

Joe: Distributes \$45,000 from Roth

Case 1. Distribute \$45,000 from Roth IRA and sell \$30,000 of stocks in taxable account

<u>Joe's Tax Return</u>	Tax Rate		Display on his 1040
	Ordinary	Cap Gains	
Dividends	1,500	5,000	6,500
IRA distributions			-
Other pension income	5,000		5,000
Taxable Social Security	10,875		10,875
LT Capital gain		15,000	15,000
Adjusted Gross Income	17,375	20,000	37,375
Standard Deduction	(16,150)		(16,150)
Taxable Income	1,225	20,000	21,225
Tax	123	-	123

Capital gains rate is 0% if taxable income is less than \$47,025
 AGI est. tripwire for IRMAA \$105,000

Joe's Cash Flow*

IRA Distributions - Roth	45,000
Other pension income	5,000
Social Security benefits	40,000
Less base Medicare, Part B	(2,165)
Proceeds from sales of stock	30,000
Taxes	(123)
Net for spending	117,712
~ per month	9,800

* I assume all dividends are reinvested

Portion of Social Security that is taxed

Single Filer

1 SS Benefits, gross	40,000		
Memo: 85%	34,000		
2 Half	20,000		
3a Other income (excl 3c) taxed at Ordinary Rates	1,500		
3b All income taxed at Capital Gains Rates	20,000		
3c Distributions from traditional, pre-tax IRA	-		
3 Total income other than Social Security	21,500		
5 "Combined Income"	41,500		
6 Base for Single filer	25,000		
10 Combined Income Less Base	16,500	Amount subject to tax	
11 First increment up to 9,000	9,000	50%	4,500
12 Balance	7,500	85%	6,375
			10,875

2024 Tax Table for Ordinary Taxable Income
 (not Cap Gains income)

Single filer 2024:

ordinary income after Std or Itemized Deduction

Start of Bracket	Top of Bracket	Tax at Start of Bracket	Rate in Bracket
\$0	\$11,600	\$0	10%
\$11,601	\$47,150	\$1,160	12%
\$47,151	\$100,525	\$5,426	22%
\$100,526	\$191,950	\$17,169	24%
\$191,951	\$243,725	\$39,111	32%
\$243,726	\$609,350	\$55,679	35%
\$609,351	upward	\$183,647	37%

Taxable SS 10,875
 Percent Taxable 27.2%