

401k Withdrawals

Video Transcript

401(k) plans. You put money in now and leave it for retirement. Right?

Well, for more people lately, that's not the case. They're tapping into retirement savings early. Doing this before age fifty-nine and a half can come with some hefty drawbacks.

Pulling funds early may trigger a ten percent early distribution tax. Plus, any withdrawal is taxed like any other income. And thinking long term, withdrawing money now leaves you with less for retirement and less money that can compound and accumulate over time. Understanding the consequences and your options can help you make the best choice now and for your financial future.