

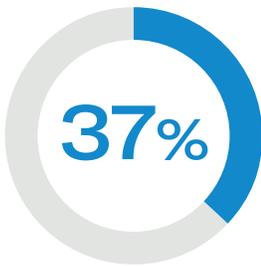


EQUITABLE

Managing tax rate uncertainty

Life insurance for tax advantages

Advanced Markets



If you're a high-income earner, your federal income tax rate may be as high as 37%. And that's just the start; there are other taxes that will be levied over and above federal taxes. The chart below shows how taxes increase as your income rises — and these are only federal taxes. If you're subject to state or local taxes, these can add another layer of payments.

2019 tax rates, phase outs & surcharges

Income Level	Up to \$19,400	\$19,401 – \$78,950	\$78,951 – \$168,400	\$168,401 – \$250,000	\$250,001 – \$321,450	\$321,451 – \$408,200	\$408,201 – \$612,350	\$612,351 – above
Income Tax Rate	10%	12%	22%	24%	24%	32%	35%	37%
Capital Gain Rate			15%	15%	15%	15%	15% – 20%*	20%
ACA Additional Medicare Tax					0.9%	0.9%	0.9%	0.9%
ACA Surcharge <i>(Net Investment Income)</i>					3.8%	3.8%	3.8%	3.8%

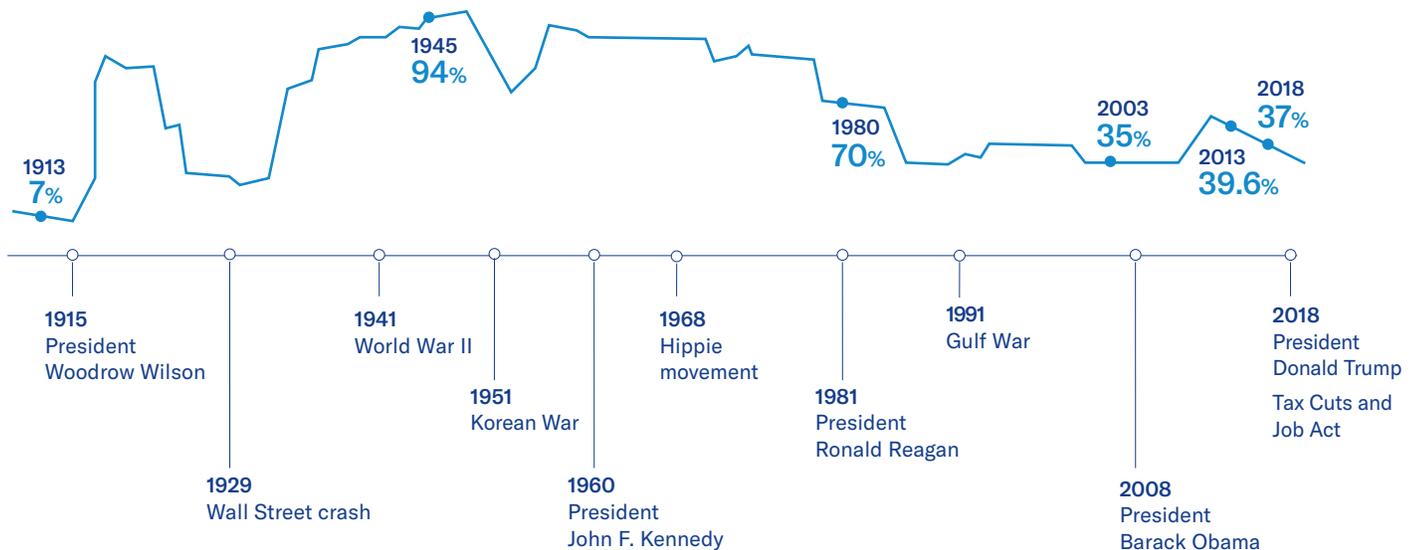
Based on tax rates for federal married filing jointly. ACA surcharge begins at incomes over \$250,000.

*20% Capital Gain Rate for over \$488,850.

A look at historical income tax rates

If you have capital gains, you may see rates increase from 15% to 18.8% with the Affordable Care Act (ACA) surcharge. Those capital gains taxes currently cap out at 23.8% in higher tax brackets. State and local taxes can range from 1% to a high of 13.3% in California.

As high as taxes may still seem, the question is, will rates go even higher? Federal taxes have been higher (and lower). In 2019, we are near a mid-level for federal income tax rates. With budget pressures, concerns about Baby Boomer retirement, ongoing terrorism threats and more, it's difficult to tell.



A possible life insurance solution

There are some alternatives to consider

The most prominent among these are:

Roth IRAs

Earnings in Roth IRAs can be accessed as needed and received free of income tax after age 59½. However, there are limits on who might qualify for a Roth IRA and how much can be contributed. Unfortunately, if you're above IRS limits, a Roth IRA isn't an option for you.

