

Carol Bradford

Can Moving to a Different State Really Save \$800k in Taxes in Retirement?

Here's how we did it.

After a successful 30-year career in financial services, Carol was facing a decision that could significantly impact her retirement: Where would she spend her golden years?

With a \$7 million IRA and required minimum distributions looming, the financial implications of her choice were substantial.

The Vision

Carol dreamt of escaping Minnesota's long winters while staying connected to friends and maintaining her active lifestyle. But as a numbers-oriented professional, she wanted to make sure any relocation decision was financially sound – especially given the substantial tax implications of her retirement distributions.

Meet Carol

- Carol spent over 30 years in senior-level positions at two nationally recognized financial services firms before retiring in 2021. She continues to serve as an independent board member at an alternative investment firm.

This case study is based on a real client situation with names and certain details changed to protect privacy. Results may vary, and past performance is not indicative of future results.

** The hypothetical results generated by RightCapital may vary over time and with each use. As investment returns, inflation, taxes, and other economic conditions vary from the RightCapital assumptions; User provided input and User provided assumptions, User's actual results will vary (perhaps significantly) from those presented in the Site or Services. Any information generated by RightCapital is hypothetical, does not reflect actual investment results, and does not guarantee future results, Past performance is not indicative of future results.*



KEY NUMBERS¹

Net Worth:

\$10.5M

Assets Invested
with Brady Family Wealth

\$8.9M

RightCapital Plan Score*

95 (TN)

— VS —

91 (MN)

The RightCapital Plan Score projects the probability (0-100) that you'll successfully achieve your retirement goals.

¹Data as of June 2025.
Subject to change.

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- As a devoted mother of two accomplished adult children and grandmother to one, Carol has consistently prioritized supporting her family financially, including funding her daughter's wedding, education expenses at prestigious institutions, and ongoing strategic gifting.
- With a \$7 million traditional IRA, Carol was acutely aware that required minimum distributions (RMDs) would start at age 73 and could potentially range from \$390,000 to \$500,000 *per year* by her late seventies. Distributions of this size would create substantial annual tax bills, and Carol wanted to explore strategies that might reduce her lifetime tax liability.

Brady Family Wealth Process

When Carol mentioned her interest in spending more time near Nashville friends, we recognized an opportunity to help her make a truly informed decision. Rather than relying on emotional factors alone, we provided comprehensive financial analysis to quantify the impact of different location choices.

Our Strategic Solutions

- First, we created detailed financial projections comparing her retirement security under two scenarios – remaining a Minnesota resident versus establishing Tennessee residency. Using our Right Capital planning software, we quantified exactly how location would impact her long-term financial picture.
- We identified that Minnesota's state income tax rate of up to 9.85% would create an enormous burden on her future required minimum distributions. Tennessee, as one of eight states with no state income tax, offered a compelling alternative.
- With RMDs projected to range from \$390,000 to over \$500,000 annually, Minnesota state taxes alone could cost Carol \$50,000 to \$70,000 per year (and over \$800,000 cumulatively through her eighties). As a Tennessee resident, she wouldn't pay any state income taxes on those distributions.
- Beyond income taxes, we researched the complete tax picture. Carol's Minnesota home (about 5,000 sq ft, valued around \$1.3 million) generated over \$13,500 in annual property taxes as of 2025. Her Nashville condo (about 2,300 sq ft, valued around \$765,000) costs just \$3,700 annually. That's a savings of nearly \$10,000 per year if she were to sell her Minnesota home.

The Power of Specialized Knowledge

Beyond basic tax rates, we provided Carol with practical tools for establishing and maintaining residency in different states, including the Tax Bird app that uses GPS to automatically track time spent in each state.

We researched the specific requirements for Minnesota residency (must be out of state for at least 183 days), which can be split between locations, not just Tennessee.

Our analysis included not just state income tax differences, but sales tax implications, property tax variations, and even the absence of personal property taxes in Tennessee.

This comprehensive approach ensures Carol understands every financial aspect of her relocation decision.

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- Our analysis showed that Tennessee residency would improve Carol's retirement plan score from 91 to 95, representing increased confidence in her ability to maintain her desired lifestyle while continuing to support her family.
- We coordinated with Carol's CPA to ensure all tax implications were thoroughly understood and that the strategy aligned with her overall financial picture.

Where She Is Now

Carol purchased her Nashville condo in May of 2024 and is now positioned to make an informed decision about establishing Tennessee residency. The financial framework we provided gives her clarity on exactly what's at stake.

If she chooses Tennessee residency, Carol will save approximately \$50,000–\$70,000 annually in state income taxes alone once her RMDs begin. Combined with property tax savings of nearly \$10,000 per year if she were to sell her Minnesota home, the total annual savings could exceed \$80,000 – money that can continue supporting her family or fund her own lifestyle goals.

Most importantly, Carol now has the analytical foundation to make this major life decision with confidence, knowing exactly how each scenario impacts her financial security.

In Her Words**

"The Brady Family Wealth team was extremely instrumental in helping me sort through the financial considerations associated with establishing residency in Tennessee before I begin taking required distributions from my IRA. Tom and his team did extensive research and conducted conference calls with me and my CPA to help layout the implications of that decision.

In addition to their impressive investment performance over the years, the financial planning aspect of their business has served as a strategic anchor to keep me on track to achieve my goals and dreams."

** These testimonials have been provided by clients of Brady Family Wealth. They have not been compensated for sharing their opinion and experience with our firm. Any compensation creates a conflict of interest. Individual comments may not be representative of any other person's experience with the firm.



Brady Family Wealth

Helping successful families make smart financial decisions across generations

We're a family-run firm built on strong relationships and personal service. We know that financial decisions aren't just about money – they're about protecting and providing for the people you love. That's why we treat every client like family, offering the same level of care, trust, and thoughtful guidance we'd want for our own.

Visit BradyFamilyWealth.com or call 314-919-9151 to learn more.