

ADVANCED  
MARKETS

# Mastering Tax Risk in Retirement



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# Our Goals for Today:

1

Better understand the tax rules we all live by



2

Identify some of the misconceptions about taxes and retirement



3

Help your clients reduce taxes in retirement using our tools and strategies

**How does paying \$0 in taxes  
during retirement sound to you?**

# Federal Income Marginal Tax Rate

This is the federal income tax you pay on  
your last dollar of income.

# Single Filers – 2026

If taxable income is:	Your tax is:
Not over \$12,400	10% of taxable income
Over \$12,400 to \$50,400	\$1,240 + 12% of the excess over \$12,400
Over \$50,400 to \$105,700	\$5,800 + 22% of the excess over \$50,400
Over \$105,700 to \$201,775	\$17,996 + 24% of the excess over \$105,700
Over \$201,775 to \$256,225	\$41,024 + 32% of the excess over \$201,775
Over \$256,225 to \$640,600	\$58,448 + 35% of the excess over \$256,225
Over \$640,600	\$192,979.25 + 37% of the excess over \$640,600

# Married Filing Jointly (MFJ) Tax Brackets – 2026

If taxable income is:	Your tax is:
Not over \$24,800	10% of taxable income
Over \$24,800 to \$100,800	\$2,480 + 12% of the excess over \$24,800
Over \$100,800 to \$211,400	\$11,600 + 22% of the excess over \$100,800
Over \$211,400 to \$403,550	\$35,932 + 24% of the excess over \$211,400
Over \$403,550 to \$512,450	\$82,048 + 32% of the excess over \$403,550
Over \$512,450 to \$768,700	\$116,896 + 35% of the excess over \$512,450
Over \$768,700	\$206,583.50 + 37% of the excess over \$768,700

# Ordinary Income

Ordinary income comes from wages, salaries, commissions, even withdrawals from IRAs and 401(k)s, pensions or interest from bonds, or short-term capital gain.

This income is taxable using ordinary income rates.

# So how is your income taxed?

Income Source	Taxed At
Earned Income Pensions IRAs and 401(k) Withdrawals Short-Term Capital Gains	Marginal tax rate
Sales of Real Property Long-Term Capital Gains	Long-term capital gains rate (or marginal tax rate)
Life Insurance Distributions Roth IRAs and 401(k) Withdrawals	Tax-Free *
Non-Qualified Annuities	Earnings taxed at marginal tax rate
Social Security Benefits	0%-85% at marginal tax rate, depending on provisional income

\*distributions may be taxable if you don't follow certain requirements

# Effective Tax Rate

The actual percentage of your income you end up paying in taxes (calculated after any credits, exemptions and/or deductions are taken).

# Standard Deduction

If you don't itemize, you can take the Standard Deduction, which was increased by the Tax Cuts and Jobs Act of 2017 and made permanent by the One Big Beautiful Bill.

# 2026 Standard Deductions



**\$16,100** for a  
single filer



**\$32,200** for a  
married filer



**\$2,050** for single &  
**\$1,650** for married filers

# Itemized Deductions

These are allowable reductions to the income you will be taxed on for certain types of expenditures, if you don't take the standard deduction.

