Asset location strategies for balancing career and family

Fine-tune your retirement savings strategy now for maximum impact

Meet Dave and Kristina

- **41 and 43 years old; married with two children**
- **$147,000 annual household income**
- **Master's degrees — she's a math teacher and he's a small business owner**
- **$900,000 investable assets — mutual funds, select stocks and 403(b)**
- **Maxing contributions to their employer-sponsored plans**
- **529s for both kids**
- **Mortgage; no other debt**

Dave and Kristina have been thoughtful and conservative with their finances, having witnessed their own parents' financial stress caused by the bursting of the tech bubble. They are on track with college savings for the kids, are successfully maximizing their retirement plans and are ready to focus on additional retirement strategies, including addressing concerns about health care as they age. In retirement, Dave would like to run his business part time and travel the world with Kristina.

Here are three important conversations to have if you, like Dave and Kristina, are ready for next-level retirement saving strategies:

1 **Introduce** tax-smart asset location strategies.

Take an inventory of all retirement savings and planned retirement income sources. Discuss the benefits of asset location and how it can help reduce taxes.

Be sure you have maxed your contributions to employer-sponsored plans. You'll get tax benefits today by reducing your taxable income.

Introduce the power of after-tax savings. If you have maxed out contributions to your employer-sponsored plans, like Dave and Kristina, and still have discretionary income to save, consider investments that will deliver tax-free income in retirement — like Roth IRAs and variable universal life (VUL).

Put "lazy money" to work. Do you keep a balance in excess of 6 months' of living expenses in low-interest accounts? If so, it may be more effectively deployed as additional after-tax retirement savings.

2 **Explore** any health care concerns.

Discuss concerns about long-term care (LTC). Extra earnings or savings may be well positioned in a VUL policy with an LTC rider. This will protect other retirement assets from the cost of a long-term care event.

Make sure to have an up-to-date will and power of attorney documents. It is key to understand the importance of patient advocacy, medical directives and other measures that ensure your assets will be distributed according to your wishes.

Evaluate current life insurance coverage and fine-tune for retirement needs. The VUL policy above will also help increase coverage and serve as a legacy vehicle.[1]

3 **The role** of guaranteed income options

Discuss guaranteed income options. The certainty and convenience of guaranteed income in retirement may be attractive — especially if you are more conservative with your finances, like Dave and Kristina. There are different types of annuities and optional benefits that can provide a range of protected lifetime income for you or you and your spouse. Income options, such as Guaranteed Living Benefit (GLB) options, can provide levels of income that are protected and still allow you to maintain control of your invested assets. There may be an additional cost for this benefit. Be sure to discuss with your financial professional.

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1 A variable universal life insurance contract is a contract with the primary purpose of providing a death benefit. It is also a long-term financial investment that can also allow potential accumulation of assets through customized, professionally managed investment portfolios. These portfolios are closely managed in order to satisfy stated investment objectives. There are fees and charges associated with variable life insurance contracts, including mortality and risk charges, administrative fees, investment management fees, front-end load, surrender charges and charges for optional riders. A VUL contract contains investment risk, including the possible loss of principal invested.

A variable universal life insurance contract is sold by prospectus only that contains complete information on investment objectives, fees, charges and expenses. Please read the current prospectus carefully before investing or sending money. Your financial professional can provide you with a copy of the current prospectus.

The Long-Term Care Services℠ Rider is available for an additional charge and does have restrictions and limitations. A client may qualify for the life insurance but not the rider. It is paid as an acceleration of the death benefit.

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