A CONSUMER GUIDE · FROM THE FIDUCIARY POINT OF VIEW

Retirement Tax Planning — Is It for Me?

A Fiduciary's Guide to Advanced Tax Strategies for Retirees — and an honest answer to who actually needs them

BRUCE J. SMITH III · THE WEALTHKARE INVESTMENT CENTER · companion to *The Flat Fee Revolution*

First, the one idea under this whole series

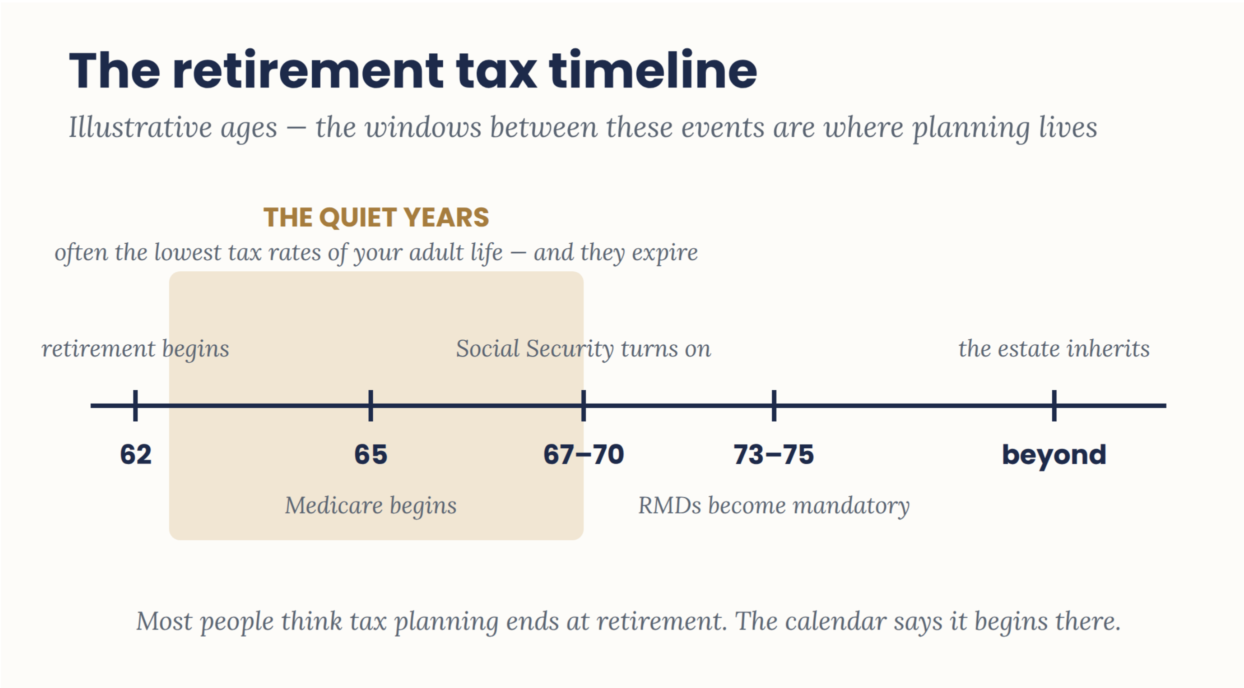
You worked your whole life trading *life for money* — by the hour or by the year. Retirement reverses the exchange: from here on, you trade *money for life*, and the job flips with it. While you worked, the right obsession was the wage — the most money for the life you traded. In retirement it is the **exchange rate** — the most life for the money you trade back — and that is a **cost** question. The industry aims your attention at earnings on money; this series aims it at the costs that quietly set your rate, because your capital can only compound on what the costs leave behind. This guide prices the largest *unmanaged* cost: taxes.

Tax preparation looks backward. Tax planning looks forward.

Every April, a good preparer figures out what you owe on the year that already happened. Nothing in that job description involves lowering what you will owe over the *next thirty years* — and for most retirees, nobody has ever been assigned that job. Your CPA reports the past. Your old employer's 401(k) statement never mentioned that a quarter or more of the balance may belong to the IRS. Retirement tax planning is the missing assignment: arranging **when** and **from where** you take income, over decades, so the total lifetime tax bill — yours and your heirs' — is smaller on purpose.

Who is talking: The WealthKare Investment Center is a fiduciary advisory firm that charges a disclosed flat fee for planning of exactly this kind — so we are not neutral about whether planning is valuable, and you should weigh what follows accordingly. What we can promise is the fiduciary's version: stated assumptions, checkable arithmetic, the honest case for *not* bothering — and nothing here replaces your CPA. Good planning works *with* the tax professional you already have.