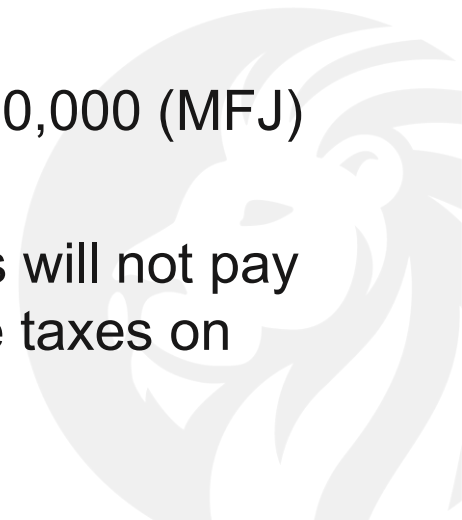
# One Big Beautiful Bill Act

## New Tax Deductions Available

# New Senior Deduction

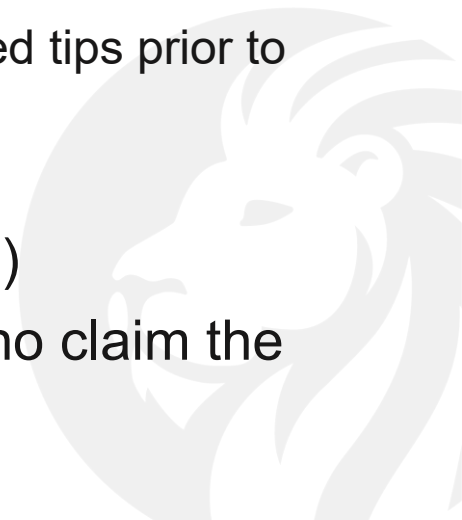
New \$6,000 senior deduction (\$12,000 for MFJ)

- Available 2025 – 2028
- For individuals age 65 and older who itemize deductions or take the standard deduction
- Phaseouts begin at MAGI of \$75,000 (S) & \$150,000 (MFJ)
  - Eliminated by \$175,000 (S) & \$250,000 (MFJ)
- Result is that more people in lower tax brackets will not pay taxes on Social Security benefits and may save taxes on other retirement income streams



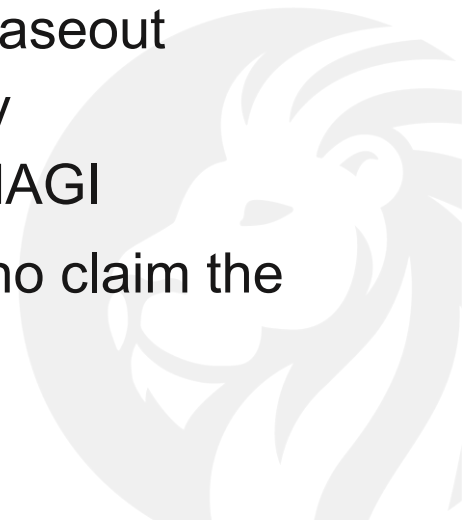
# Qualified Tips Deduction

- Allows employees to deduct certain tip income from taxable income
- Applies to tips received directly from customers in service industries
  - Available to workers in occupations that customarily received tips prior to 12/31/24
- May deduct up to \$25,000
- The phaseout begins at \$150,000 (S), \$300,000 (MFJ)
- Effective for tax years 2025 through 2028 for those who claim the standard deduction or itemize deductions



# Qualified Overtime Pay Deduction

- Allows employees to deduct qualified overtime pay from taxable income
- Applies to overtime earnings reported and taxed as regular income
- Income limits determine eligibility for the deduction phaseout
  - May deduct up to \$12,500 of qualified overtime pay
  - Phases out at \$150,000 (S) and \$300,000 (MFJ) MAGI
- Effective for tax years 2025 through 2028 for those who claim the standard deduction or itemize deductions



# Tax Credit

A tax credit is an amount of money that taxpayers can subtract directly from the taxes they owe to the government.

# Tax Credits

- **Refundable Tax Credit**
  - receive the credit amount, even if you have a negative tax liability
- **Non-Refundable Tax Credit**
  - subtracted from your income tax liability, up to the amount you owe

# Tax Deductions and Credits Retirees Might Lose...



Child Tax Credit



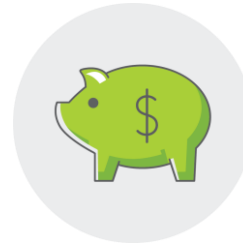
Mortgage Interest Deduction



Business Deductions



Education Credits



401(k) and IRA Contributions

**What two income streams  
might I be *volunteering* to pay  
taxes on in retirement?**

# Long-Term Capital Gains Tax

These are the taxes on the profits resulting from the sale of long-term assets like stocks and bonds, and also tangible things like land, cars and houses.

