

# Get ready for a tax-efficient retirement

What you can do today to help protect your retirement income

CLIENT GUIDE

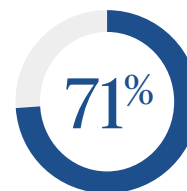


Insurance products issued by:  
The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York

Not insured by any federal government agency	Not a deposit	Not FDIC-insured
May go down in value	Not guaranteed by any bank or savings association	

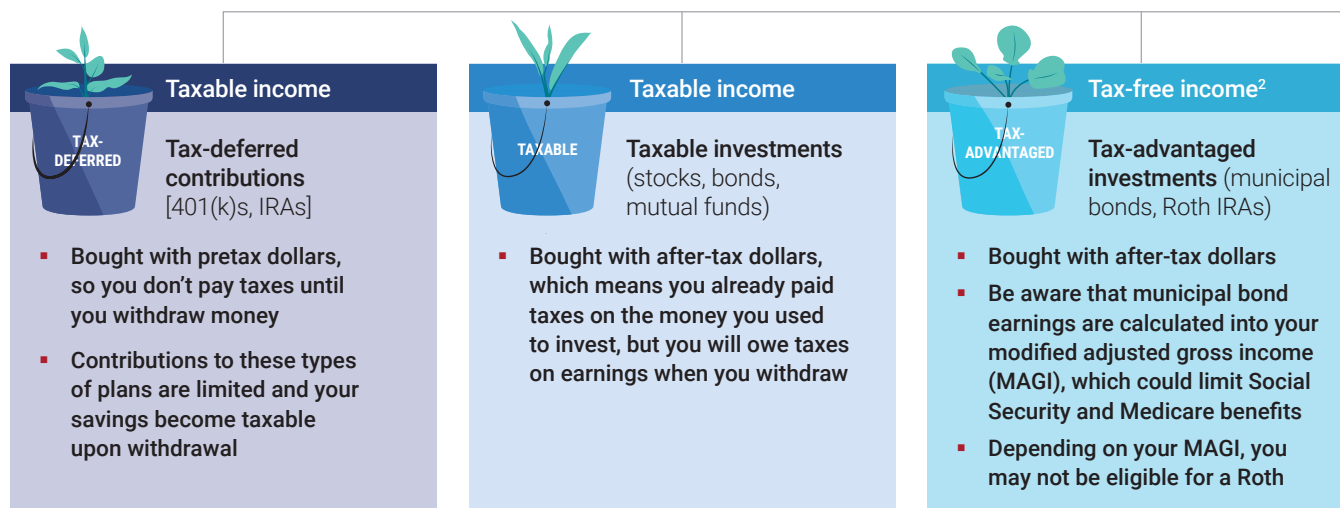
# Make retirement less taxing

As you plant the seeds for your retirement, now is the time to consider how taxes will affect you when you begin spending your savings. Often, you're tending to products that could not only raise your taxes in retirement, but erode your retirement income. The good news is that you can make solid decisions now to benefit you in the future. As you grow your retirement portfolio, consider adding more tax-efficient assets, like a life insurance policy that provides a valuable death benefit as well as a different layer of protection to your overall retirement portfolio.



**71% of consumers surveyed have not talked to a financial professional about ways to minimize exposure to taxes, even though concern is high on how a change in taxes may impact retirement.<sup>1</sup>**

**Today, your retirement portfolio is probably a mix of assets that fall into three categories, or buckets.**



## See how taxes may affect your income when you retire

### Before age 59½

You pay ordinary income tax and a 10% penalty.<sup>4</sup>

### After age 59½

Your tax-deferred assets become taxable when withdrawn.

### At age 62

85% of your Social Security benefits are taxed if you have too much MAGI.<sup>5</sup>

### At age 65

Your Medicare Part B costs could increase to \$428.60 /month if you have too much MAGI.<sup>6</sup>

### At age 72

You must take required minimum distributions, from tax-deferred assets, which adds to your tax exposure.

<sup>1</sup> Lincoln Financial, Monthly Consumer Sentiment Tracker, Dec. 2020. <https://www.businesswire.com/news/home/20220906005959/en/>

<sup>2</sup> Income tax-free subject to certain requirements. Could affect modified adjusted gross income.

<sup>3</sup> Income tax-free loans and withdrawals will reduce the policy's cash value and death benefit. See the following page for important information regarding loans and withdrawals.

# Keep more of what you earned

Talk with a financial professional about creating a diversified retirement portfolio that balances the limitations and benefits of different financial assets. Your tax-deferred investment withdrawals, for example, will become taxable income. Add that income to any withdrawals on your stocks, bonds or mutual funds, and you could have a higher-than-anticipated tax bill. Including tax-advantaged products like cash value life insurance can be key to a smaller tax bill later in life.



