

WHERE TO PUT MY MONEY?

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Income & Tax Diversification

Tax Bracket Planning*** Tax-Deferred Vs. Tax Advantaged

Currently, their portfolio contains Tax-Deferred (401K, IRA, Deferred Comp) which is 100% taxable when received as income, and Taxable Investment Accounts/ Brokerage Accounts.

Objective: To maintain same standard of living during retirement, and not outlive their money.

Priority: Provide more Retirement income (net income) in a Tax Efficient manner. **Peace of Mind!!**

Concern: Taxes, Expenses, Inflation, Security/Safety, Health Care, Long Term Care, Spouse is OK!

Income, Investment & Tax Diversification (it takes more than diversify investments)

Implement a Tax Bracket Planning Strategy: Tax Efficient Income, while Minimizing their Tax liability both now and when withdrawn. Reduce Taxes on Income maintain

Recommendation: An **Indexed Universal Life¹** – Stability to Security, **The Power of Indexing** a highly efficient, **Specifically Designed Policy** to **minimize taxes & maximize income**, with the life insurance to complete the plan.

Tax-Deferred		\$ 240,000 Income Need	Tax-Deferred & Tax-Advantaged	
35% Tax Bracket			28% Tax Bracket	
Need	\$240,000	Tax Advantaged EUIL	\$120,000	
Plus Taxes	<u>\$129,230</u>	Tax Deferred	\$120,000	
Total Withdrawal	\$369,230	Taxes	<u>\$ 46,667</u>	
		Total Withdrawal	\$286,667	

The use of Tax Bracket Planning lowers tax bracket from 35% to 28%, with \$82,563 per year difference. Final result was not having to withdraw an extra **\$82,563 per year from the principle of their investment portfolio.**

* This is an example of a case where the client has additional income. The plan was how best to provide an additional \$240,000 a year of income, in a tax efficient manner (calculations provided by a third party)

***** Demands Normal Guidelines:** I can't lose my money (downside potential)
I don't want to pay taxes again (avoiding double taxation)
I need a good rate of return (upside potential)

Tax Bracket Planning

* Tax Free Income and/or Distributions are based on using partial surrenders and zero or low cost policy loans, with the policy structured and funded within IRS/MEC guidelines. The policy must remain in force to avoid a taxable event. Kelm Financial Services Inc. does not provide legal advice nor tax calculations, preparation or advice. Consult with a licensed professional in that field for additional information.



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