

1040 Planning Guide

Reviewing your client's most recent tax return is one way to identify potential financial needs. You may find that an annuity could be a beneficial tool to help them meet their goals, while reducing their tax burden. Here are a few things to look for and consider as you review form 1040.

Form 1040 U.S. Individual Income Tax Return 2023. The form includes sections for:

- Personal information: Name, address, SSN, and marital status.
- Filing status: Single, Married filing jointly, Married filing separately, Qualifying surviving spouse, or Head of household.
- Dependents: Information for other taxpayers who can claim you as a dependent.
- Income: Total amount from Form W-2, box 1, and other income sources.
- Adjustments: Deductions for state and local taxes, mortgage interest, and charitable contributions.
- Refund: Amount of overpayment from 2021 and 2022.
- Amount you owe: Total tax liability after credits and payments.

Form 1040 Credits and Payments section. This section includes:

- Tax and Credits:** Taxable income, tax before credits, and total tax.
- Payments:** Federal income tax withheld, refundable credits (EITC, CTC, RPT), and non-refundable credits.
- Refund:** Amount of overpayment from 2021 and 2022.
- Amount You Owe:** Total tax liability after credits and payments.
- Third Party Designee:** Information for a person to discuss the return with the IRS.
- Sign Here:** Signature and date of the taxpayer and spouse.
- Paid Preparer Use Only:** Information for a tax professional.

<p>Dependents</p> <p>Your client's family profile may trigger conversations about legacy planning needs.</p>		<p>A fixed-indexed annuity with a death benefit rider offers a tax-efficient way to grow assets, and can provide a financial legacy that's paid directly to beneficiaries without going through probate.</p>
<p>Income (Line 1)</p> <p>Did your client report a high salary? It could be a good opportunity to discuss their current retirement plan contributions.</p>		<p>If your client is currently maximizing their contributions to an employer-sponsored plan and they still have assets to use toward retirement, a tax-deferred annuity could be a good option.</p>
<p>Taxable interest and dividends (Lines 2b and 3b)</p> <p>Is high interest and dividend income affecting your client's tax burden?</p>		<p>By moving assets into an annuity, your client can defer taxes on some of the money they are saving for retirement.</p>
<p>Social Security benefits (Line 6a)</p> <p>Is your client paying taxes on their Social Security income?</p>		<p>To reduce your client's tax liability, consider repositioning other income sources into a tax-deferred annuity.</p>
<p>Overpayment (Line 34)</p> <p>Did your client withhold too much in taxes?</p>		<p>While a tax refund can be a nice bonus, it may mean it's time to review your client's withholding. By withholding too much, they could be missing opportunities to put their money to work for them.</p>

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