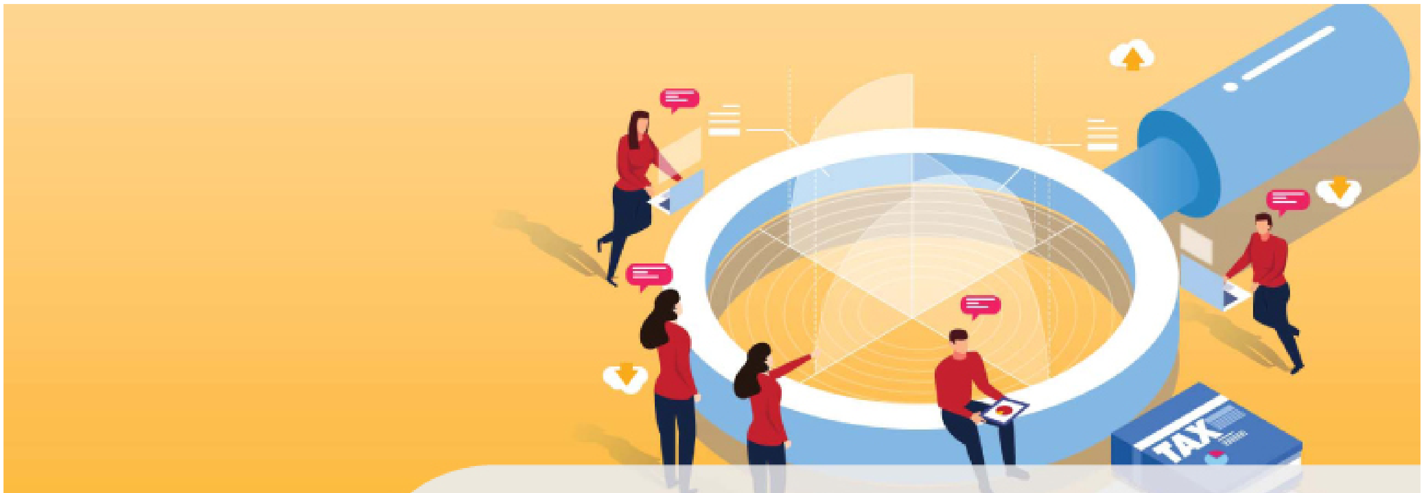
PERSPECTIVE



Tax Strategies for Your 2018 RMDs

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What can you do with your required minimum distribution (RMD) if you don't need it for living expenses? The IRS doesn't care what you use it for, as long as you remove the minimum amount from a tax-deferred IRA or other non-Roth account and pay taxes on the withdrawal. After that, it's up to you.

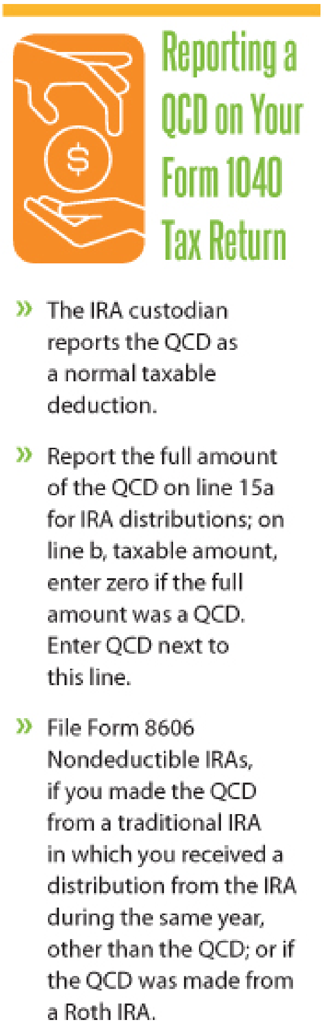
If you're looking to reduce your tax rate and maximize your deduction, and you don't need the RMD for living expenses, consider one of the following tax-savvy strategies:

