

## Later Deadline Isn't Necessarily Better – Tax Changes Causing Americans Concern

RADNOR, Pa.--(BUSINESS WIRE)--With this year's new tax deadline (July 15) quickly approaching, Americans are concerned about taxes but it's not about filing on time<sup>1</sup>. Nearly 7 out of 10 consumers are concerned that a change in taxes will have an impact on their retirement savings according to research from Lincoln Financial Group (NYSE: LNC). And yet, less than a third are currently preparing for the impact of taxes on their investments and retirement accounts<sup>2</sup>. The good news is that consumers can make smart decisions today that can benefit them in the future.

"Tax planning is a crucial part of retirement planning—something that all too often goes unaccounted for," said Peter B. Robertson, ChFC, a registered representative with Lincoln Financial Advisors. "Now more than ever, it is important for consumers to work with financial professionals to understand the implications of taxes on their financial future and develop a holistic plan that makes the most sense for their money and ultimately helps reduce the impact of taxes on their retirement."

As of May 29, over 133 million individual income tax returns have already been filed for 2019<sup>3</sup>. While it may be too late to impact those individual's tax filings this year, there are strategies that can be put in place to provide tax-advantages in the future.

### Planning for Taxes Now and Later

Employer-sponsored retirement plans are not just an effective way to save for the future, they are also the products most often used for tax advantages or benefits<sup>4</sup>. And while the recent market volatility can be stressful when saving for retirement, it is important for plan participants to remember to stay the course and focus on their long-term goals. Even if an employer reduces or suspends a company match, consumers can continue to contribute to their retirement savings plan and if possible, consider raising their contribution to make up the difference.

In addition to these employer-sponsored retirement plans, consumers should consider other tax-efficient products in their overall retirement portfolio to protect from taxes in the present and in the future.

- An annuity can play a key role in helping to protect savings from today's — and tomorrow's — taxes, as consumers work toward planning for a reliable income stream through retirement. The impact of taxes in the future is unknown; in the face of this uncertainty, a tax diversification strategy that includes an annuity can give consumers the confidence that they will always have income available.
- Life insurance provides valuable tax-free death benefit protection, but certain types of policies also offer the opportunity to accumulate savings on a tax-deferred basis, which can be accessed later in life through income-tax free policy loans and withdrawals for needs such as supplemental retirement income. Tax-advantaged cash value life insurance can provide an important financial resource that helps diversify your retirement portfolio without affecting an individual's income tax bracket, Medicare premiums, Social Security tax, capital gains or modified adjusted gross income.
- Long-term care/elder care is the top retirement risk the respondents felt unprepared for<sup>5</sup>. Today many different types of private long-term care funding solutions are available that may help mitigate the costs of care events. Hybrid life insurance/long-term care policies are growing in popularity in the marketplace offering income tax-free reimbursements for qualified long-term care expenses or an income tax-free death benefit if care is not needed.

More than two thirds of adults have yet to talk to a financial professional about how to minimize exposure to taxes<sup>6</sup>. By working with a financial professional, consumers can identify tax strategies to protect and grow retirement income and savings.

For more tax-related financial planning information, as well as how to create an overall financial plan, visit [lincolffinancial.com](http://lincolffinancial.com).

### About Lincoln Financial Group

Lincoln Financial Group provides advice and solutions that help empower people to take charge of their financial lives with confidence and optimism. Today, more than 17 million customers trust our retirement, insurance and wealth

protection expertise to help address their lifestyle, savings and income goals, as well as to guard against long-term care expenses. Headquartered in Radnor, Pennsylvania, Lincoln Financial Group is the marketing name for Lincoln National Corporation (NYSE:LNC) and its affiliates. The company had \$247 billion in end-of-period account values as of March 31, 2020. Lincoln Financial Group is a committed corporate citizen included on major sustainability indices including the Dow Jones Sustainability Index North America and FTSE4Good. Dedicated to diversity and inclusion, Lincoln earned perfect 100 percent scores on the Corporate Equality Index and the Disability Equality Index. Lincoln has also been recognized in

*Newsweek's* Most Responsible Companies and is among *Forbes'* World's Best Employers, Best Large Employers, Best Employers for Diversity, Best Employers for Women and ranked on the JUST 100 list. Learn more at: [www.LincolnFinancial.com](http://www.LincolnFinancial.com). Follow us on Facebook, Twitter, LinkedIn, and Instagram. Sign up for email alerts at <http://newsroom.lfg.com>.

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<sup>1</sup> Lincoln Financial and CivicScience, 2020 July 15 Tax Deadline Pulse, June 2020

<sup>2</sup> Lincoln Financial, The Value of Advice, January 2020

<sup>3</sup> IRS, 2020 Filing Season Statistics

<sup>4</sup> Lincoln Financial, The Value of Advice, January 2020

<sup>5</sup> Lincoln Financial, The Value of Advice, January 2020

<sup>6</sup> Lincoln Financial, The Value of Advice, January 2020