Prepare today, so you can enjoy tomorrow even more.

A look at tax diversifying your retirement income.

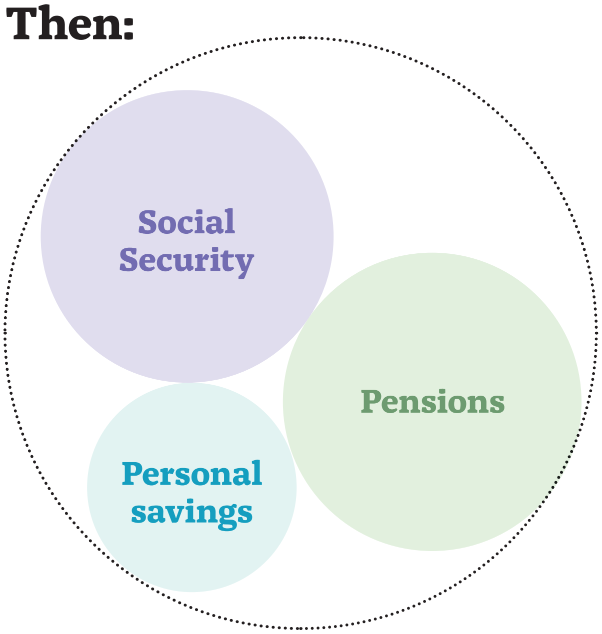
NEW YORK LIFE

Are you satisfied with the progress you've made toward your retirement?

Retirement is changing. It's more active, exciting, and longer. Many people can expect to spend 30 years or more in retirement. Preparing for retirement is changing, too. These days it's important to start early, stay focused, and be ready for any eventuality.

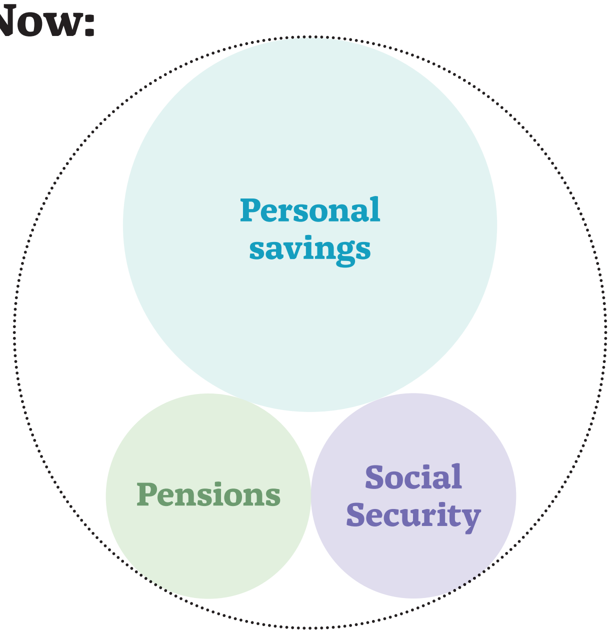
Traditional sources of retirement income aren't as reliable as they used to be.

Then:



Retirement income source

Now:



Retirement income source

People must increasingly rely on personal savings and assets, so they need to consider how their savings vehicles will be affected by taxes.

So if things are changing, what can you do to keep up with those changes?

One nontraditional solution to consider is permanent life insurance. It provides cash for your beneficiaries should you die, peace of mind for you, and can be a powerful part of your overall financial plan. Plus, if properly structured, you can make withdrawals from your policy that provide tax-free supplemental income when you retire if you no longer need the full death benefit.

Protection and more.

Permanent life insurance may be just what you're looking for.
It offers...

1

Death benefit protection that can provide cash when you die.

2

Cash value that may grow into a valuable asset.

3

Tax benefits for you and your beneficiaries.

Tax benefits to your advantage.

In addition to protection, cash value life insurance offers a number of tax benefits.[3]

You won't pay taxes on the potential growth of your policy's cash value.

You can access your policy's cash value through tax-free loans and surrenders, although these can reduce your cash value and death benefit.[4]

In most cases, your beneficiaries will receive your policy's death benefit free of federal income taxes.

[3] Taxes are complicated. Depending on your situation, you could be in a lower tax bracket in retirement than you were during your peak earning years. Before making any financial decisions, you should consult with your tax and legal advisor.

[4] There may be tax implications for policies recognized as modified endowment contracts (MECs) or for partial surrenders that exceed the cost basis of the policy. Certain partial surrenders made within the first 15 years after a policy is issued may be fully or partially taxable. Distributions, including loans, from an MEC are taxable to the extent of the gain in the policy and may also be subject to 10% additional taxes if the owner is under age 59½.

Here's a look at how tax diversification works...

Annual retirement income = $100,000

An effective tax diversification strategy can lower your tax bracket without lowering your standard of living.

	Plan A: Not using a tax diversification strategy	Plan B: Using a tax diversification strategy	
Source of income	**Withdraw $100,000 from 401(k)/qualified plan**	**Withdraw $50,000 from 401(k)/ qualified plan**	**Withdraw $50,000[5] from cash value of life insurance policy**
Taxable	**100%**	**100%**	**0%**
Tax rate	**25%[6]**	**15%[6]**	**0%[6]**
Tax amount	**$25,000**	**$7,500**	**$0**
Annual amount available to spend	**$75,000**	**$92,500**	

Hypothetical example for illustrative purposes only. This does not represent the performance of any particular insurance or financial product. Your actual results will vary and may be more or less favorable.

[5] The cash value in a life insurance policy is accessed through policy loans, which accrue interest at the current rate, and cash withdrawals will decrease the total death benefit and total cash value. Policy values are based on non-guaranteed factors, such as dividends, interest rates, and, in the case of variable life insurance, investment performance, which are subject to change. Therefore, the supplemental retirement income is not guaranteed. Policy loans and partial policy value surrenders will reduce the death benefit of the policy and may cause the life insurance policy to lapse. Distributions exceeding cost basis will result in taxation.

[6] Assumed marginal federal income tax bracket under current rates. For purposes of this example, it is assumed that state and federal taxes make the average tax rate the same as the marginal tax rate.

The 'tax perfect' retirement plan.

With proper planning, you can minimize the effect taxes will have on your retirement planning. Ideally, you would be able to create a retirement plan that includes three key attributes:

1. Contributions that are tax deductible

2. Accumulation that is tax deferred

3. Distributions that are tax free

Right now you can't have all three, but you can include 1 and 2 or 2 and 3 in your retirement planning.

1. Contributions	Tax deductible	After tax
2. Accumulation	Tax deferred	Tax deferred
3. Distributions	Taxable	Tax free
Financial vehicles	Traditional IRA	Roth IRA
	401(k) plan	Tax-free municipal bonds[1]
	Pension plan	Cash value life insurance[2]
	Profit-sharing plan	
	Keogh plan	

[1] Municipal bonds may be subject to alternative minimum taxes.

[2] The primary purpose of life insurance is to provide a death benefit. Using a life insurance policy to supplement retirement income will negatively impact the insurance benefit and cash value, and can possibly contribute to policy lapse.

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