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**PRODUCT & SERVICE GUIDE**

# New Tax Planning Feature Enables Advisors to Enhance Retirement Plans Based on Client's Goals

Since the SECURE Act recently became law, advisors say clients have more questions than ever about rules related to required minimum distributions (RMDs) for certain retirement accounts and how the new law could impact their own financial plan.

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Envestnet | MoneyGuide has launched a new Tax Planning feature that will enable advisors to have deeper conversations with clients regarding different strategies and show via interactive graphics and illustrations the potential impact of each across personalized retirement plans. Since the SECURE Act recently became law, advisors say clients have more questions than ever about rules related to required minimum distributions (RMDs) for certain retirement accounts and how the new law could impact their own financial plan.

Advisors are also finding that clients have some common misconceptions about paying taxes in retirement, as pre-retirees often assume they will automatically pay less to Uncle Sam during their golden years. However, today the opposite is more likely. MoneyGuide's new Tax Planning feature allows advisors to shed light on these topics, as it quantifies the expected savings and illustrates the potential impact of implementing different strategies in the plan, thereby helping reduce a client's tax burden during retirement.

“Our goal was to deliver a solution that helps advisors feel confident in having these conversations and educating their clients so they can make informed decisions,” said Tony Leal, President of Envestnet | MoneyGuide. “Using the personalized breakdown as a backdrop, advisors can discuss the tradeoffs of taking qualified distributions early in retirement, when tax brackets may be lower, to avoid being pushed into higher tax brackets later and the overall potential tax savings if implemented in the plan.”

Based on the client's goal – whether it's to lower taxes during retirement, improve lifetime tax savings, or maximize the amount to their heirs – advisors can calculate a Roth Conversion, Qualified Charitable Distributions (QCDs) and Qualified Distributions, to dynamically test the strategies, and immediately see the impact on the client's plan, including probability of success and overall tax savings.

### **Some examples of what this new feature can help advisors show clients:**

**Roth Conversion:** Show how converting a Traditional IRA or an Employer Retirement Plan to Roth Assets impacts your tax burden and the assets left to heirs. Based on the clients' projected taxable income during retirement, auto calculate the amount to convert that maximizes the use of a selected tax bracket.

**Qualified Charitable Distribution (QCDs):** Show the impact on lifetime tax savings of gifting up to \$100,000 of Qualified Retirement Assets directly to charities.

Establish the amount to gift based on the client's projected Required Minimum Distribution.

**Qualified Distribution:** Show the impact of taking distributions from Traditional IRA or an Employer Retirement Plan early in retirement rather than waiting until RMDs begin. Based on the clients' projected taxable income during retirement, instantly determine the amount that maximizes the distribution in years where there is lower taxable income.

These strategies are available in MoneyGuidePro<sup>®</sup> as Goal Strategies on the What If Worksheet. Interactive visual models to demonstrate these strategies in the plan are available in MoneyGuideElite.

“At this point and time in the industry, financial advisors are being asked more and more by their clients to assist them not just with retirement in a general sense, but to also share guidance on ways to help minimize how much they pay in taxes throughout retirement,” said Kevin Hughes, Chief Growth Officer of Envestnet | MoneyGuide. “They also want to know how much they can potentially provide to their heirs in the most tax-efficient fashion. And they want these strategies all in coordination with, obviously, still being successful in retirement. Our developers had this in mind when they built this new tool.”

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