

LegacyTree Foundation Annuity Transfer Case Study



Mrs. Millie Cramer, a 78 year old widow, has owned a fixed indexed annuity for 5 years. She has other income sources and her LTC needs have been taken care of. Millie plans to leave the annuity to her heirs but she now realizes that all of the gains in her annuity will be taxable to her heirs.

An Annuity Transfer Program from LegacyTree Foundation (LTF) proved to be a suitable option for Mrs. Cramer. Here's how it worked:

1. Millie transferred ownership of her annuity to LTF.
2. LegacyTree Foundation **absorbed the 10% surrender penalty** and issued her an LTF LegacyPlan based on the full accumulation value.
3. Millie received an **immediate income tax deduction** which will offset the 1099 gains inside the annuity, helping her settle up with Uncle Sam now.
4. The LTF LegacyPlan will provide a **structured inheritance for** her children, addressing concerns she had about spendthrift heirs.
5. Millie recommended her **favorite charity** to benefit from her transaction.

An LTF Term Certain LegacyPlan for Millie was issued that provided an immediate charitable income tax deduction of **\$69,578**. Millie's current income is \$55,000. She will receive a 1099 this year of \$45,000 (on the gains inside the annuity), bringing her total new income to \$100,000. The tax deduction reduces her taxable income by up to 50%, thereby bringing her taxable income back to **\$50,000**. This allows her to offset the \$45,000 of gain from her annuity AND save money on taxes this year. The remaining deduction of \$19,578 can still be carried forward to reduce her taxes next year. Her LegacyPlan is designed to pay out over 20 years beginning when she passes away. She named her three children to receive payments from the LegacyPlan and recommended her church to receive an immediate grant, while supporting the charitable works of LTF. Her plan is reinsured with a major insurance company.

Current Accumulation Value	\$150,000
Current Cash Surrender Value	\$135,000
Original Cost Basis	\$105,000
Amount of Taxable Gains	\$ 45,000
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Initial Value of Legacy Plan	\$150,000
Tax Deduction with LegacyPlan	\$ 69,578
Monthly Payments if Millie Passes Away in 5 Years	\$ 700
Total Benefit (payout plus tax savings)	\$ 185,395



1600 Westgate Circle, Suite 200, Brentwood, TN 37027
(615) 468-8048 · www.LegacyTreeFoundation.org