THE ABOUT PODCAST | EPISODE 62

Your IRA, Your Taxes, Your Retirement

Making Smarter Decisions

Paying off your mortgage before retirement can feel like a fresh start. But if the money comes from a traditional IRA, that decision may bring a tax bill you did not expect.

EPISODE SUMMARY

Tax planning and tax preparation are not the same thing. Preparing a return reports what has already happened, while planning helps you consider your options before you make a financial decision. In this episode, Roy Hucke and Jeremy Scott use practical examples to explore how tax brackets work, what an effective tax rate tells you, and why taking a large amount from an IRA to pay off a mortgage deserves a closer look.

The conversation also covers Roth conversions, required minimum distributions, qualified charitable distributions, and how retirement income can affect Medicare premiums through income-related surcharges. They also discuss how the move from a joint return to a single return can change a surviving spouse's tax situation. The goal is to understand your options, consider the longer-term effects, and make informed choices that fit your circumstances.

KEY TOPICS & TAKEAWAYS

- Tax planning helps you consider financial decisions before it is time to prepare your return.
- Your highest tax bracket does not apply to every dollar of taxable income.
- A large IRA withdrawal to pay off a mortgage can have consequences beyond the mortgage itself.
- Retirement withdrawals and Roth conversions can be evaluated alongside the tax bracket space you have available.
- Retirement income decisions can affect Medicare premiums through income-related surcharges known as IRMAA.
- A move from a joint return to a single return can change a surviving spouse's tax situation, so it is worth planning ahead.

TIMESTAMPS

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RESOURCES & LINKS

- **IRS: Federal income tax rates and brackets**
  Official explanation of how federal tax brackets work
- **Medicare: Medicare costs**
  Guidance on Medicare premiums, including higher-income surcharges
- **IRS Publication 590-B**
  IRS guidance on IRA distributions and conversions
- **Listen to the full episode (Audio)**
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