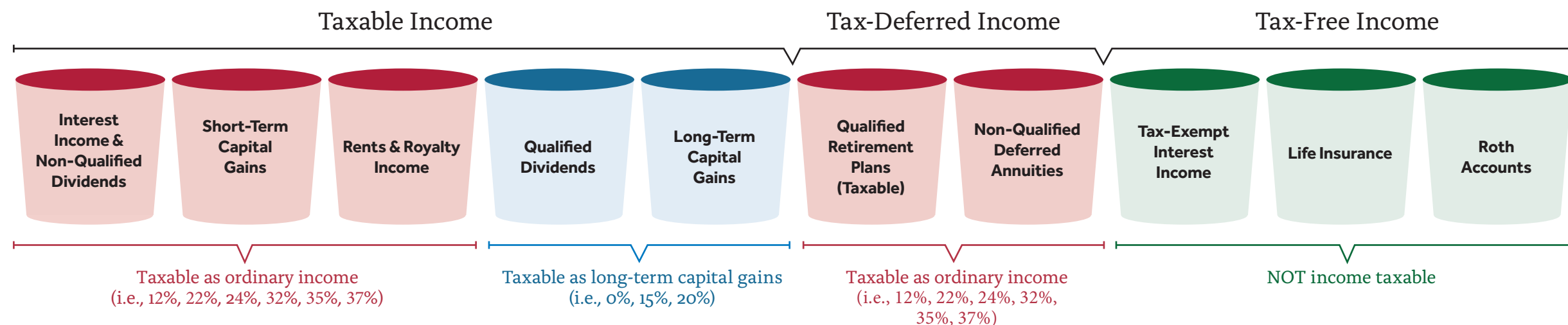




Robert S. Keebler, CPA, MST: Tax Asset ClassesSM



	Interest Income & Non-Qualified Dividends	Short-Term Capital Gains	Rents & Royalty Income	Qualified Dividends	Long-Term Capital Gains	Qualified Retirement Plans (Taxable)	Non-Qualified Deferred Annuities	Tax-Exempt Interest Income	Life Insurance	Roth Accounts
Examples	Bank interest Money market interest Corporate bond interest Corporate dividends which do not meet specific qualifications	Gains from investment assets which are held 1 year or less at the time of sale	Rental real estate income Limited partnership income Royalties from patents, copyrights, etc. Oil & gas income	Corporate (both domestic and foreign) which meet specific qualifications	Gains from investment assets which are held more than 1 year from the time of sale	Traditional 401(k) plans 403(b) annuities 457 plans Defined benefit plans Traditional IRAs	Annuities which do not meet specific requirements	Interest from state and local government bonds Interest from U.S. territory bonds (e.g., Puerto Rico, Guam, USVI)	Whole life insurance Universal life insurance Term life insurance	Designated Roth accounts within a qualified retirement plan Roth IRAs
Losses offset other ordinary income	No	Yes, but only up to \$3,000 losses (in excess of capital gains)	Yes, but losses may be limited under the passive activity rules	No	Yes, but only up to \$3,000 losses (in excess of capital gains)	Yes, but losses are miscellaneous itemized deductions subject to the 2% AGI floor	Yes, but losses are miscellaneous itemized deductions subject to the 2% AGI floor	No	No	NA
Is income/growth taxable?	Yes	No, until the asset is sold	Yes	Yes	No, until the asset is sold	No, until distributions are made	No, until distributions are made	No	No, as long as policy remains in force until death	No, but must meet certain criteria to be tax free
Other considerations	May include income imputed under IRC §7872 or the Original Issue Discount (OID) rules	Reduced by short-term capital losses Excess long-term capital losses may offset short-term capital gains	Depreciation Depletion Amortization Intangible drilling costs (IDCs) IRC §1031 exchanges IRC §199A deduction		Special tax rates apply to depreciation recapture, collectibles gains and qualified small business stock	Required minimum distributions (RMDs) at age 70½ 10% early withdrawal penalty on pre-59½ distributions	If annuity is not annuitized, then taxable income comes out first before non-taxable basis	Need to compare rate of return against after-tax rate of return on taxable bond	Gross income does not include proceeds paid Taxable income could occur if there is a "transfer for value," or if policy is a Modified Endowment Contract	No required minimum distributions (RMDs) – Roth IRAs only