How to decumulate without getting fleeced by the tax man

By Editorial Staff *Fri, May 5, 2017*

Investors are often advised to exhaust one retirement account at a time, starting with tax-deferred accounts and moving to tax-exempt accounts. That's not a good strategy, according to decumulation gurus Bill Meyer and Bill Reichenstein.

Conventional wisdom around tax-efficient retirement withdrawals is wrong, according to retirement planning experts William Reichenstein and William Meyer, two Social Security claiming gurus who claim there's a better way to create income from retirement savings.

Reichenstein and Meyer, principal and CEO, respectively, of **Retiree Income**, published their recommendations recently in an article entitled, "**How to Beat the Conventional Wisdom: Part 1**" in *Financial Advisor* magazine.

"These strategies provide greater tax efficiency, creating six or more years" of portfolio longevity compared with a conventional strategy, Meyer said.

Investors are often advised to exhaust one retirement account at a time, starting with tax-deferred accounts and moving to tax-exempt accounts. In research published in 2015 in *The **Financial Analysts Journal***, Meyer and Reichenstein suggest otherwise.

The most tax-efficient strategies, they write:

- Recognize the impact of progressive tax rates
- Call for withdrawals from multiple accounts concurrently
- Use Roth conversions
- Take advantage of years when the investor has lower marginal tax rates

Retiree Income produces retirement income planning software for both financial professionals and consumers that applies these principles to decumulation from taxable and tax-deferred accounts.

Meyer has developed products and services in executive leadership roles at H&R Block, Advisor Software and Charles Schwab. Reichenstein, CFA, holds the Pat and Thomas R. Powers Chair in Investment Management at Baylor University.

He is the author of *In the Presence of Taxes: Applications of After-Tax Asset Valuations* (FPA Press, 2008), and coauthored with William Jennings *Integrating Investments & the Tax Code* (John Wiley & Sons (2003).