

strategic withdrawals for large purchases

Building a dream home with *tax-efficient confidence*

THE CHALLENGE

After decades in the same house, a long-time client was ready for something new—a home that better reflected her lifestyle in retirement. She had found the perfect location and design, and the sale of her current home would cover most of the cost of the build. But to complete the project, she needed to supplement with funds from her investment portfolio.

Her question was simple but important: Where should the remaining funds come from? Her IRA, her brokerage account, or somewhere else entirely? The answer would have a significant impact on her overall tax situation.

THE PROCESS

We began by comparing the potential tax consequences of different withdrawal options. Taking the funds from her IRA would have triggered ordinary income tax, while realizing long-term capital gains in her brokerage account offered a much lower effective tax rate.

With so many moving pieces in her life at the time—selling her longtime home, coordinating the new build, and preparing for a major transition—it was understandable that the tax impact didn't feel fully clear in the moment.

During a later tax planning meeting, we revisited the decision together. We modeled scenarios side-by-side—an IRA withdrawal versus capital gains from her brokerage account—and reviewed the results in real time. That visual comparison made a lasting impression and reinforced the value of the approach we had taken.



THE OUTCOME

The analysis confirmed that using her brokerage account instead of her IRA had significantly reduced her overall tax burden. What had initially felt like a hefty capital gains bill now made perfect sense in context, and the clarity provided a strong sense of confidence moving forward.

Today, she's happily settled into her new home, enjoying the freedom to customize every detail and the peace of mind that comes from knowing the financial strategy behind it was sound.

REFLECTION & TAKEAWAY

Even for well-prepared retirees, the source of funds for a major expense can carry wide-ranging implications. A thoughtful withdrawal strategy doesn't just help complete a purchase, it can protect long-term wealth and avoid unnecessary taxes.

Running the numbers and comparing options can turn a complex decision into a clear one. For this client, smart planning didn't just build a dream home, it helped preserve the financial foundation that made it possible.

ABOUT JOHNSON INVESTMENT COUNSEL

As one of the nation's largest independent wealth management firms with over 60 years of experience serving individuals, families, business owners, and nonprofit organizations, we have the deep expertise to provide a customized solution for your situation.

Our highly credentialed advisors work with clients in all 50 states. Learn more about our approach at JOHNSONINV.COM.

Disclosure: This scenario is based on an actual client experience, though details have been modified to protect confidentiality. It is provided for illustrative and educational purposes only and is not intended as a guarantee or prediction of future results. Each client's situation is unique. The strategies described may not be appropriate for all individuals. Always consult a qualified advisor regarding your specific circumstances.