TIAA

Planning with purpose

Using asset location to pursue your goals

BUILT TO PERFORM.

CREATED TO SERVE.

Building a tax-smart plan

No matter what you're saving for, you may have accumulated multiple accounts to help move you closer to your goals. Have you thought about how and when the assets in these accounts will be taxed?

An asset location review can help ensure you have certain assets in the right accounts to help minimize taxes—today and tomorrow.[1]

[1]Before making any changes to your financial plan, discuss the strategy with your tax professional. TIAA does not provide tax advice.

What is asset location?

While asset allocation is about having the right mix of investments, asset location organizes assets by account types based on how you plan to use them—and when they'll be taxed.

Asset location can help ensure:

You have the right kind of asset in the right account.

You're using smart strategies to help reduce the impact of taxes.

Each asset has a purpose in your overall financial plan.

Your TIAA advisor can help you develop an asset location strategy in three steps:

1 — 2 — 3

CLASSIFY **IDENTIFY** **LOCATE**

STEP ONE: Classify your assets

The first step in an asset location review is to organize your assets by account types and when they'll be taxed. Decide if the asset belongs in the "**now**," "**later**" or "**never**" bucket.

For instance, let's say you have an asset in a certain account. If that asset is taxed before it's used, investment gains may be impacted. Instead, it may be more efficient to move the asset to a different account to better match when it'll be used and taxed.

STEP TWO: Identify the purpose of your accounts

Now, it's time to decide how you'll use your money to pursue your financial goals. You'll likely use different assets for your needs—the essential costs of living that can't be compromised; your wants—things that are important to you, but you might be willing to forgo; and your wishes—your vision for an ideal retirement and legacy.

The table on the following page can help you understand how assets are typically categorized.

Classifying your assets and account types

Below are examples of matching asset purpose with when it can be used and taxed (i.e., now, later, never)

Please note that your asset categorization may change over time and may vary depending upon your needs, wants and wishes.

Time horizon	Now	Later	Never
Purpose	*Assets for the near term and/or non-negotiable daily living expenses*	*Assets for future use such as retirement income, healthcare and/or elastic expenses*	*Assets to fund longer-term wishes such as leaving a legacy*
Saving for shorter-term financial needs (e.g., home, renovation)	**Cash/Money markets** The flexibility of these accounts may be helpful for emergency fund needs or to allow near-term goals to be met with little tax implication due to the minimal interest distributions.	**CDs** A savings vehicle with a fixed period for the length of time you want to save with a fixed interest rate.	
College savings		**529 college savings plans** Specialized accounts for college savings that offer tax benefits when used for qualified education expenses.	
Wealth accumulation	**Managed accounts** From self-guided to advisor led, managed accounts provide enhanced investment capabilities, resources and committed people who will professionally manage your portfolio based on what matters most to you.		
Retirement savings		**Qualified retirement plans and IRAs** Potential growth of any investment earnings are tax deferred until you make a withdrawal or distribution.	**Roth IRA** Contributions are after tax, and withdrawals can be tax free in retirement. Ability to leave income tax-free assets to your family and heirs.
Supplement retirement savings		**Personal (after-tax) annuities** A great way to potentially supplement pension plans and other tax-qualified options, with additional retirement savings, and guaranteed retirement income options.	
Charitable giving	**Donor-advised funds, trusts and other giving arrangements** Receive a current year charitable income tax deduction by gifting assets outright to a qualified charity or into an entity such as a Donor-Advised Fund, Charitable Remainder Trust, Charitable Lead Trust or Charitable Gift Annuity.	Build into your financial plan an income tax-efficient charitable gifting strategy that is deployed later in your retirement years, or occurs by will or trust provisions or by beneficiary designation upon your death.	Make a well-informed decision that an income tax-efficient charitable gifting strategy is not a financial planning priority for you.
Income protection/ legacy planning			**Life insurance** Generally, income tax-free death benefit proceeds can help replace income for beneficiaries and create a legacy for heirs.[2]
Long-term care		Tax-free income benefit should you need long-term care services.	

[2] Please see IRC Section 101(a).

STEP THREE: Locate your assets

Your TIAA advisor can conduct an asset location review of your accounts—those you hold with TIAA and any you may hold elsewhere—using a worksheet like the one on page 5.

When the review is complete, you should have a clearer idea of whether your assets are in the right location—and if your strategy is as tax smart as it could be. Consult with your tax advisor prior to making any changes.

To schedule a review, please contact your TIAA advisor.

Our asset location worksheet

Current financial assets

Now		Later		Never	
Account description	Amount	Account description	Amount	Account description	Amount

Now total: ____________ Later total: ____________ Never total: ____________

Purpose

Now	Later	Never

Potential advice and planning strategies, and TIAA solutions overall

Now		Later		Never	
Account description	Amount	Account description	Amount	Account description	Amount

Now total: ____________ Later total: ____________ Never total: ____________

Common account examples

Checking/Savings	401(k), 403(b)	529 college savings plans
Money market	IRA	Life insurance
Certificate of deposit	Managed accounts	Roth IRA
Brokerage account	Personal annuities	Long-term care
Managed accounts	Long-term care	Health Savings accounts

TIAA

BUILT TO PERFORM.
CREATED TO SERVE.

1647871
141039348

1567304
A40132 (06/21)