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Quick Retirement Tips for Boomers – Be Tax-efficient About Your Legacy

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At this point in your life, you could be celebrating the arrival of grandchildren, nieces and nephews, and wondering what you can do to help them have a better future. You may want to help pay for college tuitions or weddings or to help them establish a solid financial footing in life.

Is it tax-smart to pass on IRA assets?

If you have sufficient income, and extra money set aside in an IRA account, you may think designating your children as beneficiaries of your IRA would be a great way to pass on wealth to the next generation. But passing these assets along to your heirs may result in tax consequences for them, since any withdrawals taken from an inherited IRA are taxed as ordinary income.

Even though your children may seek to reduce their tax exposure by spreading withdrawals from their inherited IRA over a 10-year period, these distributions could increase their annual gross income and potentially push them into a higher tax bracket.¹



How to grow the assets you pass on to the next generation

A tax-efficient way to make sure your loved ones benefit from your generosity could be to purchase life insurance. Here's why:

- **Permanent life insurance policies** offer tax-deferred growth potential to help increase the value of your legacy. The death benefit your heirs will inherit will be federal income tax-free and will never increase their tax bracket or tax exposure
- **Term life insurance** is a more affordable option that offers tax-efficiencies to your beneficiaries. The death benefit your loved ones receive is federal income tax-free and will never increase their tax bracket or tax exposure.

Take the next step. You've got the power to do more.

While others may not realize how to protect their legacy assets — you can affect change and do more for the ones you love.

Get professional advice. Tax laws are constantly changing, and it's wise to consult your tax advisor and financial professional to determine the best strategy for your unique goals — whether you want to make sure your

children receive an inheritance, your grandchildren have college funds, or that your favorite charity can continue to carry on when you're not there.

Here's a recap of our first three retirement tips for Boomers:

1. [Think about easing into retirement](#)
2. [Plan for lifetime income security](#)
3. [Consider Unexpected Health-Related Expenses](#)

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Sources:

¹Pullman & Comley, "[New Retirement Distribution Rules Begin in 2020: Planning Considerations and Opportunities](#)," 1/7/2020.

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