

Tax Deferral Strategies

The LEAP[®] process can show you why, in many cases, a tax-deferral strategy may be ineffective for wealth building and protection opportunities. Tax-deferral strategies may not avoid income taxes, but only postpone them, or actually cause a larger tax later if one's marginal tax bracket increases. One should also consider reducing or avoiding income taxes as an effective financial strategy than just postponing taxes. In addition, many consumers are never provided any information about the potential estate distribution and estate conservation problems of a tax-deferred asset strategy or program.

All of the benefits and potential disadvantages of a tax-deferral strategy or product should be evaluated before its implementation. Every consumer needs to review other alternatives with the same outlay before allocating any dollars to a tax-deferral program. It may be that a tax-deferral program makes sense and is the best alternative, but until a comparison with a fully integrated program is provided, one may not come to the conclusion that a tax-deferred program is always best.

The information provided is not written or intended as specific tax or legal advice and may not be relied on for purposes of avoiding any Federal tax penalties. MassMutual, its employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

CRN201603-107156

© 2003-2012 Leap Systems, LLC – LS005g-MM-R1212 – No part of this page may be reproduced, abstracted, excerpted, transmitted, in any form by any means, electronic, mechanical, or photographic, or stored in information systems, except as set forth in writing under a license from Leap Systems, LLC. Any other use is prohibited. LEAP[®] is a trademark of Leap Systems, LLC.