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# Asset characteristics Tax facts<sup>1</sup>

**Investment portfolio allocations generally focus on risk vs. reward considerations, while tax issues are often overlooked. Just as important as diversifying the investment of your personally owned assets across different asset classes, it is important to understand the legal and tax treatment accorded to the assets that make up your portfolio.**

The following chart highlights the normal treatment accorded to some commonly held assets. It addresses tax issues and other issues that can impact the net value of these assets in your hands, or the hands of your heirs or beneficiaries, from the time they are acquired until the time they are liquidated or distributed. This chart can be an effective tool to guide you in assessing your current and future asset allocations.

		Qualified plans/IRA <sup>2</sup>	Equities	Tax-free bonds	Annuities	Life insurance
<b>Acquisition</b>	Contribution legal limits	Limited	None	None	None	None
	Acquisition dollars	Tax-deductible <sup>3</sup>	After-tax	After-tax	After-tax	After-tax
<b>Accumulation</b>	Income (dividends and/or interest)	Tax-deferred	Taxable	Tax-free <sup>4</sup>	Tax-deferred	Tax-deferred
	Growth	Tax-deferred	Tax-deferred	Tax-deferred	Tax-deferred	Tax-deferred
	Repositioning	Tax-free	Taxable	Taxable	Tax-free	Tax-free
<b>Distribution</b>	Income tax on income	Account taxable (prior to age 59½, 10% penalty may apply)	Gain taxable	Gain taxable	Account taxable (prior to age 59½, 10% penalty may apply)	Basis tax-free, <sup>5</sup> loan tax-free <sup>6</sup>
	At death included in taxable estate	Included <sup>7</sup>	Included <sup>7</sup>	Included <sup>7</sup>	Included <sup>7</sup>	If owned by the insured — yes <sup>7</sup>
						If owned by another (spouse, a trust, etc.) — no
	Taxed upon liquidation at death	Taxable	Adjusted to fair market value at death	Adjusted to fair market value at death	Taxable	Tax-free <sup>8</sup>
	Creditor protection	Yes	No	No	State law controls	State law controls

Please be advised this chart is based on our general understanding of federal tax rules for U.S. individuals and is not intended as legal or tax advice. Your clients should consult their own tax advisor. Also, your clients should consult with their advisor regarding the individual characteristics of any product or investment purchase. All these products and investments have different characteristics and levels of risk. Equitable Financial, Equitable America and Equitable Distributors do not provide tax and legal advice. Clients should consult with tax and legal professionals on these matters. This list provides only a general overview of the tax treatment. There may be variations within a client's own portfolio that may differ from this chart.

**Talk to your financial professional to  
learn more, or visit [equitable.com](https://equitable.com) today.**

1 Specific circumstances of assets held in an individual portfolio may result in different treatment than is reflected here. Clients must consult their own tax advisors regarding the actual treatment of their personal assets.

2 Does not include Roth IRAs.

3 There are limitations on tax-deductible contributions to qualified plans and IRAs. Please consult with your tax advisor for additional information.

4 Income from municipal bonds may be subject to the Alternative Minimum Tax (AMT), and capital appreciation from discounted bonds may be subject to state or local taxes. Capital gains are not exempt from federal income tax. Interest income from municipal bonds may impact how Social Security benefits are taxed. Please consult with your tax advisor for additional information.

5 Withdrawals other than loans and in excess of basis, taxable.

6 While non-MEC policy remains in force, loans remain tax-free. Termination may trigger tax.

7 Currently 40% maximum federal rate.

8 Policy must meet Definition of Life Insurance Tests and, if subject to employer-owned life insurance (EOLI) requirements, the employer and employee must satisfy all EOLI requirements.

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