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Managing when and how you're taxed

There are many ways you can set aside money for retirement. How you allocate your money may help enhance your retirement distributions by adjusting how and when you are taxed.

NON-QUALIFIED: Using after-tax dollars may create income that will be taxed in its current year.

QUALIFIED: Utilizing pre-tax dollars defers taxation until distribution.

TAX-EXEMPT: After-tax dollars vehicles for potential tax-free growth.

CURRENT

Many people don't consider how they are taxed and typically rely on vehicles that get taxed in the current year or later in life at distribution.

Tax in Current Year (1099)

- Mutual Funds
- CD/MMAs[1]
- Real Estate

Tax at Distribution

- Traditional 401(k)[2]
- Traditional IRA/SEP/SIMPLE
- Annuities[3]
- 403(b)[2]
- 457(b)[2]

Tax Advantaged

- Municipal Bonds & Bond Funds[4]
- Life Insurance[5]
- Roth IRA/401(k)[6]

FUTURE

A more balance approach will help provide greater tax control of your money.

Which opportunities are you currently using?

Tax in Current Year (1099)	Tax at Distribution	Tax Advantaged

After all, it's not necessarily how much money you have that is important... it's how much you get to keep that really matters.

Contact your financial professional to discuss how products within these categories may fit your financial needs along with helping you better diversify your portfolio.

[1] Certificate of Deposit/Money Market Accounts.

[2] Does not include amounts invested in Roth 401(k)/TSA/457(b).

[3] Non-qualified annuities purchased with after-tax dollars enjoy the same tax-deferred growth and ordinary income taxation as qualified annuities

[4] May be subject to Alternative Minimum Tax (AMT) and may impact taxation of Social Security benefits.

[5] Life insurance death benefits are generally income-tax free pursuant to U.S. IRC §101(a). Contract cash values can be accessed during the insured's lifetime via loans and withdrawals. Loans are generally income-tax free as long as the policy remains inforce. Withdrawals are tax free to the extent of basis. Policies which are modified endowment contracts (MECs) receive less favorable tax treatment.

[6] Qualified distributions are income-tax free. Roth IRA distributions are qualified if the account has been open for five tax years, and the owner is age 59½, dies, is disabled, or is a first-time homebuyer ($10,000 lifetime limit). Roth 401(k) distributions are qualified if the plan participant has contributed to the account for five tax years, is 59½, dies or disabled.

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