taxes and the source of your retirement income – i.e., capital gains from investments -- may have tax implications.

Pre-tax income. While you did not have to pay tax on pre-tax income invested in retirement accounts while you were working, distributions are considered taxable income after retirement.

Plan early. Start planning early to save for taxes you will have to pay in retirement, and figure those into your retirement financial planning.

Consider a Roth IRA. Roth IRAs allow you to save while you are still working and receive a tax break during retirement. There are no required minimum distributions either.

An experienced Annapolis estate planning lawyer can help you understand all your options for estate planning. Experienced Estate Planning Attorney Seth B. Zirkle can discuss all your options and create a plan with you. **Contact Mr. Zirkle at [Hyatt & Weber, P.A. via email](#) or by calling 410-505-4553.**