Employ a balanced risk and tax diversification strategy to help earn and keep more assets for retirement

When it comes to investing, diversification among asset classes and investment styles can help manage risk; however, diversifying your investments according to how they are taxed is also critical. By balancing both risk diversification and tax diversification, you may better protect your assets while maximizing growth potential.

Pre-tax vs. after-tax contributions

Investments funded with pre-tax dollars lower your current income taxes, but you'll pay taxes on withdrawals in the future. Contributions to after-tax investments are taxed today, but you may be able to mitigate taxes on income in the future—when tax rates could be higher. Tax diversification helps optimize your total after-tax returns.

Variable vs. stable returns

Investments with variable returns fluctuate according to the market or interest rate environment and offer greater growth potential with more risk. Stable, fixed investments or savings yield lower returns with less risk. Risk diversification can help manage volatility and losses, while allowing you to seek asset growth.

	Pre-tax contributions (401k/403b/IRA)	After-tax contributions (Nonqualified/Roth IRA)
Variable: Returns rise and fall	• Individual stocks • Corporate bonds • Mutual funds • ETFs • Variable annuities	• Individual stocks • Mutual funds • ETFs • Variable universal life • Variable annuities • Real estate • Business ventures
Stable: Returns are fixed	• Stable value funds • Municipal/government bonds[1] • Fixed annuities	• Bank savings/credit union accounts • Whole life insurance • Fixed annuities • Municipal/government bonds[1]

Where are your assets today?

	Pre-tax asset value /contribution amount		After-tax asset value /contribution amount	
Variable returns	401(k)	$	Investment account	$
	403(b)	$	Roth IRA	$
	Traditional IRA	$	Variable universal life[2]	$
	SEP/SIMPLE IRA	$	Variable annuity	$
	Deferred comp plan	$	Other	$
Stable returns	401(k)	$	Investment account	$
	403(b)	$	Roth IRA	$
	Traditional IRA	$	Whole life insurance[2]	$
	SEP/SIMPLE IRA	$	Fixed annuity	$
	Deferred comp plan	$	Municipal bonds	$

Total pre-tax $ ____ Total after-tax $ ____ **Total** $ ____

Ready to take the next step?

Let's put a comprehensive approach to diversification into place. Our proprietary tools and guidance will empower you to make informed decisions for a more rewarding financial future.

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[1] Stable returns when held to maturity.

[2] The primary purpose of cash value life insurance is to provide a death benefit. Cash value life insurance is not a retirement account, unlike a Roth IRA. Cash value life insurance is not an interest-bearing debt obligation, like a muni bond. Cash value life insurance does generally offer tax-free access to the cash value; however, accessing the cash value will reduce the policy's available cash surrender value and life insurance benefit. Also, certain tax advantages are no longer applicable to a life insurance policy if too much money is put into the policy during its first seven years, or during the seven-year period after a "material change" to the policy.

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