Black Oak
asset management

A GUIDE TO YOUR FINANCIAL FREEDOM

YOUR RETIREMENT PLAYBOOK

HITTING A HOME RUN IN RETIREMENT

Welcome to your retirement playbook. Just like a baseball team prepares for the season with a well-thought-out strategy, this guide will help you with the **essential steps to maximize your savings, minimize taxes, and prepare for a successful retirement.**

We'll cover key financial strategies, including maximizing 401(k) contributions, understanding Roth conversions, navigating RMDs, and optimizing your tax planning for 2025. Think of this as your coaching guide to help you hit a home run in retirement. (See our companion guide: Embrace a Purpose-Driven Retirement.) **But, first, let's start with a simple quiz to assess your retirement readiness.**

SCORECARD QUESTIONS	YES	NO	NOT SURE
Are you maximizing your 401(k) contributions and employer match?	◇	◇	◇
Have you explored the benefits of a Roth IRA conversion?	◇	◇	◇
Do you understand "Required Minimum Distributions" and how to avoid penalties?	◇	◇	◇
Do you have a strategy to optimize your taxes in retirement?	◇	◇	◇
Are you incorporating charitable giving into your retirement plan?	◇	◇	◇

✓ MOSTLY YES ANSWERS?

Congratulations, you're on track for a grand slam retirement! But even if you scored high, this playbook is still packed with valuable insights to help you fine-tune your strategy — and offers great tips that you can share with friends and family.

✕ MOSTLY NO OR NOT SURE?

Don't worry, this playbook will guide you through every step of the game — from maximizing your savings to minimizing your taxes.

→ LET'S GET STARTED!

FIRST AT BAT: YOUR 401K CONTRIBUTIONS

Imagine your 401(k) contributions as your home runs, driving you closer to your retirement goals. In this section, we'll focus on maximizing your contributions and understanding the tax advantages of both traditional and Roth 401(k) plans. *(For more tips, listen to our podcast on The Top 401(k) FAQs in 2024.)*

TRADITIONAL 401(K)

- **Contribution Limits:** For 2024, you can contribute up to $22,500 as an employee. If you're 50 or older, you can make an additional catch-up contribution of $7,500, for a total of $30,000. These limits are subject to change, so it's important to stay updated.
- **Tax Deductions:** Contributions to a traditional 401(k) are made pre-tax, which means they reduce your taxable income for the year. This can lead to significant tax savings, especially if you're in a higher tax bracket.
- **Employer Matching:** Many employers offer matching contributions to your 401(k). This is essentially free money! Be sure to contribute enough to get the full match, as it can significantly boost your retirement savings.

MAXIMIZE YOUR 401(K) CONTRIBUTIONS — IT'S LIKE HITTING HOME RUNS THAT BRING YOU CLOSER TO A COMFORTABLE RETIREMENT.

ROTH 401(K)

- **Tax-Free Growth:** With a Roth 401(k), your contributions are made after-tax, but qualified withdrawals in retirement are tax-free. This can be a major advantage if you expect to be in a higher tax bracket in retirement.
- **Contribution Limits:** The same contribution limits apply to both traditional and Roth 401(k)s ($22,500, or $30,000 with the catch-up contribution for those 50 and over).
- **When it Makes Sense:** A Roth 401(k) might be a better choice if you anticipate being in a higher tax bracket in retirement, prefer tax-free withdrawals, or want more flexibility in managing your taxes in retirement.

SOLO 401(K) FOR ENTREPRENEURS

- **Double the Contribution:** As a solo entrepreneur, you can contribute both as an employee and an employer. As an employee, you can contribute up to $22,500 (or $30,000 with the catch-up). As an employer, you can contribute up to 25% of your net adjusted self-employed income. The combined total contribution cannot exceed $66,000 in 2024.
- **Flexibility:** You can choose to make contributions to both traditional and Roth accounts within your Solo 401(k), giving you greater flexibility in managing your taxes.
- **Investment Options:** Solo 401(k)s typically offer a wide range of investment options, including stocks, bonds, mutual funds, and ETFs.

SECOND INNING: CONVERTING TO A ROTH IRA

In the second inning, it's time to consider a power move: converting to a Roth IRA. This strategic decision can potentially reduce your future tax burden and set you up for tax-free income in retirement. We'll discuss the benefits of converting traditional retirement accounts to Roth IRAs and who it's right for, as well as how to manage the tax implications of a conversion.

