Pre-Approach Letter for Clients Nearing Retirement

**For Use by a CPA or Tax Preparer**

[Date]

[Return Address]

Dear [Contact\_Name]:

Finally, the majority of your working years are behind you. As you approach retirement, I thought it might be helpful to talk with you about your financial plan.

Over the years as a tax professional, I’ve been committed to helping my clients plan and prepare their tax returns. However, many of my clients have often asked for my advice on other financial matters such as investments, retirement planning, and education funding.

To address these requests, I have begun to work with [Name], a Financial Professional. Working in this capacity helps me give my clients the most comprehensive service possible. In that regard, I’d like you to consider the following:

**Retirement Planning Now**

After reviewing your tax return, I noticed that you contributed [$AMOUNT] to pretax retirement programs. If you continue saving this much annually, realizing at least a 6% rate of return[[1]](#footnote-1)[1], will it be enough to achieve the retirement lifestyle you desire? It’s important to periodically review your retirement plan to see if any modifications are necessary. I can offer you a complete complimentary financial review to help determine if you are on track to reach your goals.

As you know, for the tax year in which you turn age 73,[[2]](#footnote-2) you are required to begin withdrawing a minimum amount from your retirement accounts and pay taxes on it. This is true whether you need the money or not. Some taxpayers need and spend the required minimum withdrawal. Others have income from other sources and simply re-invest or deposit the withdrawal into their savings account where the growth or interest is subject to income taxes. There are a variety of other options that may help protect this money from further income and, possible estate taxation. Call me so that we can estimate what you’ll be required to withdraw.

**Plans for College Savings** [Optional if Financial Professional knows of grandchildren]

If you are currently helping your grandchildren prepare for college expenses, there are options available to you for formal education funding, including life insurance. With cash value life insurance, in addition to the needed death benefit, funds grow tax-deferred, and withdrawals for higher education expenses can be received without being subject to income taxes. Withdrawals and loans from life insurance contracts will reduce the face amount and increase the chance a policy may lapse. An effective plan may be developed to help you save for the formidable expenses of higher education. I’d be happy to give you more information about the options that are available to you.

**Estate Taxes**

What estate taxes will be due when you pass away? For most people, it’s less complicated and less expensive to address this issue before the fact, rather than after. Do you have current will(s) and trust(s)? Perhaps it’s time to review and possibly update them. It’s also important to examine the ownership and beneficiaries for many assets. For example, who are the primary and contingent beneficiaries of your life insurance policies, retirement accounts, and annuities? I can provide you with a complimentary review of your estate planning documents and beneficiary designations.

**Capital Gains/Losses**

Sometimes your investments may be up, sometimes they may be down. If your assets have generated capital gains or losses, there are ways to offset them. I’d be happy to discuss strategies with you.

Helping you plan for your financial well-being is important to me. I would like to schedule an appointment for us to talk in more detail about your goals and the tools that may help get you there. I will call you soon.

Sincerely,

[Name]

Please be advised that this letter is not intended as legal or tax advice. Accordingly, any tax information provided in this letter is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed and you should seek advice based on your particular circumstances from an independent tax advisor.

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1. [1] This hypothetical 6% rate of return is for illustrative purposes only and does not refer to any specific investment.  Individual results vary, and past performance is never a guarantee of future returns. [↑](#footnote-ref-1)
2. Age 75 beginning in 2033. [↑](#footnote-ref-2)