# Long-Term Capital Gains Tax – 2026

	Single	MFJ	MFS	HOH	Trusts
<b>0% if income up to:</b>	\$49,450	\$98,900	\$49,450	\$66,200	\$3,300
<b>15% if income up to:</b>	\$545,500	\$613,700	\$306,850	\$579,600	\$16,250
<b>20%</b>	Over \$545,500	Over \$613,700	Over \$306,850	Over \$579,600	Over \$16,250

# Provisional Income

Provisional income is a measure used by the IRS to determine whether or not recipients of Social Security are required to pay taxes on their Social Security benefits.

# Social Security Taxation

If Provisional Income exceeds certain limits, then Social Security benefits are taxed.

Benefits Taxable as Ordinary Income	Single	Married Filing Jointly
0% if income is	Under \$25,000	Under \$32,000
Up to 50% if income is	\$25,000 - \$34,000	\$32,000 - \$44,000
Up to 85% if income is	Over \$34,000	Over \$44,000

## Provisional Income Assets

Savings Accounts	Certificates of Deposit
Stocks	Mutual Funds
Pensions	IRAs
Real Estate	Annuities
Corporate Bonds	Treasury Bonds
Money Markets	Municipal Bonds

## NOT Provisional Income Assets

Roth IRAs  
Roth 401(k)  
Life Insurance

# Additional Considerations for 2026...

## Medicare Excess Premiums

MFJ Income	Single Income	Part B (monthly)	Part D (monthly)
\$0 - \$218,000	\$0 - \$109,000	\$202.90	Plan Cost
\$218,000 - \$274,000	\$106,000 - \$133,000	\$284.10	Plan + \$14.50
\$274,000 - \$342,000	\$133,000 - \$167,000	\$405.80	Plan + \$37.50
\$342,000 - \$410,000	\$171,000 - \$205,000	\$527.50	Plan + \$60.40
\$410,000 - \$749,999	\$205,000 - \$499,999	\$649.20	Plan + \$83.30
\$750k or greater	\$500k or greater	\$689.90	Plan + \$91.00

# Case Study: Taxes in Retirement



## John & Jane

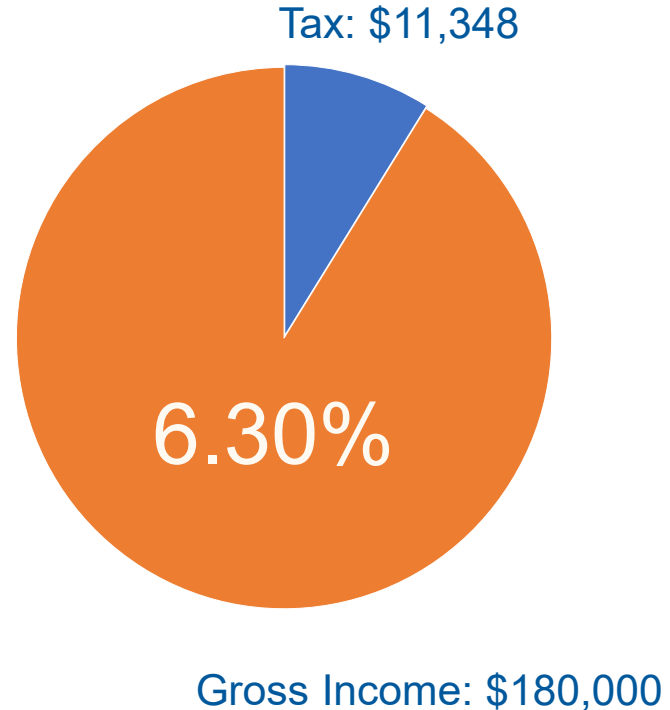
- Married Filing Jointly (MFJ)
- Current earned income: \$180,000

## Projected Annual Income at retirement age of 67

- \$50,000 combined Social Security
- \$65,000 IRA distribution
- \$65,000 long-term capital gain
- Need the maximum income possible

# Scenario 1

- Considering today's tax laws, based on their retirement age, filing status and income, we are using a standard deduction of \$35,500
- Partial use of New Senior Deduction
- Given these basics, we estimate their total tax to be \$11,348 on gross income of \$180,000
- This represents an effective tax rate of 6.30%



