Learn the two ways you should diversify your portfolio to help earn – and keep – more assets for retirement.

Risk diversification and tax diversification both play a role.

Risk diversification

The adage "Don't put all your eggs in one basket" is often used to explain the concept of diversification; that is, a practice that intends to reduce risk by spreading investments across different types of assets or asset classes. This way, if one investment doesn't do well, the others might – and may balance the returns out.

On one hand, risk diversification may help avoid an overly aggressive asset mix that could lead to losses depleting your portfolio: on the other, it may help avoid investing so conservatively that you miss out on the asset growth you need to live comfortably in the future.[1]

That's why it is important to consider investing in products that take advantage of market growth potential as well as some that offer stability and limit downside risk.

For proper risk diversification, consider an appropriate percentage devoted to variable versus stable assets based on your individual investment goals, time horizon, and tolerance for risk.

VARIABLE
Returns that fluctuate according to market performance and offer greater growth potential along with a measure of risk.

STABLE
Fixed-rate, stable returns that offer steady, predictable growth.

This is not intended as retirement or investment advice. No one can predict with certainty future tax or inflation rates or what future tax laws will be. Neither the information presented, nor any opinion expressed constitutes investment or retirement advice or a solicitation for the purchase or sale of any particular investment, security or other financial product or investment strategy.

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You diversify your investments…why not diversify how they are taxed?

Tax diversification involves allocating assets in a variety of accounts that have different tax treatments, in order to minimize overall tax liability and optimize after-tax returns. Dedicating some assets to an investment that can create tax-free income means that you may ultimately have more money to use in retirement.

Pre-Tax Assets

No initial tax on **contributions** or **growth.**

TAXED LATER

- 401(k)
- 403(b)
- Deductible IRA
- SEP IRA
- Simple IRA
- Keogh plan

After Tax Assets[2]

Contributions are taxed up front, with **growth** taxed in a variety of ways.

TAXED NOW

- Checking accounts
- Savings accounts
- Money market accounts
- Some mutual accounts

TAXED LATER

- Common stocks
- Real estate
- Business ventures
- Precious metals
- Deferred annuities
- Some mutual funds

TAXED NEVER

- Roth IRA
- Roth 401(k)
- Tax-free municipal bonds
- Cash value life insurance

Increase your opportunity for more retirement income in the future by employing both risk diversification and tax diversification today. Meet with your New York Life financial services professional to learn how our Macro Balance Strategy can help.

[1] While diversification may help manage volatility, it does not guarantee a profit or protect against loss.

[2] "Taxed now," "taxed later," and "taxed never" refer to the tax treatment of any gains or growth from these assets. "Taxed never" refers to the future treatment of assets which already have been subject to income taxation before being put into an account or product. Certain interest, although exempt from federal income tax, may still be reportable to the IRS and, in certain circumstances, may be subject to the alternative minimum tax. Redistribution of assets may cause tax consequences.

New York Life Insurance Company

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