CAPITA
FINANCIAL NETWORK

The Capita SEPP Compass

CORE BELIEFS AND GUIDELINES FOR SMART RECOMMENDATIONS

Overview Section

72(t) allows Substantially Equal Periodic Payments (SEPP) from retirement accounts before age 59½ without the 10% early withdrawal penalty. Payments must continue for at least 5 years or until age 59½ (whichever is longer). Ordinary income tax still applies.

When It Can Be Beneficial

- You are retiring early and need reliable bridge income
- You lack better liquidity sources (taxable savings, part-time income, etc.)
- You have a clear, disciplined retirement income plan
- You understand the long-term commitment and reduced flexibility
- Your long-term retirement security remains intact even after withdrawals
- You DO have available liquidity sources, a clear, disciplined plan, understand commitment and flexibility issues, and long-term security remains intact, but want to implement as part of a tax bracket management strategy

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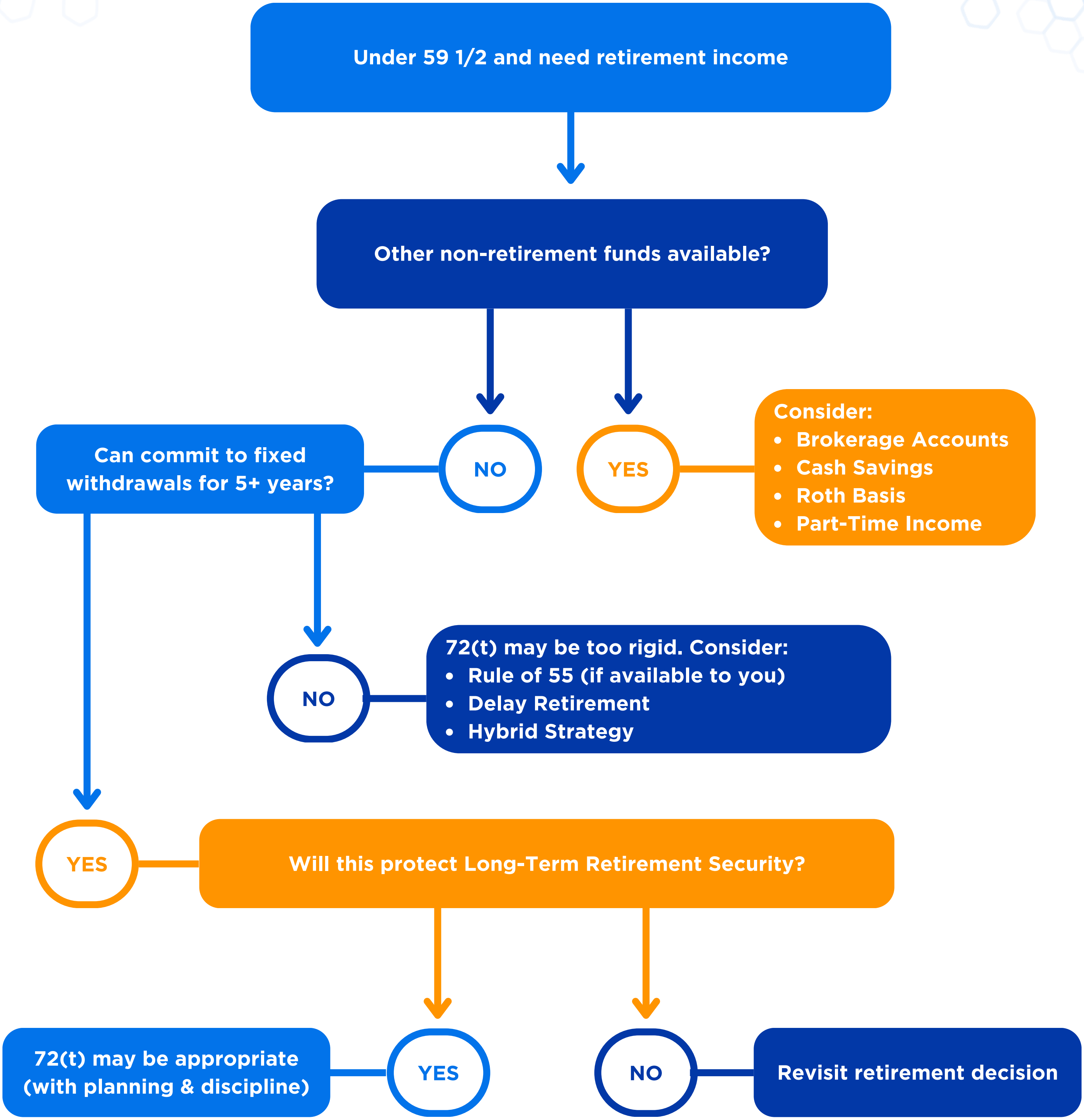
When It Is Not Beneficial

- You value flexibility or may need to adjust withdrawals
- You have alternative income sources available
- You are unsure about long-term retirement plans
- You want to maximize tax-deferred growth
- You might need additional withdrawals beyond the SEPP amount


Under 59 1/2 and need retirement income
Other non-retirement funds available?
NO
YES
Consider:
• Brokerage Accounts
• Cash Savings
• Roth Basis
• Part-Time Income
Can commit to fixed withdrawals for 5+ years?
NO
72(t) may be too rigid. Consider:
• Rule of 55 (if available to you)
• Delay Retirement
• Hybrid Strategy
YES
Will this protect Long-Term Retirement Security?
YES
72(t) may be appropriate (with planning & discipline)
NO
Revisit retirement decision