

A PLAIN-ENGLISH GUIDE · 2026 EDITION

Tax-Smart Retirement Decisions

Rollovers, withdrawals, and beneficiary choices that
can shape what you keep, and what you leave behind.



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BEFORE YOU BEGIN

It is not what you have. It is what you keep.

For many retirees, the largest bills ahead are not housing or health care. They are taxes on money that has never been taxed: 401(k)s, IRAs, and deferred annuities.

The rules around those accounts reward people who plan and quietly penalize people who don't. A rollover done the wrong way, a withdrawal from the wrong account, or an outdated beneficiary form can cost real money.

This guide explains the decisions that matter most, in plain English. It is not tax advice. It is a way to walk into a conversation with your CPA or with me already knowing which questions to ask.



INSIDE THIS GUIDE

3 • Moving a workplace plan

4 • Withdrawals, RMDs, and Roth

5 • Annuities, heirs, and taxes

6 • Your account map

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Moving a workplace plan

When you retire or change jobs, your 401(k) or 403(b) can stay put, move to a new employer's plan, or roll to an IRA. Each path has trade-offs worth weighing first.

1 Move it directly, not by check

If the plan pays you, it generally must withhold 20% for taxes. To avoid tax on the full amount, you would need to deposit 100% into an IRA within 60 days, replacing the withheld 20% from other funds. A direct trustee-to-trustee transfer avoids the problem.

2 Know the age-55 rule

If you leave your employer in or after the year you turn 55, withdrawals from that employer's plan generally avoid the 10% additional tax. Roll the money to an IRA and that exception usually no longer applies until 59½.

3 Look for company stock

Highly appreciated employer stock may qualify for net unrealized appreciation (NUA) treatment, which can tax the growth at capital gains rates instead of ordinary income. The rules are strict; review them with your CPA before any money moves.

4 Compare protection and access

Employer plans generally carry strong federal creditor protection. IRA protection depends on federal bankruptcy rules and your state's laws. Weigh that alongside costs, choices, and access to after-tax money in the plan.

Withdrawals, RMDs, and Roth

Required minimum distributions

Pre-tax IRAs and most workplace plans require withdrawals to begin at a set age. Missing one can trigger a federal excise tax. Roth IRAs have no RMDs during the owner's lifetime.

IF YOU WERE BORN	RMD AGE
1951 – 1959	73
1960 or later	75

Which account to draw from first

The familiar order (taxable savings first, then pre-tax, then Roth) is a starting point, not a rule. In some years it can make sense to draw a measured amount from pre-tax accounts to use lower tax brackets before RMDs and Social Security push income higher.

Roth conversions

Converting pre-tax money to a Roth IRA means paying income tax now so that qualified withdrawals later are tax-free. It can be worth considering in lower-income years. Conversions raise this year's income, and five-year and pro-rata rules apply.

How Social Security is taxed

Up to 85% of benefits can be taxable, depending on "provisional income": roughly your other income plus half your benefits. Taxable withdrawals raise it; qualified Roth withdrawals do not.

Charitably inclined? From age 70½, a qualified charitable distribution sends IRA money directly to charity, up to an annual limit. It can count toward your RMD without adding to taxable income.

Annuities, heirs, and taxes

How annuity income is taxed

In a non-qualified annuity, growth is generally tax-deferred. Withdrawals typically come from earnings first and are taxed as ordinary income. When a contract is converted to lifetime payments, part of each payment is treated as a tax-free return of your original investment until it is recovered.

What your heirs inherit

Unlike many investments, an annuity's gain does not receive a step-up in cost basis at death; beneficiaries generally owe ordinary income tax on it. Most non-spouse beneficiaries of an IRA must empty the account within 10 years, while spouses and certain other beneficiaries have more flexible options.

Estate taxes in perspective

The federal estate tax exemption is \$15 million per person in 2026, so most families will not owe it. Income tax on inherited retirement accounts is often the larger issue. Some states impose their own estate or inheritance taxes.

REMEMBER

Your beneficiary forms outrank your will.

IRAs, 401(k)s, annuities, and life insurance pass by the name on file, whatever your will says.

REVIEW AFTER

- Marriage or divorce
- A birth or a death in the family
- Creating or updating a trust
- Moving to a new state

Your account map

List each retirement and investment account by how it is taxed. Tax type: Pre-tax, Roth, Taxable, or Annuity.

ACCOUNT	TAX TYPE	BALANCE	BENEFICIARY ON FILE	LAST REVIEWED

QUESTIONS TO BRING TO YOUR CPA, OR TO ME

- ☐ Which tax bracket am I likely in before and after RMDs begin?
- ☐ Are there years when a partial Roth conversion could make sense?
- ☐ How much of my Social Security is likely to be taxed?
- ☐ Do my beneficiary designations match my estate plan?

YOUR NEXT STEP

Let's plan to keep *more of what you've saved.*

A complimentary retirement review, coordinated with your tax professional.

01 · Book

Scan the code below or call to choose a time that works for you.

02 · Review

Bring your account map and recent tax return. Murrieta or by video.

03 · Coordinate

You receive a written summary to share with your CPA or attorney.



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