Time may be running out to protect your assets.

Many people believe that the last legitimate "tax shelter" is a qualified retirement plan or IRA (individual retirement account). And although you may defer taxes while you're alive, you need to make sure your assets aren't depleted by taxes when you die. Take a look at what could happen.

Let's assume that neither you nor your spouse depletes your qualified plan or IRA assets while you're alive, and that your plan is worth $2,000,000 at the time the second of you dies. While this appears to be a substantial inheritance for your heirs, it's a pre-tax amount that doesn't reflect the sizeable taxes that will be due.

Taxes, taxes and more taxes.

First, the plan is subject to federal estate tax if your estate is over $2,000,000. Estate taxes depend on the size of your total estate, not just the value of your qualified plan or IRA. Assuming an effective estate tax rate of 46%, the government will reduce your qualified plan or IRA by $920,000. Then, federal income taxes are due on what remains. If your beneficiaries are in a 35% tax bracket, over $700,000 in federal income tax will be due.

Why make the government your primary heir?

The bottom line is a total tax bill that could easily exceed $1,600,000 – two-thirds of your total qualified plan or IRA! Your heirs could receive less than one-third of the original amount.

If you have a large qualified plan or IRA and are not using it in a tax-efficient manner, Lincoln Financial Advisors can help. We'll assist you in devising strategies that will help reduce taxes and potentially increase the value for you today, and for your family following your death.

Get a lasting solution. Contact your local Sagemark Consulting representative today.

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It is not our position to offer legal or tax advice. We encourage you to seek the advice of an attorney or accountant prior to making tax-related investment and/or insurance decisions.

Any discussion pertaining to taxes in this communication may be part of a promotion or marketing effort. As provided for in government regulations, advice related to federal taxes that is contained in this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue code. Individuals should seek advice based on their own particular circumstances from an independent tax advisor.

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