

# Tax impact: identify opportunities

How taxes are affecting your clients' retirement plans  
and how you can help protect their wealth



Not a deposit	Not FDIC-insured	May go down in value
Not insured by any federal government agency		
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# The Form 1040 tax guide may help you:

Find areas where your clients could benefit from more tax-efficient strategies

Gain a more comprehensive picture of each client's financial situation

Provide an added service to establish a more complete relationship with your clients

## Lines 8a and 8b

### Retirement savings

Clients paying taxes on retirement savings may be good candidates for an annuity.

## Lines 9a and 13

### Dividends and capital gains from taxable mutual funds

Qualified plans, IRAs and annuities provide tax-deferred growth potential on all interest and dividends, enabling your clients' money to grow faster than it would with a taxable product.

## Lines 15b and 16b

### Planning for required minimum distributions (RMDs)

Consider alternative strategies for clients who may not rely upon their RMD income. Ask your Lincoln representative for more information on how these strategies may help clients maximize the assets they leave behind.

## Line 20b

### Reduce taxes on Social Security income

Annuity and variable life insurance earnings that are not withdrawn are not part of modified adjusted gross income, which is used to determine how much Social Security benefits are taxed. This is also true for the tax-excludable portion of an annuitized income stream.

Form <b>1040</b> Department of the Treasury—Internal Revenue Service (99) <b>2016</b> U.S. Individual Income Tax Return		OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2016, or other tax year beginning		, 2016, ending	
Your first name and initial		Last name	Your social security number
If a joint return, spouse's first name and initial		Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.			Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).			<b>▲ Make sure the SSN(s) above and on line 6c are correct.</b>
Foreign country name		Foreign province/state/country	Foreign postal code
<b>Presidential Election Campaign</b> Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse			
<b>Filing Status</b> 1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child			
<b>Exemptions</b> 6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a . . . . . b <input type="checkbox"/> Spouse . . . . . c <b>Dependents:</b> (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) <input type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions) If more than four dependents, see instructions and check here ▶ <input type="checkbox"/> d Total number of exemptions claimed			
<b>Income</b> 7 Wages, salaries, tips, etc. Attach Form(s) W-2 . . . . . 7 8a <b>Taxable interest.</b> Attach Schedule B if required . . . . . 8a b <b>Tax-exempt interest.</b> Do not include on line 8a . . . . . 8b 9a Ordinary dividends. Attach Schedule B if required . . . . . 9a b Qualified dividends . . . . . 9b 10 Taxable refunds, credits, or offsets of state and local income taxes . . . . . 10 11 Alimony received . . . . . 11 12 Business income or (loss). Attach Schedule C or C-EZ . . . . . 12 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/> 13 14 Other gains or (losses). Attach Form 4797 . . . . . 14 15a IRA distributions . . . . . 15a b Taxable amount . . . . . 15b 16a Pensions and annuities . . . . . 16a b Taxable amount . . . . . 16b 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . . 17 18 Farm income or (loss). Attach Schedule F . . . . . 18 19 Unemployment compensation . . . . . 19 20a Social security benefits . . . . . 20a b Taxable amount . . . . . 20b 21 Other income. List type and amount . . . . . 21 22 Combine the amounts in the far right column for lines 7 through 21. This is your <b>total income</b> ▶ 22			
<b>Adjusted Gross Income</b> 23 Educator expenses . . . . . 23 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ . . . . . 24 25 Health savings account deduction. Attach Form 8889 . . . . . 25 26 Moving expenses. Attach Form 3903 . . . . . 26 27 Deductible part of self-employment tax. Attach Schedule SE . . . . . 27 28 Self-employed SEP, SIMPLE, and qualified plans . . . . . 28 29 Self-employed health insurance deduction . . . . . 29 30 Penalty on early withdrawal of savings . . . . . 30 31a Alimony paid b Recipient's SSN ▶ . . . . . 31a 32 IRA deduction . . . . . 32 33 Student loan interest deduction . . . . . 33 34 Tuition and fees. Attach Form 8917 . . . . . 34 35 Domestic production activities deduction. Attach Form 8903 . . . . . 35 36 Add lines 23 through 35 . . . . . 36 37 Subtract line 36 from line 22. This is your <b>adjusted gross income</b> . . . . . 37			
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form <b>1040</b> (2016)			

## Line 32

### IRA contributions

Owning an annuity inside an IRA offers your clients additional access to certain guarantees as well as professional management, ease of diversification, and asset allocation.\*

\*There is no additional tax benefit for annuity contracts purchased in an IRA or other tax-qualified plan, since these are already afforded tax-deferred status. Thus, an annuity should only be purchased in an IRA or qualified plan if you value some other features of the annuity and are willing to incur any additional costs associated with the annuity to receive such benefits.

