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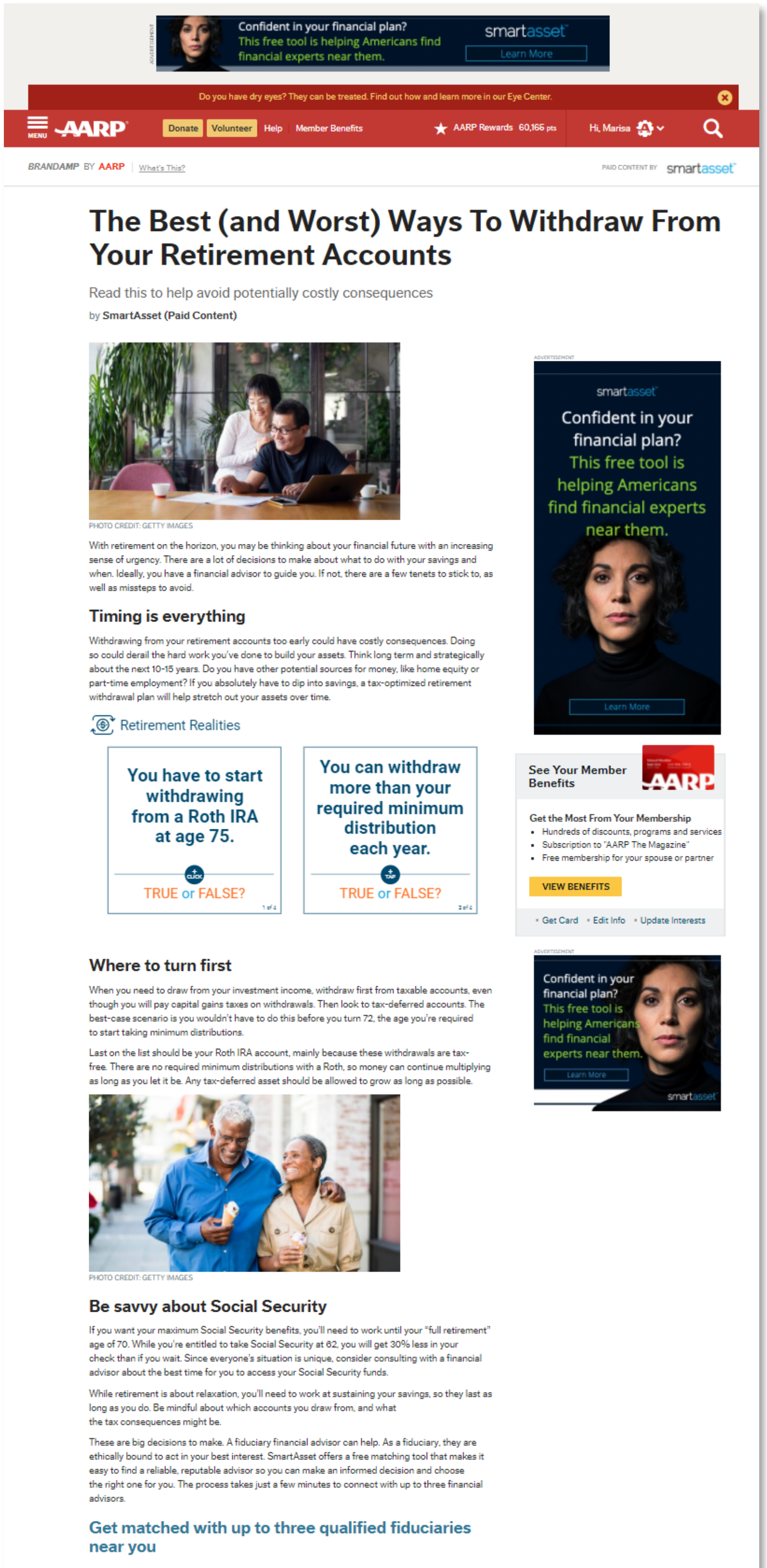

MENU AARP Donate Volunteer Help Member Benefits ★ AARP Rewards 60,166 pts Hi, Marisa

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The Best (and Worst) Ways To Withdraw From Your Retirement Accounts

Read this to help avoid potentially costly consequences

by **SmartAsset (Paid Content)**

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With retirement on the horizon, you may be thinking about your financial future with an increasing sense of urgency. There are a lot of decisions to make about what to do with your savings and when. Ideally, you have a financial advisor to guide you. If not, there are a few tenets to stick to, as well as missteps to avoid.

Timing is everything

Withdrawing from your retirement accounts too early could have costly consequences. Doing so could derail the hard work you've done to build your assets. Think long term and strategically about the next 10-15 years. Do you have other potential sources for money, like home equity or part-time employment? If you absolutely have to dip into savings, a tax-optimized retirement withdrawal plan will help stretch out your assets over time.

Retirement Realities

You have to start withdrawing from a Roth IRA at age 75.
CLICK
TRUE or FALSE?
1 of 4

You can withdraw more than your required minimum distribution each year.
TAP
TRUE or FALSE?
2 of 4

Where to turn first

When you need to draw from your investment income, withdraw first from taxable accounts, even though you will pay capital gains taxes on withdrawals. Then look to tax-deferred accounts. The best-case scenario is you wouldn't have to do this before you turn 72, the age you're required to start taking minimum distributions.

Last on the list should be your Roth IRA account, mainly because these withdrawals are tax-free. There are no required minimum distributions with a Roth, so money can continue multiplying as long as you let it be. Any tax-deferred asset should be allowed to grow as long as possible.

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Be savvy about Social Security

If you want your maximum Social Security benefits, you'll need to work until your "full retirement" age of 70. While you're entitled to take Social Security at 62, you will get 30% less in your check than if you wait. Since everyone's situation is unique, consider consulting with a financial advisor about the best time for you to access your Social Security funds.

While retirement is about relaxation, you'll need to work at sustaining your savings, so they last as long as you do. Be mindful about which accounts you draw from, and what the tax consequences might be.

These are big decisions to make. A fiduciary financial advisor can help. As a fiduciary, they are ethically bound to act in your best interest. SmartAsset offers a free matching tool that makes it easy to find a reliable, reputable advisor so you can make an informed decision and choose the right one for you. The process takes just a few minutes to connect with up to three financial advisors.

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