Tax Control Triangle

If tax rates go up, down, or sideways, your retirement strategy should have the flexibility to succeed. It's important to consider how the different types of assets that you own will help you address your financial needs today and as they change over time.

Tax Advantaged:	Tax Deferred:	Taxable:
Roth IRA: ______	401(k): ______	CDs: ______
Roth 401(k): ______	403(b): ______	Money Market: ______
Roth 403(b): ______	Traditional IRA: ______	Stocks/Bonds: ______
Cash Value Life Insurance: ______	SEP IRA: ______	Mutual Funds: ______
Municipal Bonds: ______	SIMPLE IRA: ______	Cash: ______
Deferred Annuities: ______		Real Estate: ______

Taxes can be the most expensive aspect of retirement planning. Does your strategy give you the flexibility to retire in any tax environment?

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[1] To be eligible for tax-free income, you must have established your Roth account at least five years ago and be at least 59½ years old unless deceased, disabled, or distribution was for a qualified exception.

[2] Municipal bonds are often exempt from federal income tax; however, depending on the specific bond, some taxpayers may be subject to federal and/or state taxes. Municipal bonds are purchased and the investor typically receives interest on a pre-determined basis until the date of maturity. An investor cannot withdraw income from the bond.

[3] Taxable annuity withdrawals are subject to income tax and, if made prior to age 59½, may be subject to a 10% federal income tax penalty. Variable annuities do not provide any additional tax advantage when used to fund a qualified plan. Investors should consider buying a variable annuity to fund a qualified plan for the annuity's additional features such as lifetime income payments, living and death benefit protection.

[4] The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short term savings or short-term investment strategies. While the policy allows for loans, you should know that there may be little to no cash value available for loans in the policy's early years.

Distributions under a life insurance policy (including cash dividends and partial/full surrenders from a whole life policy or withdrawals from a universal life insurance policy) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, any distributions or policy loans are taxable to the extent of gain and are subject to a 10% tax penalty if the policy owner is under age 59½. Access to cash/account values through borrowing, partial surrenders, or withdrawals will reduce the policy's cash/account value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

[5] Withdrawals are subject to IRS taxation as ordinary income. If taken prior to age 59½, withdrawals may be subject to a 10% federal income tax penalty.

This information provided is not written or intended as specific tax or legal advice. We are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

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