Life Insurance

Where you have a life insurance need, a cash value life insurance policy might allow you to both provide your family with a death benefit and offer a tax-advantaged asset in which you can grow cash values. Cash values can later be accessed via withdrawals and loans, free of income taxes and the 3.8% ACA surcharge.* Life insurance offers a wide range of options relative to how the cash values can grow that might meet your risk tolerance, and it is not subject to the same contribution limits as Roth IRAs. The more you put into the policy, the more you can take advantage of this tax-deferred accumulation. The limits with life insurance become:

- How much life insurance can you qualify for?
- How much premium can go into a policy, without violating the definitions of life insurance built into the tax code?

Considerations

Please remember cash value life insurance does have many other considerations you should review carefully before selecting a life insurance policy. Please keep these important points mind and review with your financial professional:

- If you do not keep paying the premium on a life insurance policy, you will lose substantial money in early years.
- To be effective, you need to hold the policy until death. A life insurance policy generally takes years to build up a substantial cash value.
- Tax-free distributions will reduce the cash value and face amount of the policy. You may need to pay higher premiums in later years to keep the policy from lapsing.
- You must qualify medically and financially for life insurance. Generally, there are additional charges associated with a life insurance policy including, but not limited to, a front-end load, monthly administrative charge, monthly segment charge, cost of insurance charge, additional benefit rider costs and surrender charges.

¹ The 160-year history reference applies exclusively to Equitable Financial Life Insurance Company.

*All of these types of accounts are subject to tax and regulatory limitations. Not everyone will qualify for any one of these types of assets, and the appropriateness of each will vary based on individual situations, planning needs and risk tolerance. In the case of life insurance – You must pay the minimum premium to maintain the life insurance and there is an upper cap on how much can be contributed and still allow the contract to fall within the definition of life insurance under Tax Code Section 7702. Policy loans and withdrawals will reduce the cash value and face amount of the policy and increase the chance a policy may lapse. The numbers in this piece represent tax brackets for the 2019 tax filing year. The ideas in this article are those of the author and not necessarily those of Equitable Financial Life Insurance Company or its affiliates. Equitable is currently the brand name of Equitable Holdings, Inc. and its family of companies, including Equitable Financial Life Insurance Company (Equitable) (NY, NY); Equitable Financial Life Insurance Company of America; Equitable Advisors, LLC (member FINRA, SIPC) and Equitable Distributors, LLC. The 160-year history reference applies exclusively to Equitable Financial Life Insurance Company.

Some riders come with an additional charge, and all have restrictions and limitations. Be sure to review with your financial professional before purchasing.

Please be advised that this document is not intended as legal or tax advice. Accordingly, any tax information provided in this article is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the tax payer. The tax

Why Equitable?

To help protect the financial security of our clients and their families, we offer:

- Strength and stability. For 160 years¹, we've been working with clients across generations, building on what's proven and pursuing what's possible.
- A wide range of cash value life insurance policies, one of which might fit your death benefit and cash value accumulation needs.
- Software to help guide you in designing a life insurance policy that meets your death benefit needs and shows how the cash values can supplement your retirement.
- A Long-Term Care ServicesSM Rider that can be added to your policy to offer you even greater options relative to how your policy might help you in your retirement years. The rider is paid as an acceleration of the death benefit.
- A Charitable Legacy Rider[®] that can be added to certain policies to offer a benefit to a charity or charities of your choice.

information was written to support the promotion or marketing of the transactions or matters addressed, and you should seek advice based on your particular circumstances from an independent tax advisor. Neither Equitable, Equitable Network nor Equitable Distributors provide legal or tax advice.

Life insurance products are issued by either Equitable Financial Life Insurance Company (Equitable), New York, NY or Equitable Financial Life Insurance Company of America, an Arizona stock corporation with its main administrative office in Jersey City, NJ, and is co-distributed by affiliates Equitable Network, LLC (Equitable Network Insurance Agency of California in CA; Equitable Network Insurance Agency of Utah in UT; Equitable Network of Puerto Rico, Inc. in PR) and Equitable Distributors, LLC.

Diversification is a sophisticated method of investment management. It does not guarantee a profit or protect against loss.

References to Equitable in this brochure represent both Equitable Financial Life Insurance Company and Equitable Financial Life Insurance Company of America, which are affiliated companies. Overall, Equitable is the brand name of Equitable Holdings, Inc. and its family of companies, including Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY); Equitable Financial Life Insurance Company of America (Equitable America), an AZ stock company with main administrative headquarters in Jersey City, NJ; Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN); and Equitable Distributors, LLC. The obligations of Equitable Financial and Equitable America are backed solely by their claims-paying abilities.

