Help Older Clients Leave a Legacy Using Annuities to Fund Life Insurance

If your older clients own deferred annuities and have life insurance needs — *but not additional premium* — here's a potential solution.

Fran, age 70, a widow with two children, converted a deferred annuity out of surrender charge period (not needed for retirement or other purpose) into an IncomeSource single premium immediate annuity (SPIA) with a Temporary Life payout. She then used annual SPIA payouts to fund a limited-pay life policy[1] That created an increased tax-free benefit for her heirs. Fran's choice of a Temporary Life[2] SPIA payout — which pays income for a specified time or for an annuitant's life, whichever is shorter — offered a higher payout than a 10-year period certain or life-only payout for her money. Keep in mind that taxes will reduce the SPIA payments available to fund the life insurance premium.

Fran's Plan: Funding a Life Insurance Legacy (Hypothetical)

Fran's Legacy: A Tax-Free Benefit

	Deferred Annuity	Tax-free Transfer	IncomeSource Immediate Annuity (Temp Life)	SPIA Pays Life Premium	SPIA-Funded Life Insurance
Death Benefit	Account Value[3]		No Death Benefit		Higher death benefit than annuity[5]
Payout Type	Annuitization or Withdrawal		Payment is generally greater for older ages		Lump sum
Tax Treatment	Withdrawals taxed as ordinary income[4]		Payouts partially taxable (non qualified)[4] Payouts fully taxable (qualified)[4]		Income-tax-free to beneficiaries

(continued)

1 Life insurance is subject to underwriting approval.
2 Income continues for a time period, specified by owner, only while annuitant is alive. Temporary Life payouts provide no benefit on or after annuitant's death.
3 Some annuities offer an enhanced death benefit.
4 Withdrawals are taxable to the extent that the cash value of the contract exceeds the investment in the contract.
5 Assumes no withdrawal, loans or surrenders. Life insurance has little or no cash value and if client survives to policy maturity, there is no death benefit.

Help your older clients to leave a legacy using annuities and life insurance.
For more information, visit WSFinancialPartners.com or contact:

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No bank guarantee	**Not a deposit**	**May lose value**	**Not FDIC/NCUA insured**	**Not insured by any federal government agency**

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