

# Managing Your Tax Allocation

Life insurance products are issued by Midland National® Life Insurance Company

## A Life Insurance Strategy for Your Financial Portfolio

You're likely aware that life insurance can help your family should you pass away. However, including life insurance as part of your overall financial portfolio can enhance your retirement income stream through helping control your tax allocation. **The best part? You don't have to be ultra-wealthy to enjoy tax advantages!**

The way you combine the use of the following types of financial vehicles can have a significant impact on the amount of taxes you will pay in retirement, or viewed a little differently, **how much you get to keep.**

### Taxable

Funded with after-tax dollars.  
Potentially taxed at current income tax rates or current capital gains rates.  
Tax rates will vary based on how long an asset is held and current income.

**0% - 37% tax**

Example: Traditional and self directed brokerage accounts (stocks, Certificate of Deposit, Bitcoin)

### Tax Deferred

Funded with pre-tax dollars. Taxes are deferred until withdrawal.  
Taxed as regular income at retirement age.  
Current income tax brackets vary based on current income.

**10% - 37% tax**

Example: most employer sponsored retirement plans

### Tax Advantaged

Funded with after-tax dollars.  
Potentially income tax and capital gains tax free.  
No tax liability if properly structured.

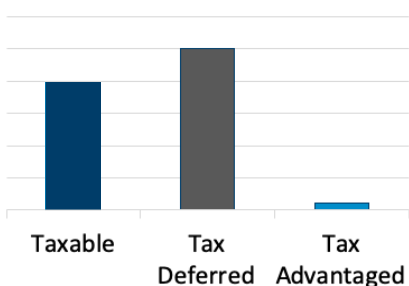
**0% tax**

Example: Life insurance and Roth IRAs

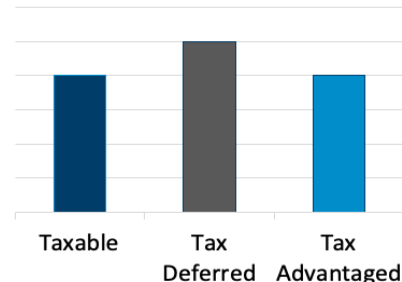
## Life Insurance is Tax Advantaged

Knowing how much money you need for retirement is important. However, knowing how much money you keep in retirement is just as important, but often overlooked. Many types of life insurance fit into the Tax Advantaged category and can be a generally income tax free way to help supplement your retirement income.

### Typical Allocation



### A More Balanced Allocation



## Have you considered how your financial portfolio is allocated?

**Talk to your independent financial professional about preparing your financial portfolio for taxes during retirement.**

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.

Tax Data Sources: Internal Revenue Service, Topic No. 409, Capital Gains and Losses. (April 2023). <https://www.irs.gov/taxtopics/tc409>

Internal Revenue Service, Publication 5307, Tax Reform: Basics for Individuals and Families. (May 2023). <https://www.irs.gov/newsroom/publication-5307-tax-reform-basics-for-individuals-and-families>

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