
FOUR BUCKETS:

Do You Know
Where Your Tax
Liabilities Fall?



Prepared on behalf of

wealthRx
FOR DOCTORS

www.wealthrxfordoctors.com

**NOT ALL FINANCIAL
PRODUCTS ARE
EQUAL WHEN IT
COMES TIME TO
PAY YOUR TAXES!**

Many retirees leave most of their investments in tax-deferred assets, although this can cost them money down the road.

To understand how different types of assets can affect your income level and the amount of taxes you owe in retirement, imagine that your entire savings plan is represented by four buckets.



TAXABLE ASSETS: Bucket 1 contains the dollars you earn each year from CDs, the distributions you take from nonqualified mutual funds, the dividends and capital gains you earn from stocks, the interest and capital gains you enjoy from bonds, and your reinvested dividends.



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TAX-DEFERRED ASSETS: Bucket 2 holds the money saved in tax-deferred retirement accounts that may hold both investments and insurance products, including retirement plans like your 401(k)s, 403(b)s, 457s and IRAs. Qualified and nonqualified annuities and savings bonds are also stored in this bucket.



INCOME TAX FREE/ESTATE TAXABLE ASSETS: Bucket 3 contains Roth IRAs, most municipal bonds, appreciation of capital assets held until death and properly structured life insurance policies.



INCOME TAX FREE/ESTATE TAX FREE ASSETS: Bucket 4 includes items found in Bucket 3 used to fund irrevocable life insurance trusts and charitable trusts.

REDUCE YOUR TAX BURDEN WITH A DIVERSIFIED STRATEGY

During retirement, some of the withdrawals you make for income will be taxed, which means you won't get the amount of the withdrawal you were expecting. To reduce this burden, you might consider moving assets from taxable buckets 1 and 2 into tax-free buckets 3 and 4. Doing so can allow you to optimize results both during the accumulation and retirement phases of your life.

BREAK OUT OF BUCKET 2!

Consider spreading your assets across a mix of taxable, tax-deferred and tax-free accounts to reduce the total amount of taxes you pay during retirement.

To learn more about how you might implement this tax-efficient retirement income strategy, give us a call at 513-769-2700.

WE LOOK FORWARD TO HEARING FROM YOU SOON!



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