

Calculation of taxes on distributions from traditional IRAs vs Roth IRAs

Joe. Single filer over age 65. \$40,000 Social Security benefit.
\$6,500 of dividends. \$5,000 is qualified for capital gains tax.
\$5,000 of other income from a pension.
Taps his nestegg and sells securities in his taxable account.

| Amount from Traditional IRA | Gain from Sale of Stock | Tax rate on amount distributed |
|--------------------------------|----------------------------|-----------------------------------|
| \$45,000 | \$10,000 | 29% |
| \$45,000 | \$15,000 | 29% |
| \$60,000 | \$10,000 | 27% |
| \$60,000 | \$15,000 | 27% |
| \$80,000 | \$10,000 | 26% |
| \$80,000 | \$15,000 | 27% |

Herb and Sue. Married, joint filers. Both over age 65. \$75,000 Social Security benefit.
\$10,000 of dividends. \$8,000 is qualified for capital gains tax.
\$5,000 of other income from a pension.
Tap their nestegg and sell securities in their taxable account.

| Amount from Traditional IRA | Gain from Sale of Stock | Tax rate on amount distributed |
|--------------------------------|----------------------------|-----------------------------------|
| \$60,000 | \$10,000 | 24% |
| \$60,000 | \$20,000 | 26% |
| \$80,000 | \$15,000 | 25% |
| \$80,000 | \$25,000 | 26% |
| \$120,000 | \$20,000 | 26% |
| \$120,000 | \$30,000 | 26% |
| \$160,000 | \$20,000 | 25% |
| \$160,000 | \$35,000 | 26% |