



# SECURING YOUR NEST EGG: MASTERING YOUR RETIREMENT INVESTMENT BUCKETS

Here's how you can leverage tax-deferred, tax-free and tax-managed accounts for your future.

Let's dive deeper into the fascinating world of retirement planning. Using the analogy of building a sturdy, reliable birdhouse to guide you with your nest egg, we will navigate the intricate choices of investment vehicles. By understanding the characteristics and benefits of tax-free, tax-deferred, and tax-managed accounts, you'll be equipped to make more informed decisions about your financial future. So, let's roll up our sleeves and start crafting your financial sanctuary.

**Jason Noble, CFP®**, RICP®

PRIME CAPITAL INVESTMENT ADVISORS, LLC

**850 Morrison Yard, Suite 450, Charleston, SC 29403**

**(843) 743-2926 | [jnoble@pciawealth.com](mailto:jnoble@pciawealth.com)**

**PCIACHARLESTON.COM**

**Andy Merchant, Partner** | Managing Director

PRIME CAPITAL INVESTMENT ADVISORS, LLC

**801 E Douglas, STE 100, Wichita, KS 67202**

**(Direct) (316) 669-9413 | [amerchant@pciawealth.com](mailto:amerchant@pciawealth.com)**

**PCIAWICHITA.COM**

This information does not constitute legal or tax advice. PCIA and its associates do not provide legal or tax advice. Individuals should consult with an attorney or professional specializing in the fields of legal, tax, or accounting regarding the applicability of this information for their situations.

Advisory products and services offered by Investment Adviser Representatives through Prime Capital Investment Advisors, LLC ("PCIA"), a federally registered investment adviser. PCIA: 6201 College Blvd., Suite 150, Overland Park, KS 66211. PCIA doing business as Prime Capital Wealth Management ("PCWM") and Qualified Plan Advisors ("QPA"). Certain services may be provided by affiliates of PCIA.

051024008 JG

## Before we get our hands dirty, let's lay down the groundwork by defining the three main types of investment accounts you'll encounter on your journey to retirement:

- 1) TAX-DEFERRED (THE NAIL):** Much like a nail secures two pieces of wood together firmly, tax-deferred accounts like 401(k)s and traditional IRAs offer a solid commitment to your retirement savings, allowing them to grow without being taxed until you make withdrawals. However, this comes with less flexibility, as early withdrawals can result in penalties and taxes, making it a commitment that's not easily altered.
- 2) TAX-FREE (THE SCREW):** Roth IRAs and Roth 401(k)s represent the screw in our birdhouse analogy. While it takes a bit more effort upfront to twist the screw into place (since contributions are made with after-tax dollars), the advantage lies in the flexibility it offers. You can adjust, tighten, or even replace it without incurring taxes on withdrawals, provided certain conditions are met. This flexibility is a boon for those who anticipate being in a higher tax bracket in retirement or who seek tax diversification.
- 3) TAX-MANAGED (THE GLUE):** Brokerage accounts fall under the tax-managed category. Just like glue, they offer the most flexibility for short-term adjustments. While these accounts don't offer the same upfront tax benefits as their counterparts, they are subject to capital gains taxes, which can be more favorable than regular income taxes. This flexibility allows for strategic tax planning, such as harvesting losses to offset gains.



## CRAFTING YOUR FINANCIAL BIRDHOUSE: BENEFITS AND RULES

Now that we've identified our tools, let's explore how each can be used effectively to build your retirement strategy:

- **TAX-DEFERRED ACCOUNTS:** These accounts are particularly beneficial for individuals in higher tax brackets during their working years, as contributions can reduce taxable income. However, it's important to note the rules surrounding RMDs (Required Minimum Distributions) and the penalties for early withdrawal.
- **TAX-FREE ACCOUNTS:** The allure of tax-free growth and withdrawals is strong, especially for those who believe their tax rates in retirement will be higher than their current rates. Contributions don't reduce your taxable income today, but the promise of tax-free income in retirement can be quite powerful. Remember, though, contributions are limited, and rules must be followed to qualify for tax-free withdrawals.
- **TAX-MANAGED ACCOUNTS:** The flexibility of tax-managed accounts makes them ideal for those who value having control over their investment choices and tax planning strategies. They allow for timing capital gains and losses to manage tax implications better. While they don't offer the same tax advantages upfront, their flexibility in handling investments can be a critical component of a well-rounded retirement strategy.

