



## Cash Case Study

Here is a great strategy to help clients put extra cash to work:

An 84-year-old client with \$800,000 cash in the bank, making only bank interest, has a great opportunity to help his son and two granddaughters in college, as well as achieve the financial goal of converting qualified money to a Roth.

The client funded three LegacyPlans with LegacyTree Foundation as outlined in the chart below. The client receives the tax deductions from the three LegacyPlans that will offset the tax consequences of the Roth conversion and upon his passing, each beneficiary would receive tax-favored income.

	Son 5-Year Deferred 20-Year Term	Granddaughter #1 5-Year Deferred 20-Year Term	Granddaughter #2 7-Year Deferred 20-Year Term	Totals
Value of Asset being transferred to LTF	\$300,000	\$250,000	\$250,000	\$800,000
Monthly Pay	\$1,377	\$1,149	\$1,216	\$3,742
Annual Pay	\$16,523	\$13,791	\$14,597	\$44,911
Total Payout Over Term	\$330,458	\$275,827	\$291,936	\$898,221
Income Tax Deduction	\$141,809	\$117,961	\$123,844	\$383,614
Potential Benefit from Program (total payments + tax savings)	\$361,656	\$301,779	\$319,182	\$982,617

- ✓ **Income-tax deduction can be used to reduce client's Adjusted Gross Income (AGI) by up to 100%\* with a five-year carry forward.**
- ✓ **Client recommended a charity(s) to receive an immediate grant of \$40,000.**
- ✓ **The tax deduction is the amount in which client estate is reduced.**
- ✓ **Income is tax favored.**
- ✓ **The tax-free portion of the income increases each year.**
- ✓ **All LegacyPlan income is insured with a highly rated insurance company.**

**\* The 2020 CARES Act suspends the 60% of AGI limit for charitable donations of cash made in 2020. This allows for a 100% of AGI limit on cash charitable contributions.**

LegacyTree Foundation is a 501(c)(3) non-profit organization established in 1999 and is not an insurance company, broker dealer, or financial institution. A LegacyPlan is a charitable planned giving transaction as outlined in the IRS code and is not an investment. This example is not a contract. It is an unaudited educational illustration only. It is not legal, tax or financial advice. Consult your legal, tax or financial advisor about your specific situation. The numbers in this example reflect payout rates and other variables at a specific time and are subject to change. Additional factors may affect the outcome. Not all LTF LegacyPlans are available in all states.