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knowledgeable about tax planning.

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Nearly two in five retirees (37 percent) admit they didn't consider how taxes would affect their retirement income when planning for retirement. As a result, they may have lost the opportunity to save an additional six years' worth of income in retirement.

That's according to a new survey from the [Nationwide Retirement Institute](#), which shows a lack of understanding about taxes in retirement. The survey showed that 60

percent of future retirees, 70 percent of recent retirees and 75 percent of those retired

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“Today, the majority of older consumers are focusing on saving for retirement, which is a critical component of your retirement plan, but not the only factor,” said Eric Henderson, president of Nationwide’s life insurance business. “It is also important to determine how to spend your retirement income. Building tax flexibility into a retirement income plan is crucial. Doing so allows you to use different types of investments and retirement accounts (taxable, tax-deferred, and tax free) to potentially avoid higher tax brackets.”

The failure to plan for taxes may be having an adverse impact on the annual tax returns of current and future retirees. In fact, findings from an online study of 1,031 U.S. adults age 50 or older conducted by The Harris Poll on Nationwide’s behalf show that a quarter of older US Consumers (27 percent) say they owe tax money each year and those retired for more than 10 years are least likely to receive a tax refund each year (29 percent).

As a result, many retirees express regrets. Nearly half (46 percent) of recent retirees say they wish they would have better prepared for paying taxes in retirement and nearly one in four (24 percent) say they have paid several thousands of dollars more in taxes than they expected to in retirement.

Sources of retirement income

Whereas Social Security is the primary source of income for many of those retired for more than 10 years (49 percent) and recent retirees (43 percent), it is often overlooked as one of the primary sources of income for future retirees. A quarter of those nearing retirement say their 401(k) will be their primary source of retirement income, followed by their pension (22 percent) and Social Security (20 percent).

While those in retirement depend mostly on Social Security and pensions, future

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Older Consumers want to learn more and crave guidance

While many older consumers are not knowledgeable about taxes in retirement, the overwhelming majority of those nearing retirement (82 percent) want to learn about taxes. A desire shared by 64 percent of recent retirees and 62 percent of those retired over 10 years.

Most older consumers also expect financial advisors to help. In fact, among those who use a financial advisor, 85 percent of future retirees, 82 percent of recent retirees and 68 percent of those retired over 10 years say they expect their financial advisor to help them plan for taxes in retirement. And nearly two in five future retirees (38 percent) say they would switch advisors for someone who could help them plan for taxes in retirement.

Future retirees are eager to act when it comes to planning for retirement income. Nearly four in five future retirees (78 percent) say they have completed a retirement income plan. Of those, 39 percent did it on their own and 39 percent did it with an advisor. Of the few future retirees, who do not have a plan but have a financial advisor, most say they do not have a plan because they never knew the difference between a retirement savings plan and a retirement income plan.

“It is important to develop a plan for how taxes will impact retirement income based on a person’s situation and goals,” Henderson said. “Financial advisors can help people plan for and live in retirement by providing a fact-based estimate of taxes in retirement and a unique plan to address those costs.”

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