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**Wealth** Protection Expertise<sup>sM</sup>

# Tax impact: identify opportunities

How taxes are affecting your clients' retirement plans and how you can help protect their wealth



## The Form 1040 tax guide may help you:

Find areas where your clients could benefit from more tax-efficient strategies.

Gain a more comprehensive picture of each client's financial situation.

Provide an added service to establish a more complete relationship with your clients.

### Lines 8a and 8h:

#### **Retirement savings**

Clients paying taxes on retirement savings may be good candidates for an annuity.

## Lines 9a and 13:

## Dividends and capital gains from taxable mutual funds

Qualified plans, IRAs and annuities provide tax-deferred growth potential on all interest and dividends, enabling your clients' money to grow faster than it would with a taxable product.

## **Lines 15b and 16b:**

## Planning for required minimum distributions (RMDs)

Consider alternative strategies for clients who may not rely upon their RMD income. Ask your Lincoln representative for more information on how these strategies may help clients maximize the assets they leave behind.

## Line 20b:

#### **Reduce taxes on Social Security income**

Annuity and variable life insurance earnings that are not withdrawn are not part of modified adjusted gross income, which is used to determine how much Social Security benefits are taxed. This is also true for the tax excludable portion of an annuitized income stream.

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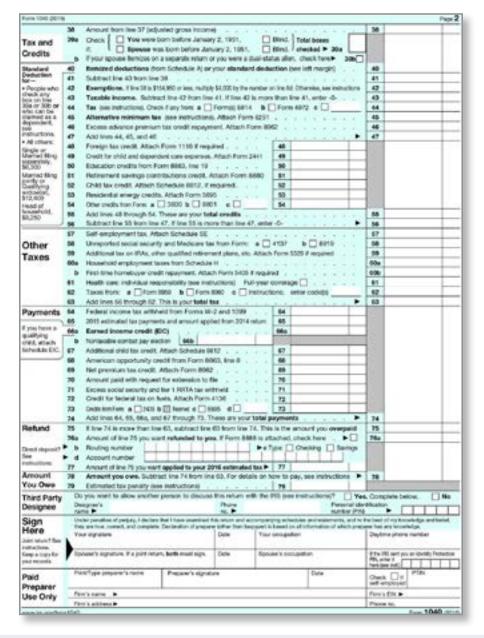
## **Line 32:**

#### **IRA** contributions

Owning an annuity inside an IRA offers your clients additional access to certain guarantees as well as professional management, ease of diversification, and asset allocation.\*

<sup>\*</sup>There is no additional tax benefit for annuity contracts purchased in an IRA or other tax-qualified plan, since these are already afforded tax-deferred status. Thus, an annuity should only be purchased in an IRA or qualified plan if you value some other features of the annuity and are willing to incur any additional costs associated with the annuity to receive such benefits.

Work with your client's accountant and attorney as part of a team to optimize their tax and estate planning strategies, potentially increase income, and strengthen professional relationships.



### Line 40:

#### **IRA** rollover

If your client is the beneficiary of an IRA, cashing it out will result in taxes on the entire inheritance. Consider them as candidates for a tax-qualified annuity.

## **Line 43:**

#### **Employer-sponsored retirement plans**

A company-sponsored retirement plan can help reduce an individual's taxable wages and has higher contribution limits than an IRA, resulting in more retirement savings.

### **Line 50:**

#### **College savings**

A Coverdell Education Savings Account (CESA) and 529 college savings plan (CSP) provide tax-deferred growth and other tax advantages.

### Line 76a:

#### Investing a tax refund

Your clients can contribute all or a portion of their tax refund to a traditional IRA or Roth IRA, or purchase an annuity or life insurance policy.

## Tips for talking taxes with your clients

Note that Schedules A and C may offer additional tax advantages for small-business owners and sole proprietors.

Consider how evolving tax regulations may impact your clients' estate plans and their ability to cover healthcare costs in the future. Lincoln offers tax-efficient products and strategies that may help clients prepare for the impact of taxes. Ask your Lincoln representative for more information. Put Lincoln Wealth Protection Expertise to work for you. Contact your Lincoln Financial representative or call 855-831-7067 for further information.

#### The value of partnering with Lincoln Financial Group

Lincoln Financial Group delivers sophisticated strategies and products for the creation, protection, and enjoyment of wealth. We are committed to helping Americans plan for retirement, prepare for the unexpected and protect their wealth from five key financial challenges: taxes, long-term care expenses, longevity, inflation, and market risk.

Rely on Lincoln for the knowledge and experience to help you address these challenges. Lincoln Wealth Protection Expertise combines state-of-the-art products, seasoned wholesalers and specialists, and powerful visualization tools to assist you in protecting client wealth and planning financial outcomes.

# Don't miss this opportunity to engage your clients on their tax concerns and help them protect their wealth.

To get information and guidance about the solutions mentioned here, contact your representative.

Not a deposit

Not FDIC-insured

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Not guaranteed by any bank or savings association

May go down in value

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