Tax Diversification Strategy
Build a More Tax-Efficient Retirement Plan

Why Tax Diversification Matters

Tax laws change, markets shift, and client needs evolve. Relying too heavily on one type of tax treatment—like all pre-tax assets—can expose clients to higher future tax risk and reduce retirement income flexibility.

A smart retirement plan includes a mix of tax-deferred, tax-free, and taxable assets—giving clients more control over income distribution, legacy planning, and RMD strategy.

The Three Buckets of Retirement Income

Tax Treatment	Examples	Considerations
Taxable	Brokerage accounts, CDs. Dividends	Easy access, but subject to annual taxes
Tax-Deferred	401(k), IRA, non-qualified	Reduces current income, taxed on withdrawl
Tax-Free	Roth IRA, Cash Value Life Insurance, HSA	After-tax funding; tax-free access later

Where Life Insurance Fits In

Permanent life insurance, structured properly, offers a powerful Roth alternative with:

- Tax-deferred growth
- Tax-free withdrawals/loans (when designed properly)
- No income limits or RMDs
- Built-in death benefit for estate and liquidity needs

It's ideal for:

- High-income earners
- Clients maxed out of qualified retirement options
- Clients concerned about future tax increases
- Clients who want protection + supplemental income flexibility

Ideal Client Profile

- Ages 30–55, still in accumulation phase
- Maxed out 401(k)/IRA contributions
- High W-2 income or business owners
- Concerned about rising tax environments
- Planning for flexible retirement distribution options

Next Steps

- Request a customized tax diversification illustration
- Compare cash value life insurance alongside traditional Roth
- Review client financials for tax-efficiency opportunities

Ready to help your clients reduce future tax risk and increase flexibility?
Let's discuss tax diversification strategies that include life insurance.

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