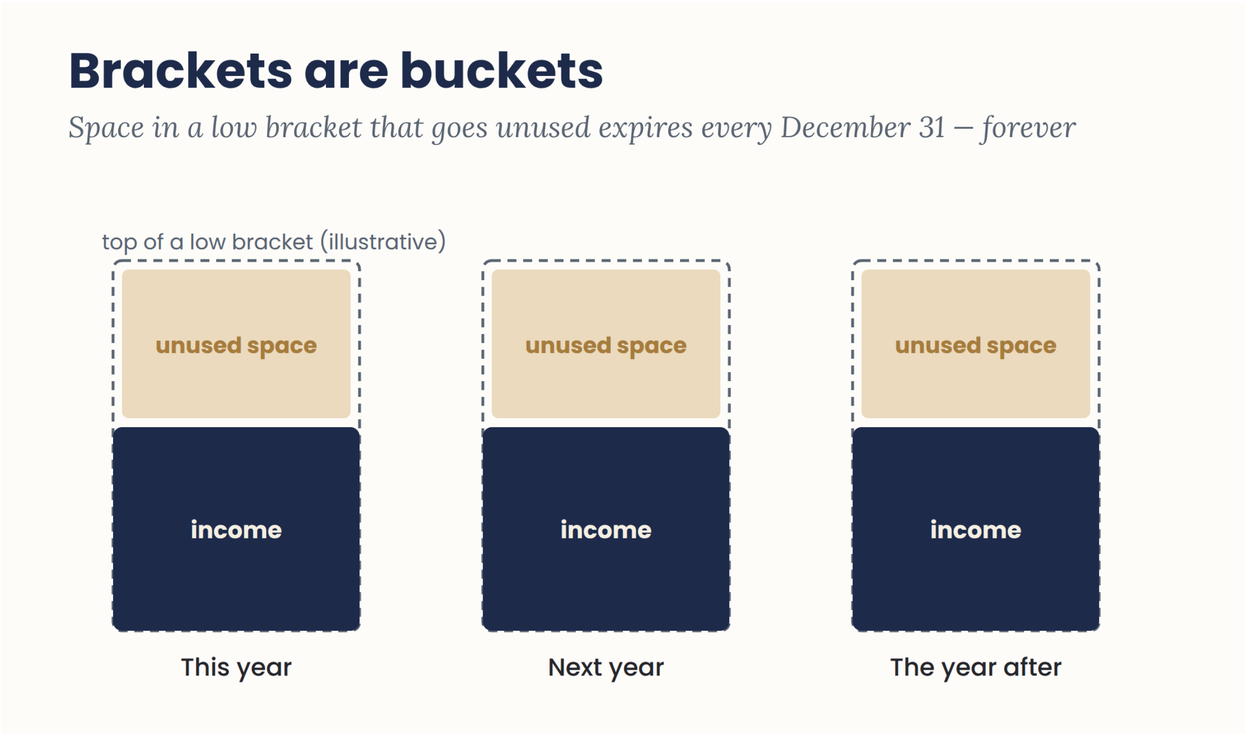
The window most retirees never notice



The quiet years — after the paycheck stops, before Social Security and required withdrawals begin — are often the lowest-tax years of your adult life. They are also temporary.

Between retirement and the year required minimum distributions begin (currently age 73, rising to 75 for younger retirees), many households sit in the lowest tax brackets they have seen since their twenties. Those years are the raw material of nearly every strategy in this guide: income deliberately *created* then — a Roth conversion, a harvested gain — is taxed at the low rates, instead of arriving later, stacked on top of Social Security and required withdrawals, at the high ones. Households that never look simply let the window close.

Brackets are buckets — the one picture behind everything



Illustrative brackets, not current tax tables. Unused space in a low bracket expires every December 31 — it cannot be saved for later.

