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The Most Common Tax Traps in Retirement — and How to Avoid Them

A little strategic planning will help your money go farther in retirement.

By Suzanne Woolley
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Millions of Americans spend decades saving for retirement only to trip over tax bills at the finish line.

The shift from earning a paycheck to living off savings creates a new problem: figuring out how to turn assets into income without handing more than necessary to the IRS. A March survey by the Allianz Center for the Future of Retirement found 70% of respondents worried about taxes on retirement income, up from 66% in the previous quarter, with Gen X particularly concerned about future tax increases on withdrawals from 401(k)s and IRAs. The oldest members of that generation are quickly approaching the age when they can start receiving Social Security benefits.