- **Use it as a Qualified Charitable Deduction.** A qualified charitable deduction (QCD) lowers both your adjusted gross income and taxable income, resulting in lower tax liability. For example, if a 71-year-old couple, who have an annual RMD of $20,000 between them, donates $10,000 of the RMD to a qualified charity, it reduces their taxable income by $10,000 and they are still eligible to claim the same standard deduction when they file their taxes. If the couple falls in the new 24% tax bracket, they could save $2,400 in federal taxes[1]. This strategy works only if the QCD is paid directly to the charity by an IRA custodian. The annual limit that may be directed to a QCD is $100,000.

- **Fund a life insurance policy.** Qualifying individuals may be able to use the RMD to fund a whole-life insurance policy for them self or a spouse. This allows the individual to leave funds to younger beneficiaries in a more tax-efficient way[2].

- **Help fund a child/grandchild's tuition.** Use the money to pay for private school or college, even though the tuition payments made directly to a school are not considered taxable gifts. Alternatively, open a 529 College Fund. The earnings are tax free if the money is used to pay for qualified education expenses.

There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. Participation in a 529 College Savings Plan (529 Plan) does not guarantee that contributions and investment return on contributions, if any, will be adequate to cover future tuition and other higher education expenses or that a beneficiary will be admitted to or permitted to continue to attend an institution of higher education. Contributors to the program assume all investment risk, including potential loss of principal and liability for penalties such as those levied for non-educational withdrawals. An investor should consider, before investing, whether the investor's or designated beneficiary's home state offers any favorable state tax treatment or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's qualified tuition program. Consult with your financial, tax or other adviser to learn more about how state-based benefits (including any limitations) would apply to your specific circumstances. You may also wish to contact your home state or any other 529 college savings plan to learn more about the features, benefits and



Source: IRS.gov

limitations of that state's 529 college savings plan.
For more complete information, including a description of fees, expenses and risks, see the offering statement or program description.

None of the information in this document should be considered as tax advice. You should consult your tax advisor for information concerning your individual situation.

1 Kiplinger, www.kiplinger.com/article/taxes/TO54-C032-S014-qcd-a-strategy-to-get-more-from-2018-rmds.html

2 MarketWatch, www.marketwatch.com/story/what-to-do-with-rmds-you-don’t-need-for-living-expenses-2016-11-02IRS.gov, Forms, Instructions & Publications

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Safeguard Against Tax Fraud

A few wise words of advice – file your taxes early. It may be your best defense against tax fraud.

Fraudulent tax returns are more common than you may think. According to the latest IRS data, incidents of tax fraud and identity theft are on the rise[3], and tax season is one of the most profitable times for criminals to act. They can use your stolen Social Security Number to file a tax return in your name, or reroute your refund to a different address or bank account.

Here are a few more ways to prevent tax fraud:

1. **Protect your personal information.** Don’t use public computers or public WiFi to file your taxes[3].
2. **Don’t click through links on tax-related emails.** Criminals send official looking emails trying to trick you into clicking a link or landing on websites resembling IRS pages.

3. **Check out your tax preparer.** Anyone with an IRS Preparer ID can offer tax prep services, but only enrolled agents, CPAs and attorneys can represent you before the IRS[3].
4. **Watch your mailbox.** Thieves can steal personal and financial information such as W-2s and 1099 Forms if it isn't secure[4].
5. **Receive your financial information electronically.** Services such as Lincoln Investment's eDelivery give you with the option to receive certain documents such as statements, transaction confirms and regulatory mailings electronically. You will be notified via email that a document is available for you to retrieve securely online, saving you from the danger associated with paper statements..

[3] IRS.gov, Identity Protection, www.irs.gov/identity-theft-fraud-scams

[4] Creditkarma.com, Tips for Preventing Tax Fraud, www.creditkarma.com/article/tips-for-preventing-tax-fraud-31116

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