

Weekly Insight  
March 30, 2026

# Why Taxes Are Stealing Your Retirement & How to Stop Them

## This Week's Focus

A small tax leak today becomes a big loss later.

Tax season makes it real. Many Kansans work hard, save, and still get surprised by a higher tax bill. The reason is simple: retirement accounts have rules, and one wrong move can trigger extra taxes, penalties, or future problems. This edition of SFL Weekly insights shows the most common "tax leaks" that drain retirement money and how Roth planning can help reduce future tax surprises with simple, clear steps.

What happened to you? Owed more taxes, had a smaller refund, or suffered a withholding surprise?

## Content Overview



The 5 tax leaks that hit retirements the hardest



Why early withdrawals can cost more than expected



Steps that can reduce future tax surprises



A 5-minute checklist designed to reduce stress



# Why Taxes Can Take More Than You Expected

Tax season is when many people feel it the most. You worked hard. You saved. Then taxes show up and take a bigger bite than you expected. That can feel like your retirement account is getting eaten away. **Here is the truth: most retirement tax pain comes from a few common “leaks.” If you spot the leak, you can fix it.** And this is where Roth planning can help, because Roth rules are different from 401(k) and traditional IRA rules. This page is a guided tour of the most common tax leaks, and the simple next step for each one.

## ***Tax Leak #1: Early withdrawals create extra costs***

When money feels tight, people pull from retirement accounts too early. Sometimes it is for a repair. Sometimes it is for medical bills. Sometimes it is because the budget is stressed. The problem is that early withdrawals can trigger extra taxes and penalties, and they also interrupt growth. The Roth IRA Action Steps guide warns that early withdrawals are one of the top mistakes because you may take money out before the distribution is “qualified.” That can create tax problems and reduce future wealth. **What to do now:** If you are thinking about taking money out, slow down and review the rules first. Also, set aside a separate emergency fund so you do not have to touch retirement money for surprises. (This is exactly what the demo page is trying to push you to do.)

## ***Tax Leak #2: Missed rules on inherited Roth accounts***

Many people assume, “Roth means no rules.” That is not true. The demo page warns that if you inherit a Roth IRA, you need to understand the required minimum distribution rules that apply to inherited accounts. Those rules can be confusing, and mistakes can lead to penalties. **What to do now:** If you inherited a Roth IRA, do not guess. Identify who the inherited account is from and what year it was inherited. Then get help confirming what the rules require.

## ***Tax Leak #3: Ignoring contributions leaves money on the table***

Tax season is when people realize they could have done more. The demo page calls out “Ignoring Contributions” because Roth contributions can be a simple way to build tax-free retirement income over time. The reason this matters is simple: if you build some future income that is tax-free, you can reduce your future “tax surprises.” That can help with keeping more of your check in retirement. **What to do now:** If you are eligible, set up automatic contributions and start early in the year so you get more time for compounding.

## ***Tax Leak #4: Over-contributing can trigger penalties***

Some people try to “catch up” and accidentally contribute more than the IRS allows. The demo page warns that over-contributing can lead to penalties if not corrected. **What to do now:** Keep track of your contributions and verify your totals against the annual limits before you file.

## ***Tax Leak #5: The wrong investments create avoidable stress***

A Roth account is not magic if the investments are mismatched. The demo page warns that “Wrong Investments” can drain results, especially if the account is not aligned with risk tolerance and goals. **What to do now:** Review your investment mix regularly. If your plan is too aggressive for your comfort, you may panic and sell at the wrong time. If it is too conservative for too long, inflation can slowly shrink what your money can do.

## ***Why this matters for you this month***

Tax season is a window. It is when you can look back, see what hurt, and change what happens next year. On the next page, you will score your risk and see the simplest next step. If you want a plan that reduces tax surprises, a Roth strategy may be one piece of the solution.

# Your *5-Minute* Retirement Tax Leak Check



This page helps you find the reason taxes surprised you and what to fix next.

## Step 1: Circle what happened in the last tax season

Owed taxes | Refund smaller | Withholding surprise | Income higher than expected

## Step 2: Check YES or NO (be honest)

1. YES / NO I took money out of a 401(k) or IRA last year.
2. YES / NO I took money out earlier than I wanted to.
3. YES / NO I do not know if my Roth withdrawal is “qualified.”
4. YES / NO I inherited a Roth IRA and do not know the rules.
5. YES / NO I did not contribute to my Roth IRA even though I could have.
6. YES / NO I worry I contributed too much or am not sure.
7. YES / NO I do not know what my Roth is invested in.
8. YES / NO I feel unsure about my next retirement money move.

## Step 3: Your score

0–2 YES: Small risk. Confirm rules and keep it simple.

3–5 YES: Medium risk. A few fixes can save real money.

6+ YES: High risk. Do not wait. Get a plan written down.

## Step 4: Your “Do This Next” action plan

Fill in the one next step you will take this week:

- Build a separate emergency fund so I stop early withdrawals.
- Confirm my Roth withdrawal rules before taking money out again.
- Check inherited Roth IRA rules so I do not miss a requirement.
- Set up automatic Roth contributions (if eligible).
- Verify last year’s contributions so I avoid penalties.
- Review my Roth investments to match my goals.

Write your next step in one sentence:

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## Step 5: Bring the following to your session

My accounts (check): 401(k) | IRA | Roth IRA | Inherited Roth IRA

My biggest tax surprise: \_\_\_\_\_

My goal: Lower taxes | Keep more | Reduce future surprises



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## 1. Early Withdrawals:

- **Step 1:** Review Roth IRA withdrawal rules carefully to ensure you only withdraw qualified distributions.
- **Step 2:** Set aside a separate emergency fund to prevent the need for early withdrawals.

## 2. Missed RMD Rules:

- **Step 1:** If you inherit a Roth IRA, familiarize yourself with the RMD rules specific to inherited accounts.
- **Step 2:** Consult a financial advisor to ensure compliance with tax regulations.

## 3. Ignoring Contributions:

- **Step 1:** Set up automatic contributions to your Roth IRA to maximize your annual contribution.
- **Step 2:** Start early in the year to benefit from compounding over the full calendar year.

## 4. Over-Contributing:

- **Step 1:** Keep track of your contributions each year and regularly verify your totals against the IRS limits.
- **Step 2:** If you accidentally exceed the limit, correct the excess promptly to avoid penalties.

## 5. Wrong Investments:

- **Step 1:** Regularly review your investment strategy to ensure it aligns with your risk tolerance and retirement goals.
- **Step 2:** Diversify your investments to balance growth and risk.



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