Asset location strategies for those nearing retirement

Bringing a tax-smart retirement into clear focus

Meet Patty and Charles

- **58 and 57; married; kids are grown and out of the house**
- **$120,000 annual income**
- **$500,000 investable assets**
- **Undergraduate degrees — sales manager and engineer**
- **First grandchild on the way — want to help with education**
- **Want to pay off their mortgage**
- **Want to retire at 65**

Patty and Charles are comfortable and on track with their retirement savings, although they don't have a specific retirement income plan. They anticipate increasing their contributions to the maximum when they pay off the mortgage on their vacation home in 3 years. They are beginning to be concerned with having enough to leave to their children and helping with grandchildren's college expenses.

Here are three important considerations for those like Charles and Patty nearing retirement:

1 **Evaluate** retirement readiness and asset location

Inventory all retirement income sources. Estimate expected tax bracket in retirement.

Put together a detailed retirement income plan, so you can have confirmation that your plan is on track and to identify any gaps.

Take advantage of catch-up provisions. Those over 50 can save an additional catch–up contribution in their employer-sponsored plan. This will allow for a bigger tax break today, and more income in retirement.

Estimate expenses in retirement, including how much likely to be paid in taxes. Create a plan to reduce expenses and potentially accumulate additional savings in tax-free sources like Roth IRAs.

Discuss guaranteed income options with variable annuities. The certainty and convenience of guaranteed income in retirement may be beneficial. Explore interest in guaranteed income options through variable annuities.

2 **Explore** 529 plans

If you want to help pay for your grandchildren's education, like Patty and Charles, a 529 may be a good choice over other savings accounts. There is no contribution limit, and you won't pay taxes on earnings. When the money is withdrawn for education, it's tax-free.

3 **Discuss** healthcare and legacy needs

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

Contact an estate planning attorney for planning and document creation.

Evaluate current life insurance coverage and fine-tune for retirement needs. A VUL policy may help increase coverage and serve as a legacy vehicle.

Contact your financial professional to learn more about tax-smart strategies that can help reduce your tax burden.

Visit us at equitable.com/tax-smart.

Many Americans worry they won't have enough income to live on in retirement. That's why Equitable became a founding member of the Alliance for Lifetime Income (ALI), which brings together 24 of the nation's leading financial services organizations to educate Americans on the importance of protected lifetime income. Learn more about how you can make a difference for your clients in their retirement by visiting resources.protectedincome.org.

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