

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.

Dependents

Your client's family profile may trigger conversations about legacy planning needs.

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.

Income (Line 1)

Did your client report a high salary? It could be a good opportunity to discuss their current retirement plan contributions.

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.

Taxable interest and dividends (Lines 2b and 3b)

Is high interest and dividend income affecting your client's tax burden?

By moving assets into an annuity, your client can defer taxes on some of the money they are saving for retirement.

Social Security benefits (Line 6a)

Is your client paying taxes on their Social Security income?

To reduce your client's tax liability, consider repositioning other income sources into a tax-deferred annuity.

Overpayment (Line 34)

Did your client withhold too much in taxes?

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.

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