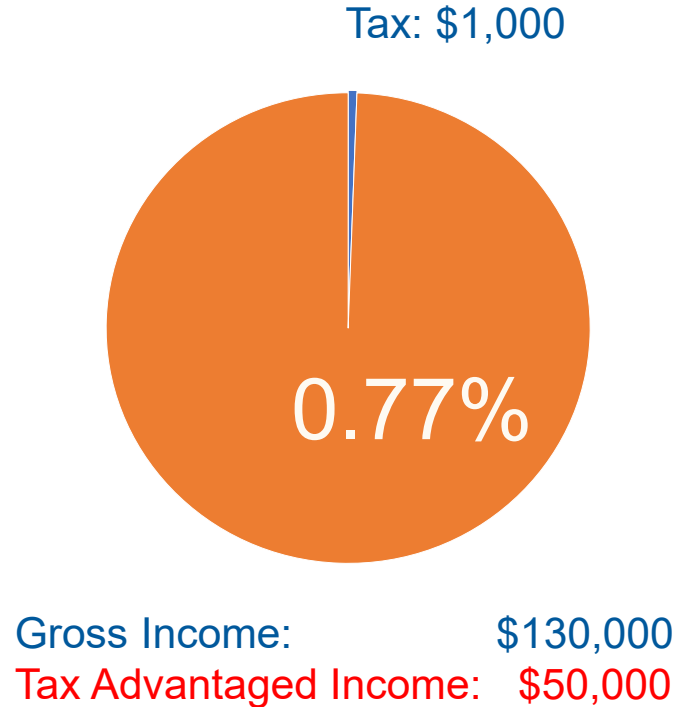
*This is a hypothetical example and does not represent the results of an actual investment. Various factors affect possible rate of return including possible changes in tax laws, the impact of inflation, and other risks.*

## What if there were other assets in their portfolio?

- What if John and Jane had a “bucket” of tax advantaged income in a cash value life insurance policy or Roth IRA instead of the ordinary taxable income from a qualified retirement plan?
- Would that reduce the \$11,348 in taxes they would pay?

## Scenario 2

- Similar to Scenario 1, except we use a different retirement asset for part of their income which allows for full use of the new senior deduction
- Given these basics, we estimate their total tax to be \$1,000 on gross income of \$130,000
- This represents an effective tax rate of less than 1%



*This is a hypothetical example and does not represent the results of an actual investment. Various factors affect possible rate of return including possible changes in tax laws, the impact of inflation, and other risks.*

Calculated Fields	Scenario 1	Scenario 2
Adjusted Gross Income (1040: line 37)	\$172,500	\$122,500
MAGI (for IRMAA)	\$172,500	\$122,500
Net Investment Income	\$65,000	\$65,000
Deductions & Exemptions	\$-44,800 (\$9,300 Senior Deduction)	\$-47,500 (\$12,000 Senior Deduction)
Provisional Income	\$155,000	\$105,000
Taxable Social Security (1040: line 20b)	\$42,500	\$42,500
Taxable Ordinary Income after Deductions & Exemptions	\$62,700	\$10,000
0% Long-Term Capital Gains	\$36,200	\$65,000
15% Taxable Long-Term Gains	\$28,800	\$ 0
Long-Term Capital Gains Tax	\$4,320	\$ 0
Ordinary Income Tax	\$7,028	\$1,000
<b>Total Tax</b>	<b>\$11,348</b>	<b>\$1,000</b>

Using Tax Clarity<sup>®</sup> software. This is a hypothetical disclosure for illustration purposes only and does not represent the results of actual investments. Your results will vary.



