



# Consider pre-funding your retirement taxes

Qualified retirement plans can help you reduce taxes today, since you can deduct your contributions on your tax return. And your taxes stay lower as your account grows, since the annual growth is not taxable.

However, taxation in retirement can be one of your largest expenses. That's because your retirement distributions are taxable at ordinary income tax rates. And there are limitations on how much money you can put toward your qualified plan each year.

Funding an asset like life insurance is one option to pre-fund your future taxes in your working years.

## LIFT up your retirement

Using Life Insurance as a Financial Tool (LIFT) may provide you the accessible cash you need down the road to cover the taxes on your retirement distributions.

Since life insurance has a different tax structure than qualified plans, it can be a valuable financial tool that can help you:

- Ensure your family is protected
- Protect the value of your assets
- Help fund emergencies
- Provide a tax-free "opportunity reserve" – ready source of cash for life's opportunities
- Pre-fund your retirement taxes and lower your effective tax rate in retirement
- Efficiently pass your estate value to loved ones

If you have a need for life insurance, using the benefits of cash value life insurance to help fund your taxes in retirement could be a strategy that's right for you.



## Learn more

Is using Life Insurance as a Financial Tool (LIFT) right for you and your family? Contact your financial professional today to find out.

### 3 types of assets – how are yours taxed?

There are three main categories of assets based on how they're taxed: capital, retirement income and tax-advantaged assets.

By using an asset that does not pay taxes on your distribution, you can use the funds to pay toward the taxes generated by your qualified plan – and potentially net the full qualified plan value, rather than a percentage based on the tax rate.

	<b>Capital assets</b>	<b>Retirement income assets</b>	<b>Tax-advantaged assets</b>
<b>Asset types</b>	<ul style="list-style-type: none"> <li>• Stocks and bonds</li> <li>• Real estate or other property</li> <li>• Business</li> </ul>	<ul style="list-style-type: none"> <li>• Qualified plans</li> <li>• Individual retirement accounts (IRAs)</li> <li>• Annuities</li> </ul>	<ul style="list-style-type: none"> <li>• Life insurance</li> <li>• Tax-advantaged municipal bonds</li> <li>• Roth IRAs</li> </ul>
<b>Tax-deductible contributions</b>	No	Yes	No
<b>Tax-deferred growth</b>	Yes	Yes	Yes
<b>Tax-free opportunity reserve</b>	No (capital gains tax rate applies)	No (ordinary income taxes apply and possible penalties for early withdrawals)	Yes



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