2026 · TAXATION GUIDE TO WITHDRAWALS & INCOME SOURCES

CESTIA WEALTH MANAGEMENT

HOW DOES THIS TYPE OF INCOME GET TAXED?	Federal Tax (ordinary income)	Federal Tax (LTCG rates)	State Tax (if applicable)	Potential 3.8% NIIT	Early/Non-Qualified Withdrawal Penalty	AGI Sensitivity
TAXABLE ACCOUNTS						
Long-Term Capital Gains (LTCGs)		+	+	+		+
Short-Term Capital Gains (STCGs)	+		+	+		+
Ordinary Dividends	+		+	+		+
Qualified Dividends		+	+	+		+
Interest	+		+	+	+[1]	+
Municipal Bonds			Same state: No Different state: Yes			
Treasury Securities	+			+	+[1]	+
ROTH RETIREMENT ACCOUNTS						
Qualified Withdrawals or Basis[2]						
Non-Qualified Withdrawals (of earnings)	+		+		Pre-59.5: 10%[3]	+
TRADITIONAL RETIREMENT ACCOUNTS						
Qualified Withdrawals	+		+			+
Non-Qualified Withdrawals	+		+		Pre-59.5: 10%[3]	+
NON-QUALIFIED ANNUITIES						
Withdrawals Consisting of Gains[4]	+		+	+	Pre-59.5: 10%[3]	+

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	Federal Tax (ordinary income)	Federal Tax (LTCG rates)	State Tax (if applicable)	Potential 3.8% NIIT	Early/Non-Qualified Withdrawal Penalty	AGI Sensitivity
HEALTH SAVINGS ACCOUNTS (HSAs)						
Qualified Withdrawals						
Non-Qualified Withdrawals	+		+		Pre-65: 20%[3]	+
529 ACCOUNTS						
Qualified Withdrawals						
Non-Qualified Withdrawals (of earnings)	+		+		10%[3]	+
LIFE INSURANCE CASH VALUE						
Policy Loans[5]						
Policy Withdrawals/Dividends (basis)[5]						
Policy Withdrawals/Dividends (gains)[5]	+		+			+
RENTAL PROPERTY						
Rental Income	+		+	+[6]		+

[1]Certain interest-bearing accounts (e.g., CDs) and treasury securities (e.g., I Bonds and EE Bonds) may be subject to an interest-forfeiture penalty (not a tax penalty) if withdrawn early.
[2]Except for basis attributable to conversion principal withdrawn within five years.
[3]Depending on the circumstances and the type of account you are pulling from, certain early withdrawals may be exempt from additional penalties.
[4]Annuities are generally taxed on a LIFO basis. However, some annuities are taxed on a pro-rata basis via annuitization.
[5]If the policy is a MEC, it is taxed on a LIFO basis. Policy loans from a MEC are fully taxable (but increase basis), and distributions/loans taken prior to age 59.5 are subject to a 10% penalty.
[6]Unless derived from a trade or business.

CESTIA
WEALTH MANAGEMENT

Disclosure

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