Tax Diversification for Retirement Portfolios

Jack
age 55

Jack has spent 25 years at the same company and has consistently made pre-tax contributions to his 401k. Besides some irregular Roth IRA contributions and a small emergency fund, all his retirement savings are in pre-tax qualified funds.

The Challenge

Planning to work another 10 years, Jack wants to start saving his annual bonuses now that his mortgage is paid off. He's uncomfortable with the risks associated with stocks and other similar investments, but isn't familiar with financial products outside of his 401k and Roth IRA. Additionally, due to his income, he can no longer contribute to a Roth IRA.

The Plan

After consulting with a financial professional, Jack realizes his retirement portfolio lacks tax diversification. To address this, his advisor suggests using the FastBreak™ MYGA for his annual after-tax bonuses. This strategy not only offers tax-diversification, but also provides an additional income source for retirement, reducing his future tax burden. Jack feels relieved knowing he's taken important steps to improve his retirement plan.

FastBreak™

A groundbreaking annuity offering the same great rates, but with greater flexibility for all savers

- Tax Penalty free withdrawals before 59 ½[3]
- Earn 3.8x higher yield than the average CD[1]
- Fixed rates up to 5.50% APY[4]
- Principal Protection
- Withdraw up to 10% annually with no IRS early withdrawal tax penalty[2]

1 Source: Bankrate.com, national average of 5-year CD, week of 7/22/24.

2 You may take up to 10% free withdrawal amount in any contract year without paying a surrender charge or market value adjustment. Refer to the product summary for full details as withdrawals will reduce your contract value and future earned interest.

3 Because FastBreak™ earnings are not tax-deferred, you will not pay a tax penalty to withdraw interest before age 59½. It's important to note that should you make withdrawals from or surrender your contract prior to the end of your selected investment term, we will apply a Withdrawal Charge and a Market Value Adjustment for the amount of the withdrawal or surrender that exceeds the 10% annual Free Withdrawal Amount. However, you will not be subject to a 10% tax penalty on interest withdrawn if you are under age 59½.

4 Annual Percentage Yield (APY) rates subject to change. Current rates as of 10/9/2024 for a 5-10 year investment term. Please visit gainbridge.io/fastbreak for current rates, product disclosures, and other important information. Annuities issued by Gainbridge Life Insurance Company, Zionsville, Indiana. Products and/or features may not be available in all states. All guarantees based on the financial strength and claims paying ability of the issuing insurance company.