Work with your client's accountant and attorney to optimize tax, estate and income planning strategies.

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<b>38</b>	Amount from line 37 (adjusted gross income)	<b>38</b>	
<b>Tax and Credits</b>			
<b>39a</b>	Check <input type="checkbox"/> You were born before January 2, 1952, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1952, <input type="checkbox"/> Blind. <b>Total boxes checked ▶ 39a</b> <input type="checkbox"/>		
<b>b</b>	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ <b>39b</b> <input type="checkbox"/>		
<b>Standard Deduction for—</b>			
<b>40</b>	<b>Itemized deductions</b> (from Schedule A) or your <b>standard deduction</b> (see left margin)	<b>40</b>	
<b>41</b>	Subtract line 40 from line 38	<b>41</b>	
<b>42</b>	<b>Exemptions.</b> If line 38 is \$155,650 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions	<b>42</b>	
<b>43</b>	<b>Taxable income.</b> Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	<b>43</b>	
<b>44</b>	<b>Tax</b> (see instructions). Check if any from: <b>a</b> <input type="checkbox"/> Form(s) 8814 <b>b</b> <input type="checkbox"/> Form 4972 <b>c</b> <input type="checkbox"/>	<b>44</b>	
<b>45</b>	<b>Alternative minimum tax</b> (see instructions). Attach Form 6251	<b>45</b>	
<b>46</b>	Excess advance premium tax credit repayment. Attach Form 8962	<b>46</b>	
<b>47</b>	Add lines 44, 45, and 46	<b>47</b>	
<b>48</b>	Foreign tax credit. Attach Form 1116 if required	<b>48</b>	
<b>49</b>	Credit for child and dependent care expenses. Attach Form 2441	<b>49</b>	
<b>50</b>	Education credits from Form 8863, line 19	<b>50</b>	
<b>51</b>	Retirement savings contributions credit. Attach Form 8880	<b>51</b>	
<b>52</b>	Child tax credit. Attach Schedule 8812, if required	<b>52</b>	
<b>53</b>	Residential energy credits. Attach Form 5695	<b>53</b>	
<b>54</b>	Other credits from Form: <b>a</b> <input type="checkbox"/> 3800 <b>b</b> <input type="checkbox"/> 8801 <b>c</b> <input type="checkbox"/>	<b>54</b>	
<b>55</b>	Add lines 48 through 54. These are your <b>total credits</b>	<b>55</b>	
<b>56</b>	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	<b>56</b>	
<b>Other Taxes</b>			
<b>57</b>	Self-employment tax. Attach Schedule SE	<b>57</b>	
<b>58</b>	Unreported social security and Medicare tax from Form: <b>a</b> <input type="checkbox"/> 4137 <b>b</b> <input type="checkbox"/> 8919	<b>58</b>	
<b>59</b>	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	<b>59</b>	
<b>60a</b>	Household employment taxes from Schedule H	<b>60a</b>	
<b>b</b>	First-time homebuyer credit repayment. Attach Form 5405 if required	<b>60b</b>	
<b>61</b>	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	<b>61</b>	
<b>62</b>	Taxes from: <b>a</b> <input type="checkbox"/> Form 8959 <b>b</b> <input type="checkbox"/> Form 8960 <b>c</b> <input type="checkbox"/> Instructions; enter code(s)	<b>62</b>	
<b>63</b>	Add lines 56 through 62. This is your <b>total tax</b>	<b>63</b>	
<b>Payments</b>			
<b>64</b>	Federal income tax withheld from Forms W-2 and 1099	<b>64</b>	
<b>65</b>	2016 estimated tax payments and amount applied from 2015 return	<b>65</b>	
<b>66a</b>	<b>Earned income credit (EIC)</b>	<b>66a</b>	
<b>b</b>	Nontaxable combat pay election <b>66b</b>		
<b>67</b>	Additional child tax credit. Attach Schedule 8812	<b>67</b>	
<b>68</b>	American opportunity credit from Form 8863, line 8	<b>68</b>	
<b>69</b>	Net premium tax credit. Attach Form 8962	<b>69</b>	
<b>70</b>	Amount paid with request for extension to file	<b>70</b>	
<b>71</b>	Excess social security and tier 1 RRTA tax withheld	<b>71</b>	
<b>72</b>	Credit for federal tax on fuels. Attach Form 4136	<b>72</b>	
<b>73</b>	Credits from Form: <b>a</b> <input type="checkbox"/> 2439 <b>b</b> <input type="checkbox"/> Reserved <b>c</b> <input type="checkbox"/> 8885 <b>d</b> <input type="checkbox"/>	<b>73</b>	
<b>74</b>	Add lines 64, 65, 66a, and 67 through 73. These are your <b>total payments</b>	<b>74</b>	
<b>Refund</b>			
<b>75</b>	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you <b>overpaid</b>	<b>75</b>	
<b>76a</b>	Amount of line 75 you want <b>refunded to you</b> . If Form 8888 is attached, check here ▶ <input type="checkbox"/>	<b>76a</b>	
<b>b</b>	Routing number	<b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
<b>d</b>	Account number		
<b>77</b>	Amount of line 75 you want <b>applied to your 2017 estimated tax</b> ▶ <b>77</b>		
<b>Amount You Owe</b>			
<b>78</b>	<b>Amount you owe.</b> Subtract line 74 from line 63. For details on how to pay, see instructions ▶	<b>78</b>	
<b>79</b>	Estimated tax penalty (see instructions)	<b>79</b>	
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
<b>Sign Here</b>	Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶		
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
<b>Print/Type preparer's name</b>	<b>Preparer's signature</b>	<b>Date</b>	<b>Daytime phone number</b>
<b>Firm's name</b>	<b>Firm's address</b>	<b>Date</b>	<b>Spouse's occupation</b>
<b>Firm's address</b>	<b>Phone no.</b>	<b>Spouse's signature.</b> If a joint return, <b>both</b> must sign.	<b>Spouse's occupation</b>
<b>Check <input type="checkbox"/> if self-employed</b>	<b>PTIN</b>	<b>Date</b>	<b>Daytime phone number</b>

