

## Qualified Options

With passage of the SECURE Act many people are looking for more flexibility and tax efficiency when passing qualified asset to their heirs. Following are 2 examples that provide a solution.

### Convert Qualified IRA to ROTH IRA

1. Create an income tax deduction by funding an 8-Year Deferred/20-Year Term Certain LegacyPlan with non-qualified funds.
2. Convert the IRA to a ROTH.
3. Use the new LegacyPlan deduction to offset the taxable event.

Existing value of IRA	\$500,000
Potential taxes if IRA were liquidated (2020 marginal rates)	\$115,909
Non-qualified asset(s) value to fund LegacyPlan	\$1,000,000
Income tax deduction from LegacyPlan	\$500,000
Amount of taxes SAVED	\$115,909
Amount of taxes PAID	ZERO - \$0 - ZERO
Annual income from LegacyPlan	\$62,400
Total income LegacyPlan	\$1,248,000
New ROTH value Free from taxes	\$500,000
Is the LegacyPlan income start date flexible?	Yes
Is the LegacyPlan income fully reinsured?	Yes
Can your client make a grant recommendation(s)?	Yes



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## IRA to IUL Option

1. Liquidate the qualified asset.
2. Retain funds to offset taxes.
3. Use remainder to fund an Immediate/20-Year Term Certain LegacyPlan.
4. Use LegacyPlan tax deduction and retained funds to offset taxable event.
5. Use the immediate income from LegacyPlan to fund Life Insurance.

<b>Qualified asset amount that is liquidated</b>	<b>\$500,000</b>
<b>Potential taxes (2020 marginal rates)</b>	<b>\$115,909</b>
<b>Funds retained to offset taxes</b>	<b>\$70,000</b>
<b>Remaining proceeds to fund LegacyPlan</b>	<b>\$430,000</b>
<b>Income tax deduction from LegacyPlan</b>	<b>\$173,193</b>
<b>Taxable amount after tax deduction applied</b>	<b>\$326,807</b>
<b>Potential taxes after applying tax deduction (2020 marginal rates)</b>	<b>\$66,592</b>
<b>Remaining taxes after using retained funds (\$70,000)</b>	<b>+ \$3,408</b>
<b>Annual LegacyPlan income for IUL premiums</b>	<b>\$20,856</b>
<b>Tax-Free Death Benefit from IUL</b>	<b>\$565,000</b>
<b>Is the LegacyPlan income fully reinsured?</b>	<b>Yes</b>
<b>Can your client make a grant recommendation(s)?</b>	<b>Yes</b>



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