**Income tax-free financial resource<sup>3</sup>**

**Life insurance**  
(Tax-advantaged)

- Your potential savings accumulate on a tax-deferred basis
- You can have a tax-efficient financial resource for retirement<sup>2</sup>
- No IRS income limits

## Adding cash value life insurance to your portfolio can help protect your savings and provide:

- An income tax-free death benefit for your beneficiaries
- Tax-deferred growth opportunities
- An income tax-free financial resource for retirement<sup>2</sup>
- No penalties for cash values taken before age 59½

**No matter when you retire, you can take income through policy loans and withdrawals without affecting your income tax bracket, Medicare premiums, Social Security tax, capital gains and MAGI.**

## What cash value life insurance could do for you when you retire

### Before age 59½

You have income tax-free distributions without penalties.<sup>3</sup>

### After age 59½

You could access income tax-free funds.<sup>3</sup>

### At age 62

There's no effect on your Social Security benefits.

### At age 65

There's no effect on Medicare Part B premiums.

### At age 72

You are not required to take minimum distributions.

<sup>4</sup>The 10% penalty is applicable for withdrawals from qualified plan and IRA accounts before age 59½.

<sup>5</sup>Individuals with MAGI above \$34,000; \$44,000 filing jointly. Source: <https://www.irs.gov/newsroom/irs-reminds-taxpayers-their-social-security-benefits-may-be-taxable>.

<sup>6</sup>Individuals with MAGI greater than \$153,000 and up to 183,000; greater than \$306,000 and up to 366,000 filing jointly, for 2023. For complete Medicare Part B Income-Related Monthly Adjustment Amounts, see <https://www.cms.gov/newsroom/fact-sheets/2023-medicare-parts-b-premiums-and-deductibles-2023-medicare-part-d-income-related-monthly>.

## Start planning now to help protect your retirement income from taxes.

2023 tax rates	If your taxable income is over		
Tax provision	Single filers	Joint filers	2023 top tax rate
<b>Income tax</b>	\$578,125	\$693,750	37%
<b>Medicare payroll tax:</b> additional tax on unearned income	\$200,000	\$250,000	1.45%
<b>Capital gains tax:</b> long-term capital gains and qualified dividends	\$492,300	\$553,850	20%
<b>Unearned income Medicare contribution tax (UIMCT):</b> applies to realized investment income and gains	\$200,000	\$250,000	3.8%
<b>Itemized deductions:</b> reduces Schedule A deductions by up to 80%	Suspended until January 1, 2026		
<b>Personal exemptions:</b> phaseout \$4,150/personal tax exemption	Suspended until January 1, 2026		
<b>Child tax credit</b>	\$2,000	\$2,000	Phaseout begins at \$200,000 for single taxpayer and \$400,000 for married filing jointly
<b>Social Security benefits</b>	\$34,000	\$44,000	Up to 85% is treated as ordinary income

Sources: <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2023>. All 2023 tax information is from the Internal Revenue Service, current as of October 31, 2022 and can be accessed at [IRS.gov](https://www.irs.gov).

## Your Medicare premiums

Medicare premiums are also affected by the amount of income you have. As your income increases, so do those premiums. Premiums can increase to \$527.50 per month for single filers with income over \$183,000, or for joint filers with income over \$366,000. This amount is \$560.50 for single taxpayers with income above \$500,000, or for joint filers with income above \$750,000 for 2023<sup>6</sup>.



**Ask a financial professional how Lincoln cash value life insurance could enhance your retirement strategy.**

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

**This material is provided by The Lincoln National Life Insurance Company and Lincoln Life & Annuity Company of New York, which issue life insurance products. This material is intended for general use with the public. The Lincoln insurers are not undertaking to provide investment advice for any individual or any individual situation, and you should not look to this material for any investment advice. The Lincoln insurers, as well as certain affiliated companies, have financial interests that are served by the sale of Lincoln insurance products.**

Distributions are taken through loans and withdrawals, which reduce a policy's cash value and death benefit and may cause the policy to lapse. Loans are not considered income and are tax-free. Withdrawals and surrenders are tax-free up to your cost basis, provided your policy is not a modified endowment contract (MEC). A MEC policy is one in which the life insurance limits exceed certain high levels of premium or the cumulative premium payments exceed certain amounts specified under the Internal Revenue Code. For policies that are MECs, distributions during the life of the insured, including loans, are first treated as taxable to the extent of income in the contract, and an additional 10% federal income tax may apply for withdrawals made prior to age 59½.

©2022 Lincoln National Corporation

[LincolnFinancial.com](https://www.lincolnfinancial.com)

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

LCN-5173224-111422

POD 11/22 Z17

Order code: LIF-TAX-BRC002

### Important information:

Lincoln Financial Group® affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Please consult an independent professional as to any tax, accounting or legal statements made herein.

Lincoln life insurance policies are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, and are distributed by Lincoln Financial Distributors, Inc., a broker-dealer. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so.**

Policies sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY, and are distributed by Lincoln Financial Distributors, Inc., a broker-dealer.

**All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company.** They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

