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Tax-Efficient Retirement Income Planning for P&Gers

Not all income is taxed the same way

Even when total income is identical, the tax liability varies dramatically depending on where the income is from:

- Traditional IRA distributions/Roth conversions (Savings Plan + PST)
- Long-term capital gains (preferred shares from PST post NUA)
- Or a combination of both

Scenario Assumptions & Summaries

The illustration assumes a couple is married filing jointly and both are age 60 (before Social Security benefits).

SCENARIO A

Ordinary income from IRA distributions results in the highest tax bill at $11,240.

SCENARIO B

Long-term capital gains can qualify for the 0% capital gains tax rate, resulting in no federal tax liability.

SCENARIO C

A blended strategy reduces taxes significantly, lowering the effective tax rate to just 3.5%.

	A	B	C
IRA DISTRIBUTIONS/ROTH CONVERSIONS	$130,000	-	$65,000
LONG-TERM CAPITAL GAINS	-	$130,000	$65,000
TOTAL INCOME & AGI	$130,000	$130,000	$130,000
DEDUCTIONS (STANDARD)	$32,200	$32,200	$32,200
TAXABLE INCOME	$97,800	$97,800	$97,800
TOTAL TAX	$11,240	-	$3,400
MARGINAL BRACKET	12.0%	10.0%	10.0%
EFFECTIVE TAX RATE	11.5%	0.0%	3.5%

Coordinating multiple income sources can improve tax efficiency while still meeting spending needs.

Key Takeaway

After retiring from P&G and executing the NUA distribution with the preferred shares, effective retirement and wealth planning is not just about how much income you generate — it is about **where the income comes from.** Strategic coordination between taxable accounts, retirement accounts, and Roth conversion opportunities can potentially:

- MINIMIZE LIFETIME TAX LIABILITY
- IMPROVE RETIREMENT CASH FLOW
- REDUCE MARGINAL TAX EXPOSURE
- INCREASE LONG-TERM AFTER-TAX WEALTH

Thoughtful tax planning can create significant savings over time, especially during lower-income years or early retirement windows.

The examples provided do not represent the experience of any specific client and should not be interpreted as a guarantee of future tax savings or investment outcomes. References to tax rates and tax treatment are based on current federal tax law, which is subject to change. Certain strategies discussed may involve risks, limitations, holding requirements, or unintended tax consequences. Not all investors will benefit equally from these strategies, and some strategies may not be appropriate for all individuals.

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Ready to Take Control of Your Financial Future?

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A separation from P&G is a challenge, but it's also an opportunity to build a secure and fulfilling next chapter. We've guided countless P&G employees through similar transitions, helping them navigate severance, PST decisions, and beyond.

Schedule a 1-on-1 planning session to create a personalized roadmap and avoid common pitfalls.

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