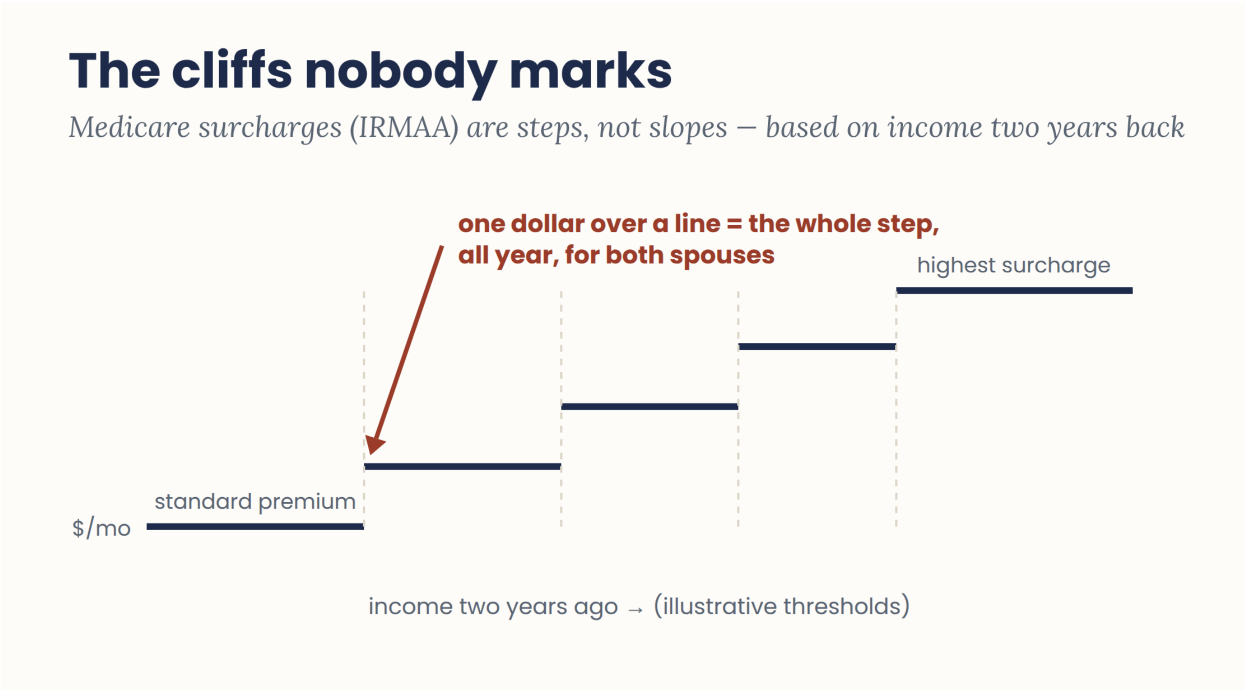
A tax bracket is not a penalty; it is a bucket with a price on it. Each year you get the cheap buckets again, and whatever space you do not use is gone at midnight on New Year's Eve. Filling the cheap space on purpose — and staying out of the expensive buckets and off the hidden cliffs — is the whole craft, restated eight ways below.

The strategies, honestly summarized

Strategy	The idea in one line	Honest caution
Bracket-filling Roth conversions	Move IRA money to a Roth during the quiet years, paying today's low rate instead of tomorrow's high one	Irreversible; the tax is due now, in cash; can raise Medicare premiums and Social Security taxation if overdone
Withdrawal sequencing	Which account you draw from first can change the lifetime tax bill without changing your spending	The "right" order depends on your mix; rules of thumb misfire
Social Security timing	Delaying benefits can shrink the "tax torpedo" — the zone where each IRA dollar drags benefit dollars into taxation	Health and longevity matter more than tax math alone
IRMAA awareness	Medicare surcharges are cliffs, not slopes — one dollar over a line raises both spouses' premiums all year, based on income two years back	Thresholds move; planning uses margins, not exact lines
Qualified charitable distributions	After 70½, giving straight from an IRA satisfies required withdrawals with money that never becomes taxable income	IRA-only, annual indexed limit, must go directly to charity
0% gain harvesting	In low-income years, long-term gains up to a threshold are taxed at zero — you can sell, pay nothing, and reset your cost basis	The gain still counts as income for other lines (like IRMAA)
Asset location	Put tax-noisy investments in sheltered accounts and quiet ones in taxable — same portfolio, smaller tax bill	Worth basis points, not miracles; don't let taxes drive the portfolio
Widow's & heir planning	The survivor files single at higher rates; children must usually empty an inherited IRA within ten years — often their peak-earning ten. Plan the accounts for who pays the tax last	Requires facing unpleasant subjects on purpose, early

Every one of these is arithmetic, not aggression. Nothing here is a shelter, a scheme, or a gray area — it is the boring, legal rearrangement of *when* income shows up, which happens to be where most of the money is.

The cliffs nobody marks



Illustrative thresholds, not current figures. Medicare's income-based surcharges step up in cliffs — and they are set by your tax return from two years earlier.

