

Rising Tax Rates Could Derail Baby Boomers Retirement

Retirement Tax Advisor Says Pre-Retirees Should Plan for Rising Taxes to Protect Their Savings

MCKINNEY, TEXAS, UNITED STATES,
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-- Baby Boomers and Gen X PAY
ATTENTION:

If tax rates were to rise 40% in the next 10 – 15 years this could cause retirees to run out of money in retirement ...before running out of life.
Think that can't happen?



On January 2 this year a [study](#) was released concluding that the government must raise taxes 40%...or cut spending 30% to achieve fiscal balance.

It is common knowledge that the government, regardless of who's in office, routinely spends in excess of a trillion dollars beyond the Federal Budget, pushing the Debt Ceiling higher and higher.

Since it is unlikely that the government is going to significantly reduce spending it would be prudent to begin planning for higher taxes.

[The National Debt now stands above \\$31.5 trillion](#) and has been increasing at an unprecedented rate. One of the biggest problems is the Debt is growing faster than our country's Gross Domestic Product (GDP). The current ratio of Debt to GDP, 121%, has never been this high in our country's history. A study by Penn Wharton Budget Model found that the current trajectory has the National Debt on track to rise to 225% of GDP by 2050.

Even more challenging is the cost to service the \$31 trillion in National Debt is increasing. As the Fed continues to raise interest rates to combat Inflation interest on the Debt is projected to triple

in the next ten years. Interest on the National Debt is currently the 4th largest Mandatory Spending item in the Federal Budget, behind Medicare/Medicaid, Social Security and Defense.

According to the article, [Interest Costs on the National Debt Set to Reach Historic Highs in the Next Decade](#), published May 31, 2022, by the Peter G. Peterson Foundation, on our current path, "Interest costs on the national debt will become the largest 'program' in the federal budget surpassing Medicare and Social Security."

Medicare is projected to become insolvent in 2028, Social Security in 2034...or sooner. Total projected U.S. unfunded liabilities currently exceed \$173 trillion.

Conclusion: Congress will have no choice but to raise tax rates - for everyone, except our country's poorest.

David Walker, former United States Comptroller General, has had much to say about the impact of Inflation and Rising Interest Rates on the cost of servicing the \$31trillion in National Debt.

Walker has stated that:

"Congress has waited too long to solve the problem with economic growth and spending cuts alone. The longer Congress waits to restructure our federal finances the higher taxes are likely to go. Tax rates will never be lower than what they are today."

THIS is a huge problem, especially for those either in retirement or those retiring in the next 10 – 15 years.

Now, don't panic.

David Hyden, President and Founder of Retirement Tax Advisers, Safe Secure Planning and Hyden & Associates, says, "There are several things one can do to prepare.

"If you're recently retired, or retiring in the next 10 years here are three things I recommend:

1. Understand the rules surrounding Social Security Taxation – most people miss this.
2. Talk to your Adviser; find out if they do offer strategies to mitigate future tax liability.
3. Do a Roth Analysis – find out if doing Roth Conversions make sense, how much should you convert and how fast.

"Most people are completely unaware of what is going on behind the scenes in our country's economy," says Hyden. "Marginal tax rates are predicted to rise significantly in the next ten years; as Baby Boomers continue to retire, and then Gen X'ers after them, we will see both groups at the most risk of having their retirement lifestyles affected. As a result, a lot of people in retirement could get blindsided and hurt financially."

Hyden says people need to plan well in advance. As tax rates rise, U.S. workers should focus on key strategies that will decrease their future tax liability. He says when mapping out financial and retirement goals, pre-retirees that factor in stock market volatility, tax increases, and inflation can strategically minimize wealth erosion. He adds that his mission is to educate and help as many people as possible minimize or eliminate taxes in retirement.

"Most investment advisers and accountants focus almost exclusively on minimizing taxes in the current year," Hyden contends. "But you have to analyze the long-term consequences in retirement when you talk about portfolio accumulation. Having a strategy to minimize future tax liability could be the difference in the quality of retirement, legacy, and ultimately whether one will run out of money."

ABOUT RETIREMENT TAX ADVISERS, LLC

Retirement Tax Advisers, Safe Secure Planning and Hyden & Associates is helmed by David Hyden, a seasoned Retirement Consultant, Certified Financial Fiduciary (CFF®), and National Social Security Adviser (NSSA®). Hyden is also co-author of the best-selling book Crash Proof Wealth. Unlike investment advisors or accountants, Retirement Tax Advisers offer tax strategies to minimize, eliminate and/or recapture taxes both now and in the future. - For more information visit <https://retirementtaxadvisers.com/> and <https://hydenandassociates.com>

David Hyden

Retirement Tax Advisers

+1 469-342-8889

[email us here](#)

Visit us on social media:

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