# Case Study Review

- By creating a tax-free bucket of income, it helped reduce their effective tax rate in retirement from 6.30% to 0.77%
- This hypothetically saves them over \$10,000 in taxes every year during retirement (even without the temporary senior deduction)
- It also provides them with additional net income each year in retirement to use for their needs, not be lost to taxes
- Less spendable income and potentially higher taxes during the years you are funding the tax-free bucket of income

# Options for Funding

- Selecting the Roth feature in your 401(k) plan or contributing to a Roth IRA
- Converting a traditional IRA to a Roth IRA\*
- If there isn't a Roth feature in your qualified plan, consider using current contributions over and above the employer match to fund cash value life insurance instead of funding the 401(k)
- If you currently earn over the Roth IRA income limit, consider using those intended contributions to fund cash value life insurance
- If you would like to fund a Roth IRA but want to put in more than the contribution limits, consider putting the extra savings into cash value life insurance



## Funding Retirement Using Life Insurance

Minimizing Taxes, Female, Age 50, Preferred Plus Non-Tobacco

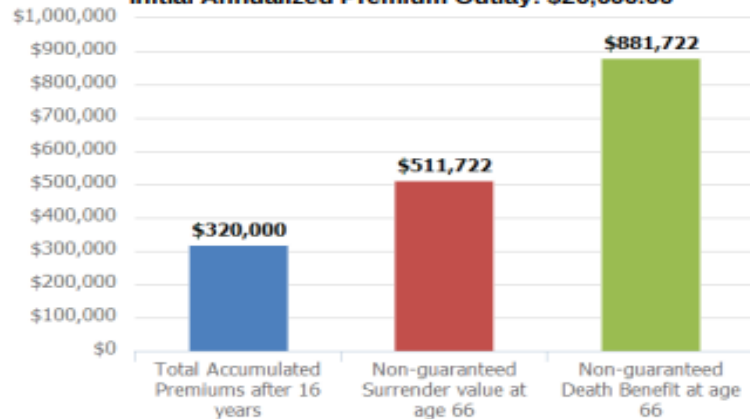
### Supplementing Your Retirement Using a \$370,000 Income Advantage<sup>SM</sup> IUL Policy

#### Your policy will consist of two phases:

- **Accumulation Phase** - Premiums are paid as illustrated under the Premium Outlay section of this illustration. Accumulation values accumulate interest on a tax-deferred basis.
- **Disbursement Phase** – Disbursements are taken from the policy to supplement your retirement income resulting in a tax-advantaged income stream.

#### Accumulation Phase (ages 50 through 66)

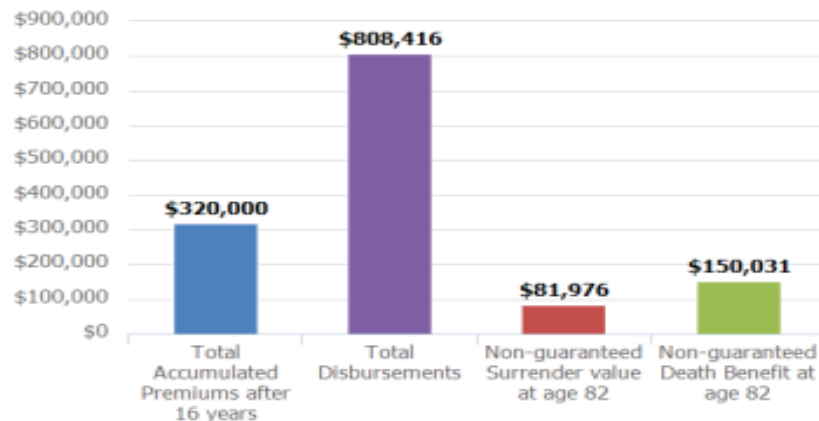
Initial Annualized Premium Outlay: \$20,000.00



- **At Age 55 - Non-Guaranteed Surrender Value exceeds total premiums paid.**

#### Disbursement Phase (ages 67 through 82)

Annualized Disbursement Amount: \$50,526.00 \*\* for 16 Years



- **At Age 82 - You will have received a total disbursement amount of \$808,416 (\$488,416 more than your total premiums paid).**

# Why Mutual of Omaha's IUL?

# Unique Asset with a Unique Carrier

## Simple Low-Cost Policy Design

- Higher costs = Less opportunity for growth and lower floor
- No hidden charges for bonuses or multipliers