BENEFITS OF ROTH IRA

- **Tax-Free Withdrawals:** Qualified withdrawals from a Roth IRA in retirement are completely tax-free, meaning you won't owe any taxes on the growth or principal.
- **No RMDs:** Unlike traditional IRAs, Roth IRAs are not subject to required minimum distributions (RMDs) during your lifetime.
- **Estate Planning:** Roth IRAs can be a valuable tool for estate planning, allowing you to pass on tax-free wealth to your beneficiaries.

IS A ROTH CONVERSION RIGHT FOR YOU?

- **Current vs. Future Tax Brackets:** If you anticipate being in a higher tax bracket in retirement, a Roth conversion might make sense. You'll pay taxes on the conversion now, but your withdrawals will be tax-free later.
- **Time Horizon:** The longer your time horizon until retirement, the more potential there is for tax-free growth within a Roth IRA.
- **Managing Tax Liability:** It's important to consider the tax implications of a Roth conversion. You may want to spread the conversion over several years to minimize the impact on your current tax bracket.

CLEANUP HITTER: NAVIGATING THE RMDs

Just like the team relies on a cleanup hitter to drive in runs, you need a solid, dependable plan for generating income in retirement. This section provides a clear overview of Required Minimum Distributions (RMDs), including deadlines, common mistakes, and tax-efficient withdrawal strategies. We'll also discuss how to estimate your RMDs and develop a personalized withdrawal plan to make sure your retirement savings last.

RMD BASICS

- **What are RMDs?** RMDs are designed to ensure that you eventually withdraw the money you've saved in tax-deferred retirement accounts and pay taxes on it.
- **When do they start?** Currently, RMDs begin at age 73. However, the SECURE Act 2.0 gradually increases this age to 75 by 2033.
- **Which accounts?** Traditional IRAs, 401(k)s, 403(b)s, and other tax-deferred retirement accounts are subject to RMDs. Roth IRAs are not.

COMMON RMD MISTAKES

- **Missing the Deadline:** You must take your first required minimum distribution for the year in which you reach age 72 (73 if you reach age 72 after December 31, 2022). However, you can delay taking the first RMD until April 1 of the following year. If you reached age 72 in 2023, your first RMD for 2024 (the year you reach 73) is due by April 1, 2025. If an account owner fails to withdraw the full amount of the RMD by the due date, the amount not withdrawn is subject to a 50% excise tax. SECURE 2.0 Act drops the excise tax rate to 25%; possibly 10% if the RMD is timely corrected within two years.
- **Incorrect Calculation:** Calculating your RMD can be complex, especially if you have multiple retirement accounts. Use the IRS worksheets or consult a financial advisor to ensure accuracy.
- **Withdrawing From the Wrong Account:** If you have multiple retirement accounts, you can generally aggregate your RMDs and take the total amount from any combination of those accounts. However, there are specific rules for inherited IRAs and other unique situations.

TAX-EFFICIENT WITHDRAWAL STRATEGIES

- **Strategic Withdrawals:** If you have multiple retirement accounts, consider withdrawing from the account with the lowest tax implications first.
- **Qualified Charitable Distributions (QCDs):** If you're 70½ or older, you can donate up to $100,000/year directly from your IRA to a qualified charity. This donation counts towards your RMD and is excluded from your taxable income.
- **Roth Conversions:** Converting a portion of your traditional IRA to a Roth IRA can reduce your future RMDs, as Roth IRAs are not subject to RMDs during your lifetime.

SEVENTH-INNING STRETCH: CHARITABLE GIVING STRATEGIES

It's the seventh-inning stretch—time to think beyond the game and consider how you can make a difference. This section explores charitable giving strategies that allow you to support causes you care about while also maximizing tax benefits. We'll cover donor-advised funds, qualified charitable distributions (QCDs), and other options to help you align your philanthropic goals with your financial plan.

BENEFITS OF CHARITABLE GIVING

- **Tax Deductions:** You can generally deduct charitable donations up to a certain percentage of your adjusted gross income (AGI). This can reduce your tax liability and free up more funds for giving.
- **Making a Difference:** Supporting causes you care about can bring a sense of purpose and fulfillment.
- **Leaving a Legacy:** Charitable giving can be a meaningful way to leave a lasting impact on the world.

DISCOVER HOW STRATEGIC GIVING CAN SUPPORT YOUR FAVORITE CAUSES AND BOOST YOUR TAX BENEFITS.