www.irs.gov/form1040 Form 1040 (2016)

## Line 40

### IRA rollover

If your client is the beneficiary of an IRA, cashing it out will result in taxes on the entire inheritance. Consider them as candidates for a tax-qualified annuity.

## Line 43

### Employer-sponsored retirement plans

A company-sponsored retirement plan can help reduce an individual's taxable wages and has higher contribution limits than an IRA, resulting in greater retirement savings.

## Line 50

### College savings

A Coverdell Education Savings Account (CESA) and 529 college savings plan (CSP) provide tax-deferred growth and other tax advantages.

## Line 76a

### Investing a tax refund

Your clients can contribute all or a portion of their tax refund to a traditional IRA or Roth IRA, or purchase an annuity or life insurance policy.

# Tips for talking taxes with your clients

Note that Schedules A and C may offer additional tax advantages for small-business owners and sole proprietors.

Consider how evolving tax regulations may impact your clients' estate plans and their ability to cover healthcare costs in the future.

Lincoln offers tax-efficient products and strategies that may help clients prepare for the impact of taxes. Ask your Lincoln representative for more information.

Put Lincoln Wealth Protection Expertise to work for you. Contact your Lincoln Financial representative or call 855-831-7067 for further information.

### The value of partnering with Lincoln Financial Group

Lincoln Financial Group delivers sophisticated strategies and products for the creation, protection, and enjoyment of wealth. We are committed to helping Americans plan for retirement, prepare for the unexpected, and protect their wealth from five key financial challenges: taxes, long-term care expenses, longevity, inflation, and market risk.

Rely on Lincoln for the knowledge and experience to help you address these challenges. Lincoln Wealth Protection Expertise combines state-of-the-art products, seasoned wholesalers and specialists, and powerful visualization tools to assist you in protecting client wealth and planning financial outcomes.

## Don't miss this opportunity to engage your clients on their tax concerns and help them protect their wealth.

To get information and guidance about the solutions mentioned here, contact your representative.

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May go down in value

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LCN-1658011-120616

POD 1/17 **Z07**

**Order code: LFD-1040-BRC001**



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