

Term Certain LegacyPlan Medicare Case Study



Ron and Sally Petra did not realize the monthly Medicare Part B premium of \$148.50 each would be adjusted should there be a change in their income. This year they sold a rental property for \$400,000. The \$200,000 of capital gain will increase their MAGI* to over \$300,000 which will increase their Medicare Part B premium in two years to \$386.10 each per month. Their advisor suggested a Term Certain LegacyPlan to help.

*Modified Adjusted Gross Income

• Here is how it worked:

- The Petra's completed a \$400,000 LegacyPlan with LegacyTree Foundation with the proceeds of the property.
- They received a \$200,904 charitable deduction which helped offset the capital gain and income tax consequences.
- The LegacyPlan income will begin in 5 years and pay for 20 years, in the amount of \$1,733 per month or \$20,795 per year for 20 years. They named their children as beneficiaries.
- The charitable deduction will reduce their MAGI this year to under \$100,000, which will keep their Medicare Part B Premium in two years at the current \$148.50.
- Ron and his wife recommended an immediate \$20,000 grant to their favorite charity.

SUMMARY of LEGACYPLAN

Value of Asset:

\$400,000

Charitable Tax Deduction:

\$200,904

Potential Tax Savings at 22%:

\$44,199

Income with 5 year deferral and 20 years of payments:

\$20,796 per year



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