CHARITABLE GIVING STRATEGIES

- **Donor-Advised Funds (DAFs):** A DAF is like a charitable investment account. You contribute to the fund, receive an immediate tax deduction, and then recommend grants to your favorite charities over time.
- **Qualified Charitable Distributions (QCDs):** If you're 70½ or older, you can donate up to $100,000/year directly from your IRA to a qualified charity. This donation is excluded from your taxable income and counts toward your RMD.
- **Charitable Trusts:** A charitable trust is a more complex giving strategy that can provide ongoing support for charities and potential tax benefits for you and your beneficiaries.

		Impact on Charitable Organization		Tax Benefits			
	Pays You Income	Immediate Impact	Impact After Your Lifetime	Potential Income Tax Benefits	Future Income Tax Benefits	Capital Gains Tax Benefits	Additional Benefits
Outright Gift of Cash		✓		✓			Support a nonprofit's mission in the easiest way
Outright Gift of Securities		✓		✓		✓	Provide an immediate benefit to a nonprofit
Outright Gift of Personal Property		✓		✓		✓	Make a significant gift today without adversely affecting your cash flow
Gift of Life Insurance		✓		✓	✓		Make a larger gift than you thought possible
Gift of Real Estate		✓		✓		✓	Improve your cash flow by not having to pay real estate taxes, maintenance, and insurance
Charitable Lead Trust		✓		✓			Support a nonprofit now and provide for your loved ones in the future
Gift in Your Will or Trust			✓				Make a flexible gift
Gift of Retirement Plan Assets			✓				Allow less heavily taxes assets to be passed to loved ones
Retained Life Estate			✓	✓			Have lifetime use of residence
Donor Advised Funds		✓		✓			Enjoy centralized giving and record-keeping
Charitable Remainder Trusts	✓		✓	✓		✓	Use appreciated assets to maximize your tax benefits
Charitable Gift Annuity	✓		✓	✓	✓	✓	Receive fixed payments for life

A GRAND SLAM STRATEGY FOR TAX PLANNING IN 2025

As the game comes to an end, it's time to bring in your closer — a solid tax planning strategy. This section will help you prepare for the upcoming tax year with strategies to lower your 2024 taxes and optimize your financial position for 2025. We'll cover key year-end strategies, including tax bracket optimization, deductions, and maximizing tax-efficient investments.

YEAR-END TAX PLANNING STRATEGIES

- **Tax-Loss Harvesting:** If you have investments that have lost value, consider selling them to realize a capital loss. You can use them to offset both your investment gains and ordinary income up to $3,000.
- **Maximizing Deductions:** Make sure you're taking advantage of all eligible deductions, such as deductions for charitable donations, medical expenses, and state and local taxes (where applicable).
- **Filing Status:** Understand the implications of each status before making a decision. For example, married couples often benefit from filing jointly as it usually results in a higher standard deduction and lower tax bracket compared to filing separately.
- **Tax Bracket Optimization:** If you're close to the next higher tax bracket, consider strategies to reduce your taxable income, such as deferring income to the next year or accelerating deductions into the current year. This can help you avoid a higher tax liability.
- **Retirement Contributions:** Maximize contributions to your 401(k), 403(b), or traditional IRA to reduce your taxable income for the year. If eligible, consider contributing to a Roth IRA for tax-free growth and withdrawals in retirement.
- **Year-End Giving:** If you plan to make charitable donations, consider doing so before the end of the year to claim the deduction on your 2024 tax return.
- **Review Your Withholding:** Ensure your employer is withholding the correct amount of taxes from your paycheck. Adjust your withholding if necessary to avoid a large tax bill or a small refund.
- **Estate Planning:** Review your estate plan to ensure it's up-to-date and aligned with your current financial situation and goals. *(See our companion guide: Estate Planning Essentials: Creating a Legacy of Financial Stewardship)*

LET'S SWING FOR THE FENCES!

