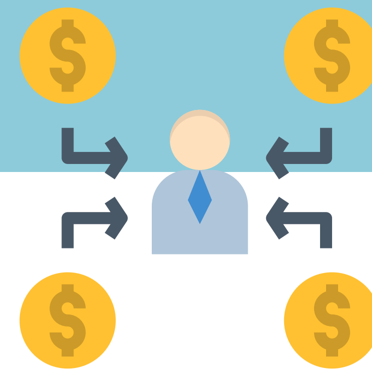
Creating Streams of Income

Taxable vs. Tax-Preferred



We like to categorize income into two different categories; Taxable vs. Tax-Preferable. A taxable income source means that a majority, if not all of the income is going to be taxed at ordinary income tax levels. A tax-preferable source is one that is either tax-free or taxed at a preferential rate, like long-term capital gains.

Taxable

	Total	*Monthly
Social Security	$ N/A	
***Retirement Plan (401k, 457, 403b)**	$	
Pensions	$	
Annuities	$	
***IRAs (Traditional, SEP, etc.)**	$	
Other	$	
Total Taxable Income	$	

Tax-Preferred

	Total	*Monthly
***Roth IRA, Roth 401k**	$	
***Investment Accounts (Trust, Joint, Individual, etc.)**	$	
***Savings Account**	$	
Other	$	
Total Tax-Preferred Income	$	

*In order to get the monthly income multiply the total column by 0.05 and then divide by 12. We call this the 5% withdrawal rule. It is not an exact science, but a good starting to point because if you start taking more than 5% then your chances of you running out of money can start increasing quickly.

N/A - Since social security does not have a lump sum option and is built for monthly income there is no need in putting a total amount.