RETIREMENT BASICS

Take Control of Taxes in Retirement

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It's not about how much you earn; it's about how much you can spend

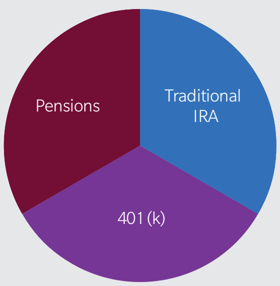
Spendable income is what's left after taxes. Different investments produce different levels of spendable income.

Tax changes will affect your retirement. Whether it's a law or your situation that changes, you may need to be flexible to adapt.

A portfolio with a variety of investment types can allow you, your investment professional and your tax advisor to take control of your retirement.

Compare a traditional retirement portfolio with a tax-diversified portfolio

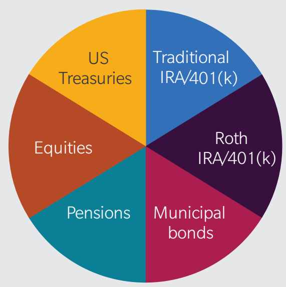
Tax-concentrated portfolio



Distributions are generally taxed as

- ☐ ordinary income

Tax-diversified portfolio



Distributions may be taxed as

- ☐ tax free
- ☐ ordinary income
- ☐ qualified dividends
- ☐ long-term capital gains

What is tax diversification?

Different types of investments and retirement accounts are taxed at different rates. Some are taxed as ordinary income, some as long-term gains or qualified dividends. Others deliver income that is tax free. Structuring your portfolio so it generates different types of income is known as tax diversification.

How are retirement accounts different?

The tax treatment of a retirement account overrides the tax treatment of the investments in the retirement account. For example, a qualified distribution from a Roth IRA is tax free; the type of investment in the Roth is not a factor.

Why diversify?

A tax-diversified portfolio allows you to change your sources of income on the basis of changes in your tax situation. It gives you and your investment professional and tax advisors the flexibility to adapt to your changing tax situation.

How can you diversify?

Roth IRA: Either contribute to a Roth directly or convert traditional retirement assets into a Roth. A Roth conversion is taxable, but qualified distributions from a Roth are income tax free.

Nonretirement accounts: A nonretirement account gives you access to different types of income. Tax-free income from municipal bonds and the often favorable tax treatment of long-term capital gains from selling stocks or fund shares are just two examples.*

* Most municipal bonds are income-tax free at the federal level and in the issuing state. However, a portion of income may be subject to state, federal, and/or alternative minimum tax. Capital gains, if any, are subject to a capital gains tax. Municipal bond interest can impact the taxation of Social Security benefits and potentially increase your Medicare premiums.

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See the reverse side for other important information.

Retirement plan inventory — is your portfolio tax diversified?

Inventory your plans so that you and your investment professional or your financial advisor can identify opportunities for tax diversification.

Indicate owner (you or your spouse) and type of each plan.		Specify name and location of each plan and check (A) if actively contributing or (I) if inactive.			Check expected tax treatment at retirement. Your financial advisor will help you. (T) tax free, (O) ordinary income, (Q) qualified dividends, (L) long-term capital gains.				
Owner	**Plan type**	**Plan name / Location**	**A**	**I**	**T**	**O**	**Q**	**L**	**Balance (as of ———)**
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Y S			A	I	T	O	Q	L	
Plan types you may own: 401 (k)/403(b)/457/ Roth IRA/Roth conversion/traditional IRA rollover IRA/SEP IRA/SIMPLE IRA/annuity									**Total**

Other sources of income and assets

Owner	Other retirement sources	Income	Asset(s)
Y S	Social Security		
Y S	Pensions		
Y S	Real estate		
Y S			
Y S			
Y S			
Y S			

Keep in mind that no investment strategy guarantees a profit or protects against a loss.

Keep in mind that all investments carry a certain amount of risk, including the possible loss of the principal amount invested.

The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, consult an investment professional.

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