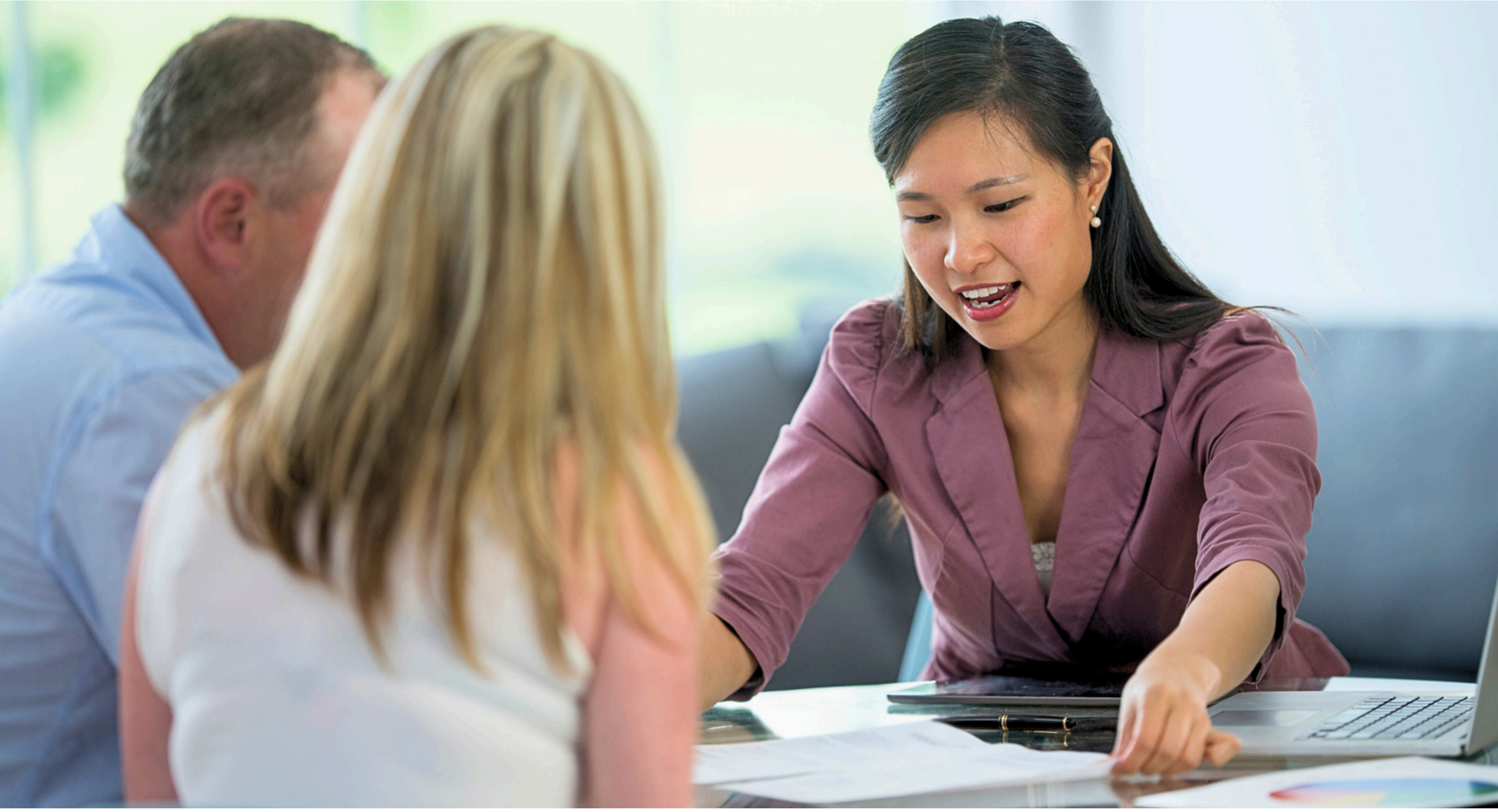
This planning guide lays out the strategies needed to hit a home run in retirement. But just like baseball, even the best players need a good coach in their corner.

At Black Oak Asset Management, the team takes a coaching approach to financial planning. Our CEO Ryan Ledden was drafted to play professional baseball right out of high school and has seen firsthand how quickly a "big league" paycheck can disappear without the right guidance. That's one of the reasons he founded Black Oak with a team of experienced advisors, many of whom are former educators who take this "coach-approach" to financial planning.

IN THE GAME OF RETIREMENT PLANNING, A WELL-PREPARED BATTER ALWAYS HAS THE ADVANTAGE.

Whether you're looking to maximize your 401(k), explore Roth conversions, or navigate RMDs, we'll work with you to break down complex concepts and create a personalized roadmap that **aligns with your unique goals and values.** Don't wait until the bottom of the ninth!

→ CONTACT BLACK OAK ASSET MANAGEMENT TODAY FOR A COMPLIMENTARY CONSULTATION.



Black Oak asset management

OUR MISSION

GET STARTED WITH US TODAY

Our mission is to **empower you** to align your financial goals seamlessly with your deepest values, helping you be **free to live life** as you feel called. Your financial plan becomes a reflection of your beliefs, allowing you to thrive financially while staying true to what matters most.

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