

Tax-Smart Retirement: The Playbook to help Keep More of What You've Earned

Our practical guide for pre-retirees and retirees to coordinate investments with the tax code.

If you're nearing retirement or have recently retired, taxes are no longer a once-a-year chore—they're one of the biggest levers you have to protect lifestyle, shrink future RMDs (required minimum distributions), and leave more to family or causes you love. This flagship guide lays out the core moves we use with clients to turn their tax return into a roadmap, coordinate investments with the tax code, and help keep more of every dollar working for them.

Step 1: Start with your tax return (it's a treasure map)

Before we recommend a single move, we read your most recent 1040 line by line. Where did income come from? Which brackets are you brushing up against? Are there credits or deductions you're missing? That analysis drives everything else—contribution choices, withdrawal sequencing, and the timing/size of Roth conversions.

Quick read: [A short note on why your tax return is the MVP of your financial plan \(LinkedIn\)](#)

Step 2: Place investments where they're taxed best (asset location)

Great portfolios don't live in just one type of account. We put tax-efficient holdings (like broad-market index funds) in taxable accounts that may benefit from long-term capital-gains rates and potential step-up for heirs, while placing tax-inefficient assets (like high-yield bonds) in Individual Retirement Accounts (IRAs) /401(k)s where the annual tax drag won't slow compounding. Same allocation—smarter after-tax results.

Step 3: Make volatility work for you (year-round tax-loss harvesting & direct indexing)

We review your portfolios across the year—not just in December—to harvest losses during pullbacks, immediately reinvesting in similar exposure to stay on plan. For larger, taxable portfolios, direct indexing can unlock more targeted loss-harvesting while tracking your chosen benchmark.

Step 4: Build a multi-year Roth conversion plan

Roth conversions are one of the cleanest ways to tame future RMDs. We design model your forward brackets to:

- Fill lower brackets in early retirement or other low-income years
- Spread conversions over several years to manage IRMAA (Income-Related Monthly Adjustment Amount) and other thresholds

- Create a tax-free “spending bucket” that gives you control later

Result: fewer forced, taxable withdrawals when you’re older—and more flexibility for both you and your heirs.

Note: If you’re still earning some income in retirement, a Backdoor Roth strategy can complement this multi-year plan. [Backdoor Roth basics \(LinkedIn\)](#)

Step 5: Sequence withdrawals with intention

Which dollars you spend—and when—matters. We typically draw from cash reserves and high-basis taxable assets first to preserve bracket space for future Roth conversions, then layer in IRA distributions strategically. We coordinate this with Social Security and pension decisions to smooth your lifetime tax bill rather than “spiking” it.

Step 6: Use accounts and giving vehicles that stack the odds

- HSAs (Health Savings Accounts) (if eligible): deductible in, tax-free growth, tax-free out for qualified medical expenses—“triple tax-advantaged.”
- QCDs (Qualified Charitable Distributions) (70½+): give directly from an IRA to charity to satisfy all or part of an RMD without increasing AGI.
- Donor-Advised Funds: bunch several years of giving into a high-income year, then grant over time.

Step 7: Plan ahead for RMDs—so they don’t plan your life

We plan for your future RMDs now. If the projection looks chunky, we’ll chip away with Roth conversions, coordinate QCDs, and right-size your taxable income to avoid bracket creep and Medicare surcharges later.

Step 8: Manage brackets across years (not just this April)

Think stair-steps, not cliffs. In some years we intentionally realize income (conversions, capital gains) to the top of a chosen bracket; in others we defer or offset income to avoid needless spillover. Your plan adapts as markets and life change.

Step 9: Keep learning, keep iterating

We revisit your plan at least annually (and after major life events) to reflect tax-law updates, market shifts, and your goals. Our culture: ask better questions, coordinate tightly with your CPA, and keep the plan simple enough to live with.

What we help with (at a glance)

This guide ties directly to the areas clients ask us for most:

- Retirement Income Planning: Personalized income plans, tax-smart withdrawal strategies, coordinated Social Security & pension decisions, healthcare & long-term care planning, managing investment risk in retirement, and adjusting your plan as life evolves.
- Investment Planning: Long-term strategies aligned to your goals, portfolios built around your risk tolerance and time horizon, ongoing review & rebalancing as needed, direct indexing where appropriate, portfolio design with giving in mind, and full alignment with your taxes & income needs.
- Small-Business Solutions (for owners): 401(k)/Cash Balance plan design (including Safe Harbor and Roth features), accountable plans and deductions, SECURE 2.0 tax credits for new plans, and succession/exit planning that coordinates with your personal retirement roadmap. For a quick comparison of popular plan types, see our mini white paper: [Solo 401\(k\) vs. SEP IRA](#)

How this plays out in real life

A couple in their early 60s wants to retire at 64. We use their last two returns to set a MAGI (Modified Adjusted Gross Income) target, build a four-year Roth conversion schedule to the top of a chosen bracket, sequence withdrawals from taxable accounts first, and coordinate QCDs once RMDs begin. Their projected lifetime taxes drop, their RMDs shrink, and their heirs inherit a cleaner mix of Roth and stepped-up taxable assets.

This is a hypothetical example for illustration purposes only. Actual investor results will vary.

Ready to put this to work?

If you're a pre-retiree or retiree who wants a personalized Roth conversion game plan—coordinated with your income, investments, RMDs, and estate planning wishes—let's talk. We'll review your tax return together and map a step-by-step plan designed to help keep more of your hard-earned wealth.

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Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation.

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