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Tax Efficiency Checklist

KEY: In the upper boxes of the Purpose columns, enter either **ST** (Short-Term Savings), **LT** (Long-Term Savings) or **AT** (Asset Transfer). In the lower boxes, enter either Retirement, Education, Charitable Giving or Other.

Tax Now (see disclosures)			Tax Later (see disclosures)			Tax Never* (see disclosures)		
	Amount	Purpose		Amount	Purpose		Amount	Purpose
Savings[1]			IRAs[3,4,5]			Roth IRAs[5,7]		
Checking[1]			401(k), 403(b) and Other Pension Plan Assets[3,4,5]			Roth 401(k)[5,7]		
CDs[1]						Municipal Bonds[8]		
Mutual Funds[1]			Variable Annuities[3,5]			Whole Life Insurance Cash Value[9]		
Stock Dividends[1]			Fixed Annuities[3,5]			Variable Universal Life Insurance Cash Value[9]		
Bonds[1]			Stocks – capital appreciation[1]			Universal Life Insurance Cash Value[9]		
U.S. Treasuries[1,2]			U.S. Savings Bonds[6]			Health Savings Account[10]		
Other			Other			Other		
TOTAL			TOTAL			TOTAL		

[1]Any interest, dividends or capital appreciation is subject to taxation when realized.

[2]U.S. Treasuries are generally exempt from state and local income tax.

[3]Gains subject to income tax when withdrawn.

[4]Generally funded with pre-tax dollars.

[5]Distributions prior to age 59½ may incur a 10% premature distribution penalty; all distributions may incur surrender charges.

[6]Generally exempt from state income tax. Special tax benefits may apply.

[7]Funded with after-tax dollars; gains may be tax-free.

[8]Interest is free from federal income tax; may be subject to state income tax, federal alternative minimum tax and capital gains tax.

[9]The primary purpose of life insurance is for the death benefit protection. Withdrawals may be available income tax-free to the extent of basis. Lifetime distributions of the cash value are subject to possible income taxation and penalties, could reduce the death benefit, and could cause the contract to lapse.

[10]Eligibility requirements and annual contribution limits apply. Contributions are not subject to federal income taxes and can grow tax-free. State tax exemptions may apply. Distributions to pay for eligible expenses are tax-free. Distributions to pay for ineligible expenses will be taxed and, for individuals who are not disabled or over age 65, are subject to a 20% tax penalty.

*The withdrawal of dividends or the amount of a loan or partial surrender may be subject to ordinary income taxes.

Tax Efficiency Checklist

Use the checklist on page 1 to uncover assets that may be best positioned to help you reach your financial goals. Keep in mind that the checklist only considers income tax treatment of the listed assets, which also may be subject to state and federal estate and/or inheritance tax.

Name

Date

Time diversification

If you project your life on a timeline, there are a number of short- and long-term goals that you will likely be planning and saving for, like a new home, college education for your children, retirement, travel or charitable giving.

How and when you plan to use the money are important factors in deciding the most tax-efficient type of investment to help you reach your goals.

Investment diversification

Investment diversification is the process of allocating investments across a variety of asset classes. Diversification alone cannot protect against losses in a declining market, but it can be an effective way to minimize risk. In addition, there are types of investments that can provide a hedge against inflation. As such, investment diversification is an important component for investors who have multiple goals with different time horizons.

Income tax diversification

Income tax diversification helps you position your assets more income tax-efficiently and increase your total spendable income. Different types of investments are taxed at different times. For example:

- **Tax Now** assets are liquid and are best positioned for current, short-term needs. They include savings and checking accounts, certificates of deposit and U.S. Treasuries.
- **Tax Later** assets are generally earmarked for longer-term needs, like college and retirement funding. They include qualified plans, traditional IRAs and annuities.
- **Tax Never** assets generally offer preferential income tax treatment on the accumulated value and its distribution. They can include Roth IRAs, municipal bonds and life insurance, and are funded with after-tax dollars. Health savings accounts (HSA) can be funded with either pre- or after-tax dollars, but fall into the Tax Never category.

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