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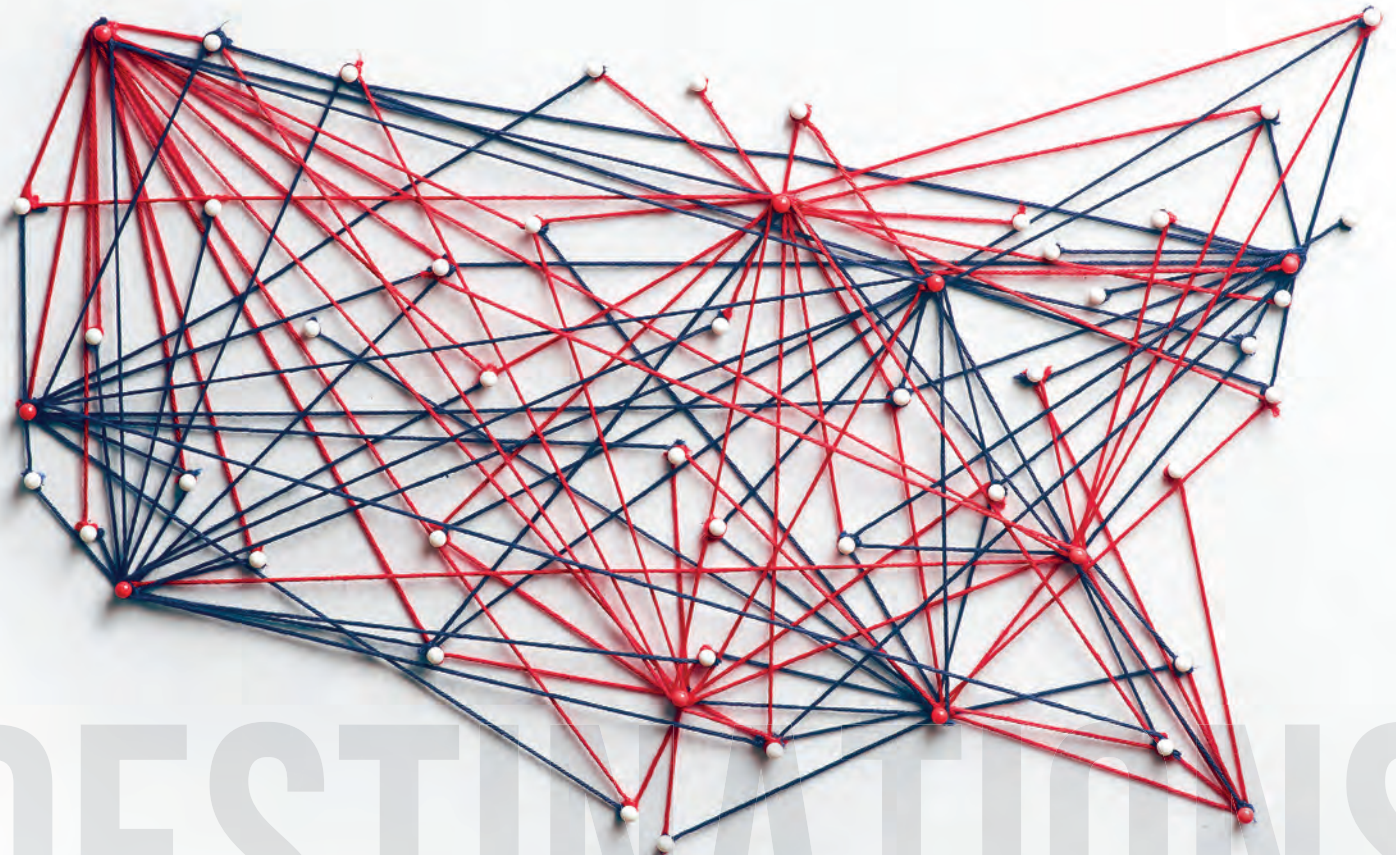
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How can I maximize retirement income while reducing inheritance taxes?