## THE CALL TO ACTION: AUDIT YOUR INVESTMENT BUCKETS

With our birdhouse analogy in mind, consider the composition of your retirement portfolio. Do you have a balance between tax-deferred, tax-free, and tax-managed investments? An overconcentration in one type of account could lead to unnecessary tax burdens or missed opportunities for growth.

We encourage you to take a closer look at your total assets across these buckets, noting any areas where you might be over or under-concentrated. A well-diversified tax strategy can be as crucial to your financial health as a diversified investment strategy.

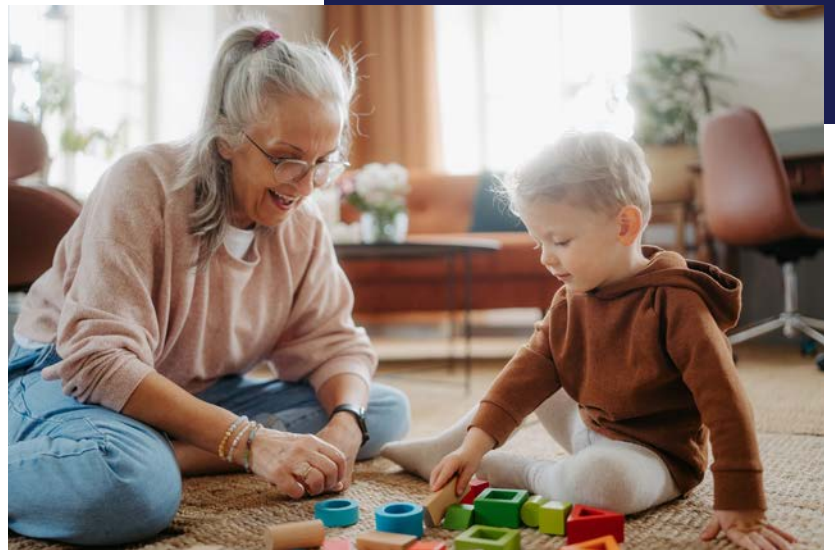
## SEEKING PROFESSIONAL GUIDANCE

Just as building the perfect birdhouse can be a complex task requiring precision and foresight, so too is crafting your ideal retirement strategy. For personalized advice and to ensure your long-term bucket allocation aligns with your financial goals, consider reaching out to a financial advisor.

ClearPictureFinancial.com offers comprehensive reviews of your retirement planning strategy, aiding you to align your financial strategies with your financial objectives. In doing this review we can help make your nest egg as welcoming as the birdhouse in our analogy. Don't hesitate to contact them for a review of your long-term bucket allocation and to make sure your retirement planning is consistent with your financial objectives.

## IN CONCLUSION: BUILDING YOUR FINANCIAL SANCTUARY

Remember, the journey to retirement is much like building a birdhouse. It requires the right tools, a solid plan, and a bit of elbow grease. By understanding the benefits and rules of tax-free, tax-deferred, and tax-managed accounts, you're well on your way to creating a retirement strategy that's as sound and reliable as the sanctuary you're looking to build. With the right balance and strategic planning, you can look forward to a retirement that's tailored perfectly to your needs and aspirations.



If you're ready to get started, or if you're looking for a second opinion on your current strategy, remember, ClearPictureFinancial.com is here to help with the complexities of retirement planning while keeping your financial goals in focus.

Contact Andy Merchant at PCIA Wichita at (316) 669-9413 or [amerchant@pciawealth.com](mailto:amerchant@pciawealth.com), and Jason Noble at PCIA Charleston at (843) 743-2926 or [jnoble@pciawealth.com](mailto:jnoble@pciawealth.com).