

Financial Planner Darcy Bergen Discusses Standard IRA Withdrawal Rules

Financial planner Darcy Bergen recently discussed standard IRA withdrawal rules for those looking to increase their retirement savings.

PEORIA, AZ, UNITED STATES, March 10, 2021 /EINPresswire.com/ -- Traditional IRAs are often regarded as a smart way to increase tax-deferred savings for retirement. However, financial planners like Darcy Bergen of Peoria, Ariz., explain that it's important to understand IRA withdrawal rules before deciding if an IRA is the right investment option for you.

"Traditional IRAs are a common investment choice for those looking to increase their retirement savings," Darcy Bergen said. "With an IRA, you can make contributions without paying taxes on them."

[However, Darcy Bergen explained that the tax-deferment](#) is only in place until you begin to withdraw money from your IRA. IRA withdrawal penalties and rules can vary based on the investor's age. Darcy Bergen explained that those 59.5 years old and younger will be charged a 10 percent penalty for withdrawing funds from a traditional IRA early. A state tax penalty may also apply.

"Traditional IRAs are best for those who do not plan to withdraw their money before the age of 59.5," Darcy Bergen said. "Those above this age can withdraw their funds without restrictions."

[Darcy Bergen explained that persons over the age of 59.5](#) can make withdrawals from their traditional IRAs at any time. He added that if you had contributed money without paying taxes on it, your earnings and contributions will be taxed as though it is ordinary income. Darcy Bergen explained that this is essential to consider because your withdrawal could be substantially smaller now that you'll be owing the taxes that were initially deferred. You can continue adding tax-deferred contributions to your IRA throughout this time, but at the age of 72, you will be required to take Required Minimum Distributions.

"Required minimal withdrawals from your IRA aren't something you can avoid after the age of 72," Darcy Bergen said. "Your first Required Minimum Distribution (RMD) must be taken by the date of April 1, on the year you turn 72."

[Darcy Bergen explained that a distribution](#) must be taken every subsequent year by December 31. The IRS will determine the amount of Required Minimum Distribution based on the value of your IRA as well as your life expectancy.

"It's important to remember that the distributions you're required to take will be taxed as ordinary income," Darcy Bergen said. "A failure to make these withdrawals will result in a 50 percent penalty implemented by the IRS."

Darcy Bergen finished by stating that a qualified financial planner can help you fully understand all of the rules and withdrawal processes associated with traditional IRAs.

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