## Portfolio Money approach

- Same crediting rates for new and in-force clients
- Rare in IUL insurance industry

## Cap Integrity – 3 Cap changes since 2016

- Products priced for consistent performance
- Monthly cap and participation rate history published ([discoveriul.com](http://discoveriul.com))

## Mutual Company

- Not worried about Wallstreet analysts
- Haven't raised COIs on life insurance

## Added Features

- Built-in Chronic Illness – regardless of underwriting class
- Guaranteed Refund Option – 100% ROP in Years 20 through 25
- 6.0% max index loan rate
- Underwritten LTC rider

*Let's consider what could happen  
when you purchase an IUL from a  
different carrier...*

# Accumulation IUL Cap Rate Changes

IUL Carrier	MOO	Symetra	Securian	Pac Life	North American	Corebridge	Lincoln	John Hancock
Caps at Issue	11.50% 2016	12.00% 2017	10.50% 2020	13.00% 2012	13.50% 2012	11.00% 2013	13.00% 2012	13.00% 2012
Caps in 2023	10.00%	8.00%	8.00%	7.50%	6.70%	6.40%	5.00%	8.75%
% Change	13%	34%	24%	32%	51%	42%	42%	33%
# of Cap Changes	3	5	4	7	7	6	7	4
New IUL Cap 2025	10.00%	11.50%	10.50%	12.00%	10.50%	11.50%	11.50%	12.00%

# Accumulation IUL Illustrated Rate vs Actual ROR

Male 50 PNT; \$5,000,000 DB; Max Premium for 7 years; Increasing DB

Carrier	Premium	Charge	Charge % of Premium	Net Amount	Illustrated Rate	EOY AV	Actual ROR	Difference	Increased
John Hancock	\$372,448	\$68,989	18.52%	\$303,459	6.82%	\$332,391	9.53%	2.71%	39.74%
Securian	\$380,221	\$46,184	12.15%	\$334,037	6.59%	\$356,050	6.59%	0.00%	0.00%
North American	\$392,875	\$56,810	14.46%	\$336,065	6.58%	\$360,365	7.23%	0.65%	9.88%
Lincoln	\$387,029	\$72,304	18.68%	\$314,725	5.84%	\$337,427	7.21%	1.37%	23.46%
Prudential	\$385,333	\$69,352	18.00%	\$315,981	6.57%	\$337,669	6.86%	0.29%	4.41%
Corebridge	\$361,720	\$69,359	19.17%	\$292,361	6.36%	\$312,239	6.80%	0.44%	6.92%
Nationwide	\$355,884	\$54,341	15.27%	\$301,543	6.45%	\$321,453	6.60%	0.15%	2.33%
Symetra	\$378,710	\$90,295	23.84%	\$288,415	6.71%	\$313,619	8.73%	2.02%	30.10%
Allianz	\$404,675	\$80,253	19.83%	\$324,422	6.65%	\$350,901	8.16%	1.51%	22.71%
Pac Life	\$383,908	\$95,942	24.99%	\$287,966	6.33%	\$308,321	7.10%	0.77%	12.16%
MOO	\$328,604	\$30,830	9.38%	\$297,774	6.33%	\$316,624	6.33%	0.00%	0.00%



## Indexed Universal Life (IUL)

IULs from United of Omaha are built with integrity to deliver on the promises we make to clients each and every day.

[DiscoverIUL.com](https://www.discoveriul.com)

### Benefits of an IUL from United of Omaha



Simple design, with no hidden costs or charges



Cap stability, backed by the strength & stability of our company



One of the lowest IUL cost structures in the market



LTC Rider available on the Income Advantage IUL & Life Protection Advantage IUL



Guaranteed refund option



Access to the policy's cash value thru tax-free loans and withdrawals

# Meet Your Advanced Markets Partners



**Ron Lee**  
**JD CLU ChFC CAP**  
VP Advanced Markets and  
Brokerage Field Relations



**Michelle Owens**  
**JD CLU ChFC CEBS**  
Advanced Markets Manager



**Bill Beckett**  
**CFP CLU ChFC MBA**  
Advanced Markets Specialist