[YEAR] · TAXATION GUIDE TO WITHDRAWALS & INCOME SOURCES

StatonWalsh
Financial Clarity Through Transparency

HOW DOES THIS TYPE OF INCOME GET TAXED?	TYPE OF TAXATION					
	Federal Tax (ordinary income)	Federal Tax (LTCG rates)	State Tax (if applicable)	Potential 3.8% NIIT	Early/Non-Qualified Withdrawal Penalty	AGI Sensitivity
TAXABLE ACCOUNTS						
LTCGs		+	+	+		+
STCGs	+		+	+		+
Ordinary Dividends	+		+	+		+
Qualified Dividends		+	+	+		+
Interest	+		+	+	+[1]	+
Municipal Bonds			Same state: No Different state: Yes			
Treasury Securities	+			+	+[1]	+
ROTH RETIREMENT ACCOUNTS						
Qualified Withdrawals or Basis[2]						
Non-Qualified Withdrawals (of earnings)	+		+		Pre-59.5: 10%[3]	+
TRADITIONAL RETIREMENT ACCOUNTS						
Qualified Withdrawals	+		+			+
Non-Qualified Withdrawals	+		+		Pre-59.5: 10%[3]	+
NON-QUALIFIED ANNUITIES						
Withdrawals Consisting of Gains[4]	+		+	+	Pre-59.5: 10%[3]	+

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HEALTH SAVINGS ACCOUNTS (HSAs)						
Qualified Withdrawals						
Non-Qualified Withdrawals	+		+		Pre-65: 20%[3]	+
529 ACCOUNTS						
Qualified Withdrawals						
Non-Qualified Withdrawals (of earnings)	+		+		10%[3]	+
LIFE INSURANCE CASH VALUE						
Policy Loans[5]						
Policy Withdrawals/Dividends (basis)[5]						
Policy Withdrawals/Dividends (gains)[5]	+		+			+
RENTAL PROPERTY						
Rental Income	+		+	+[6]		+

[1]Certain interest-bearing accounts (e.g., CDs) and treasury securities (e.g., I Bonds and EE Bonds) may be subject to an interest-forfeiture penalty (not a tax penalty) if withdrawn early.
[2]Except for basis attributable to conversion principal withdrawn within five years.
[3]Depending on the circumstances and the type of account you are pulling from, certain early withdrawals may be exempt from additional penalties.
[4]Annuities are generally taxed on a LIFO basis. However, some annuities are taxed on a pro-rata basis via annuitization.
[5]If the policy is a MEC, it is taxed on a LIFO basis. Policy loans from a MEC are fully taxable (but increase basis), and distributions/loans taken prior to age 59.5 are subject to a 10% penalty.
[6]Unless derived from a trade or business.