This chart is in the guide for one reason: it is the single most common expensive surprise we see. A one-time event — a property sale, a large withdrawal, an oversized conversion — can quietly step both spouses' Medicare premiums up for an entire year, two years later, when nobody remembers why. Planning does not mean never crossing a line. It means never crossing one *by accident*, *by a dollar*.

The honest case for doing nothing

Fiduciary means saying this part too. If your retirement income is modest — Social Security plus savings that keep you comfortably inside the lowest brackets — the strategies above may be worth little to you, and paying someone to perform them would be theater. If nearly everything you own is already in Roth or taxable accounts, the biggest levers are gone. And a Roth conversion done for its own sake, in the wrong year, at the wrong size, can genuinely make things worse: the tax is real, immediate, and irreversible, while the benefit is future and conditional. **Tax planning is not for everyone.** It is for households with meaningful pre-tax balances, a gap of years before required withdrawals, heirs in higher brackets, charitable intent, or several of these at once — and the way to find out is a one-time analysis, not a subscription to complexity.

> *The IRS has a plan for your retirement accounts. The only question is whether you have one too.*

Is it for me? A quick sorting test

- **Likely yes** — you hold $500,000 or more in pre-tax accounts (IRA/401(k)); you retired, or will retire, years before required withdrawals begin; your children out-earn you; you give to charity anyway; one spouse is much younger or in fragile health.
- **Likely no** — Social Security covers most of your spending; your savings are modest or already mostly Roth/taxable; the analysis would cost more than it could plausibly save.
- **Either way** — the answer is knowable. A few hours with your actual returns and balances settles it in dollars, before you commit to anything.

Six questions that sort tax advice quickly

- Have you projected my taxes over the next ten-plus years — or only prepared last year's return?
- What do the quiet years between my retirement and my required withdrawals look like — and what are they worth?
- If you recommend a Roth conversion, show me the bracket space it fills — and its effect on my Medicare premiums two years out.
- How does your compensation change based on what I decide to do?
- Will you put your analysis in writing, with the assumptions stated, so my CPA can check it?
- What would have to be true for "do nothing" to be your recommendation?

The last one is the whole guide in one line. A planner who cannot describe the client who *shouldn't* hire them is selling, not advising.

The bottom line

You spent thirty years earning the money and paying tax on your wages once. The accounts you saved it in carry a second, movable tax bill — and "movable" is the entire point. Moved carelessly or not at all, it lands at the worst rates: on top of required withdrawals, on a surviving spouse filing single, on children in their peak years. Moved deliberately, in low-tax windows, a dollar at a time below the lines that matter, it can shrink by six figures without a single aggressive step. Ask for the projection, insist on the stated assumptions, include your CPA — and then decide on purpose, whatever you decide.

The full argument — with the stories, the diagrams, and the math shown at book length — is *Retirement Tax Planning — Is It for Me?*, and the series companion is *The Flat Fee Revolution*. Other guides in this series: *Is Your Annuity Any Good?*, *Is an Annuity Right for You?*, and *What Does Your Advisor Really Cost?* · **InsideYourRetirement.com**

IMPORTANT DISCLOSURES

This guide is educational material, not individualized tax, investment, or legal advice, and not a recommendation of any strategy. All brackets, thresholds, rates, and dollar figures shown are simplified illustrative teaching numbers, **not current tax tables**; real brackets, deductions, surcharge thresholds, and rules change — often every year — and differ by state. Whether any technique described here (Roth conversions, qualified charitable distributions, gain harvesting, withdrawal sequencing, or anything else) suits a particular household depends on facts this guide cannot know; decisions should be made with your own numbers, current law, and a qualified tax professional. Roth conversions are generally irreversible and can affect taxation of Social Security benefits, Medicare premium surcharges, and other income-linked provisions. Qualified charitable distributions are available only from IRAs after age 70½, subject to an annual indexed limit, and must be paid directly to a qualified charity. Inherited-account rules vary by beneficiary type and date of death. State taxes are not addressed and can change outcomes materially.

The WealthKare Investment Center (WealthKare.com, Inc.) is an SEC-registered investment adviser; registration does not imply any particular level of skill or training. WealthKare's advisory services, including retirement tax planning, are offered for a disclosed flat fee, so WealthKare benefits if readers conclude such planning is valuable; weigh this guide accordingly. Insurance products may be offered through American Assets Financial Corp., an affiliated insurance entity, with commissions earned and disclosed; see WealthKare's Form ADV Part 2A at adviserinfo.sec.gov. WealthKare does not prepare tax returns and does not provide legal advice. Offices in Pennsylvania and Florida · 11898 Arrowhead Way, Mount Union, PA 17066 · 814-542-5433