KEVIN R. LUCHETTA, CFP®, AEP®, PARTNER



Left to right:
Kevin R. Luchetta,
Paul D. Tortorella,
Stephen A. Schwartz
James L. DiNardo

PIONEER FINANCIAL AT NORTHWESTERN MUTUAL - PARK AVENUE

245 Park Avenue, Suite 1800, New York, NY 10167

646.459.6366

TEAM

Kevin R. Luchetta, CFP®, AEP®, Partner

Stephen A. Schwartz, CFP®, AEP®, Partner

James L. DiNardo, CLU®, ChFC®, CFP®, MSFS®, Partner

Paul D. Tortorella, Partner

FINANCIAL SERVICES EXPERIENCE

Kevin, 20 years
Stephen, 17 years
James, 17 years

ASSETS UNDER MANAGEMENT

\$1+ billion

COMPENSATION METHOD

Asset-based fees and commissions (investment and insurance products)

PRIMARY CUSTODIAN FOR INVESTOR ASSETS

Accounts held at Northwestern Mutual Investment Services LLC, an introducing broker-dealer, member FINRA, SIPC. Accounts carried, and all transactions executed, cleared and settled through Pershing, A BNY Mellon Company. Member FINRA, NYSE and SIPC.

PROFESSIONAL SERVICES PROVIDED

Financial planning, investment-advisory, risk-management and money-management services

MINIMUM FEE FOR INITIAL MEETING

None required

MINIMUM NET WORTH REQUIREMENT

\$1 million

EMAIL

kevin.luchetta@nm.com
stephen.schwartz@nm.com
james.dinardo@nm.com

WEBSITE

www.pioneer.financial

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or the majority of our high net worth and emerging high net worth clients, their core estate and financial planning goals are relatively simple: Minimize income and estate taxes on their current income and assets. Maximize the transfer of assets to their heirs.

It's the execution of these goals that gets significantly more complex; and without the help of a sophisticated financial planning team, you may experience the same mistakes we so often see repeated.

One of the most common is clients being unable to keep a significant amount of IRA & 401(k) assets, to be transferred to the next generation. These qualified assets are by far the most highly inefficient assets to leave to your heirs at death.

The reason? Many of our clients have a net worth above the lifetime exemption. So, after significant estate taxes are taken, plus income taxes on 100 percent of a traditional IRA asset, beneficiaries may be left with far less than the original sum.

This problem illustrates how working with a financial-planning team that

understands your overall situation allows you to be more strategic on which assets to tap into during your lifetime, and which assets to pass to your heirs.

The better your advisor understands you, and the unique details that make up your life, the more he or she will be able to design an efficient plan.

For example, grandparents with eight grandchildren and a large IRA can utilize their annual exemptions and gift-splitting to transfer up to \$224,000 a year to an irrevocable trust, for their grandchildren, to avoid the estate taxes on this highly inefficient asset.

They may also elect to spend their RMDs first, to maintain their lifestyle and preserve

with \$1 million just in qualified assets alone—and sometimes significantly more.

It is extremely important, therefore, that their planning not stop there. It is not enough just to get the up-front tax deduction, if you ultimately end up paying all those taxes back, and maybe more, in the end.

Anyone with a significant IRA or 401(k) balance should be sure to work with an advisor he or she trusts, on designing a retirement income-distribution strategy sensitive to income and estate taxes.

Many times, this level of planning goes much further in helping a client achieve his or her core financial-planning goals than any investment strategy can. ●

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assets that can be passed on to the next generation in a more efficient manner. For instance, appreciated real estate, or nonqualified stock positions with low cost bases, receive a “step-up” in basis when transferred at death. This allows for potential avoidance of substantial capital gains taxes, assuming proper planning has been done.

Since maximizing tax deductions is an extremely common, and wise, goal during a client's working years, it is no surprise that many clients end up with substantial assets in their IRA & 401(k). Having contributed the maximum contribution over many years, and taken advantage of matching and profit-sharing contributions, clients come to us

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Ⓣ ABOUT US

PIONEER FINANCIAL AT NORTHWESTERN MUTUAL PROVIDES FINANCIAL SERVICES TO HIGH NET WORTH AND EMERGING HIGH NET WORTH INDIVIDUALS, FAMILIES AND BUSINESS ENTERPRISES.

Pioneer Financial's team of 20 associates/staff serve clients nationwide from their Park Avenue office in New York City. Kevin R. Luchetta, Stephen A. Schwartz and James L. DiNardo are wealth-management advisors and CERTIFIED FINANCIAL PLANNER™ practitioners. The practice is focused on assisting clients through comprehensive financial planning that includes asset management, retirement funding, risk management, estate preservation and distribution. ●



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New York, NY 10167
Tel. 646.459.6366

kevin.luchetta@nm.com
stephen.schwartz@nm.com
james.dinardo@nm.com
www.pioneer.financial

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