Life

NORTH AMERICAN®
A Sammons Financial Company

Managing Your Tax Allocation

Life insurance products are issued by North American Company for Life and Health Insurance®

A Life Insurance Strategy for Your Financial Portfolio

You're likely aware that life insurance can help your family should you pass away. However, including life insurance as part of your overall financial portfolio can enhance your retirement income stream through helping control your tax allocation. **The best part? You don't have to be ultra-wealthy to enjoy tax advantages!**

The way you combine financial vehicles can have a significant impact on the amount of taxes you will pay in retirement, or viewed a little differently, **how much you get to keep**.

Taxable

Funded with after-tax dollars. Potentially taxed at current income tax rates or current capital gains rates.

Tax rates will vary based on how long an asset is held and current income.

0% - 37% tax

Example: Traditional and self directed brokerage accounts (stocks, Certificate of Deposit, Bitcoin)

Tax Deferred

Funded with pre-tax dollars. Taxes are deferred until withdrawal. Taxed as regular income at retirement age.

Current income tax brackets vary based on current income.

10% - 37% tax

Example: most employer sponsored retirement plans

Tax Advantaged

Funded with after-tax dollars. Potentially income tax and capital gains tax free.

No tax liability if properly structured.

0% tax

Example: Life insurance and Roth IRAs

Life Insurance is Tax Advantaged

Knowing how much money you need for retirement is important. However, knowing how much money you keep in retirement is just as important, but often overlooked. Many types of life insurance fit into the Tax Advantaged category and can be a generally income tax free way to help supplement your retirement income.

Have you considered how your financial portfolio is allocated?

Talk to your independent financial professional about preparing your financial portfolio for taxes during retirement.

Tax Data Sources: Tax Policy Center, *The Tax Policy Center's Briefing Book.* (2020).
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Neither North American nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.
The tax-deferred feature of a universal life policy is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your needs. Before purchasing a policy, you should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.
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