

Tax-Savvy Strategies for Younger Investors

Taxes can take an enormous toll on your retirement savings. For investors aged 30 to 55, now is the time to begin proactive tax-efficient retirement planning.

Many ambitious young investors *think* they know the best ways to prepare for retirement: max out your IRA or 401(k), pay off your mortgage and use stocks for growth. “But are you investing in these traditional vehicles because it makes sense or because your neighbor is doing it? More than likely, you just don’t know what else to do,” says Chris Heerlein, a retirement advisor with REAP Financial.

For some investors, there might be a better way. In the new Required Minimum Distribution-Free retirement planning strategy (RMD-Free for short), REAP Financial is helping investors aged 30 to 55 take advantage of nontraditional, tax-free retirement vehicles.

“We’ve put together some unorthodox strategies that are geared toward those with a longer investment horizon,” Heerlein says. “Our hope is to remove much of the uncertainty surrounding how greatly taxes will impact your future.”

Why Taxes Matter

Most investors like the fact that the money invested into IRA and 401(k) accounts grows tax deferred, but here’s the catch: The amassed funds will be heavily taxed when withdrawals become mandatory at age 70½. Suddenly, that large nest egg is considerably smaller—and the repercussions aren’t always obvious until too late.

Heerlein puts it this way: “If you were a farmer, would you rather be taxed on your seed or your harvest? The seed, of course, because it’s the smaller number. However, everyone that signs up for a traditional IRA or 401(k) is inadvertently signing up to be taxed on the harvest.”

The goal of RMD-Free retirement planning is to help younger investors think outside the traditional IRA/401(k) box and become educated on other options.

“Today there are over 70,000 pages in the U.S. tax code,” cites Heerlein. “There are many options that can benefit investors if they only knew how to take advantage of them. Our strategies utilize the best tax leverage available under the tax code.”



To learn more about REAP Financial and the RMD-Free retirement planning strategies, tune into “Retire Ready with REAP Financial” Saturdays at 2 p.m. on News Radio KLBJ 590 AM and 99.7 FM and stay tuned for monthly educational workshop information.

Retire Smarter

Studies show that Millennials are better savers than their Baby Boomer predecessors, making them prime candidates for tax-efficient opportunities that can mitigate and even eliminate RMDs entirely.

The key is simply awareness.

“Saving for retirement is only half the battle. Withdrawing presents an entirely different set of challenges,” Heerlein reminds. “We want to lead investors on a path to maintain—not decrease—their lifestyle in retirement.”



Chris Heerlein,
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