

Annuity Maximization



Concept: Where annuity income is not needed, leveraging the after tax value of the annuity to purchase life insurance and increase the net amount left to the heirs.

Client Name:	Mr. Valued Client	Option 1: Keep the Annuity	
Client Gender:	Male	Results at Mortality Age: 91	
Client Age:	65	Total Annuity Value:	\$1,777,836
Underwriting:	Preferred Nonsmoker	Nontaxable Basis:	\$400,000
Spouse Name:	Mrs. Valued Client		
Spouse Age:	65	Taxable Amount:	\$1,377,836
Spouse Gender:	Female	Income Tax:	\$413,351
Underwriting:	Preferred Nonsmoker		
Mortality Year:	26	Total Net Left to Heirs:	
Annuity Balance:	\$ 500,000	\$1,364,485	
Basis:	\$ 400,000		
Growth Rate: (Assuming a 1% annuity fee and 0.5% investment fee)	6.5%		
Income Tax Rate:	30%		
Estate Tax Bracket:	0%	Not Guaranteed	

Option 2: Using the Annuity to Purchase a Guaranteed Life Insurance Policy			
Premium for SPIA: (Single Premium Immediate Annuity)	\$500,000	Total Net Left to Heirs: (Through life insurance death benefit)	
Annual Income From SPIA:	\$24,878		
Income Taxes:	\$2,754	\$1,770,803	
Net Lifetime Income From SPIA:	\$22,124		
		Fully Guaranteed	

Option 3: Using the Annuity to Purchase a Index Life Insurance Policy			
Premium for SPIA: (Single Premium Immediate Annuity)	\$500,000	Total Net Left to Heirs: (Through life insurance death benefit)	
Annual Income From SPIA:	\$24,878		
Income Taxes:	\$2,754	\$2,018,128	
Net Lifetime Income From SPIA:	\$22,124		
		Not Guaranteed (Using a Index Life insurance product projected to go to at least age 100)	

Assumes insurance policy is paid for by the insured, but owned outside of the estate, and is not exposed to estate taxes.

Guaranteed life insurance policy has a range of guaranteed periods from age 100 to age 126

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Guarantees are based on the claims paying ability of the issuing insurance company.

Investment and Insurance Products:

Not FDIC Insured	No Bank Guarantees	May Lose Value
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