

Tax Deferral Strategies

The LEAP[®] process can show you why, in many cases, a tax-deferral strategy may be ineffective for wealth building and protection opportunities. Tax-deferral strategies may not avoid income taxes, but only postpone them, or actually cause a larger tax later if one's marginal tax bracket increases. One should also consider reducing or avoiding income taxes as an effective financial strategy than just postponing taxes. In addition, many consumers are never provided any information about the potential estate distribution and estate conservation problems of a tax-deferred asset strategy or program.

All of the benefits and potential disadvantages of a tax-deferral strategy or product should be evaluated before its implementation. Every consumer needs to review other alternatives with the same outlay before allocating any dollars to a tax-deferral program. It may be that a tax-deferral program makes sense and is the best alternative, but until a comparison with a fully integrated program is provided, one may not come to the conclusion that a tax-deferred program is always best.

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