Annuity Maximization Strategy

Which legacy would your clients rather leave?

How annuity maximization works

1
Establish ILIT.

↓

2
Begin annual distributions from the annuity, (**$30,879** after income taxes).[1]

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3
Gift **$30,879** to the ILIT, to fund life insurance premiums.[2,3]

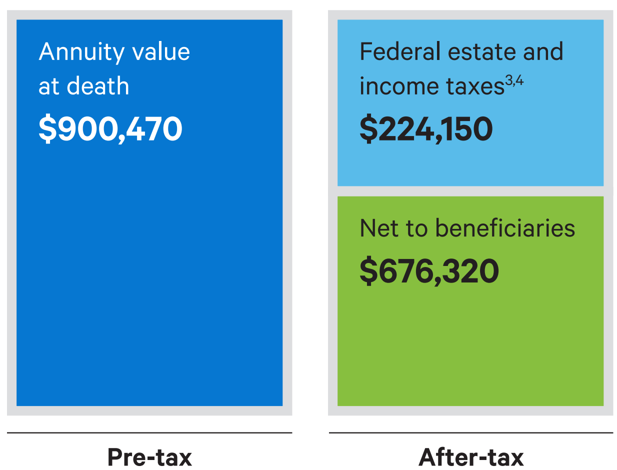
↓

4
At death, the policy's **$1,169,195** death benefit passes to the ILIT beneficiaries free of federal estate and income taxes.

The potential tax impact of annuities for beneficiaries

In this hypothetical scenario, we assume a 70-year-old owns a nonqualified annuity currently valued at $500,000. Assuming death occurs at age 85, this chart estimates how much the beneficiaries might receive if the assets are left in the annuity versus repositioning those assets inside an irrevocable life insurance trust (ILIT).[4]

Repositioning the $500,000 nonqualified annuity assets to purchase life insurance inside an ILIT would potentially **give the beneficiaries 73% more** than if left in the annuity.



The result:

The beneficiaries receive notably less than the annuity's value at death: **just 75%.**

Call us for an illustration and see how Symetra Protector IUL could potentially help your clients leave more to their beneficiaries.

Life Sales Desk

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Symetra Protector IUL is a flexible-premium adjustable life insurance policy with index-linked interest options. Policy form number is ICC18_LC2 in most states.

The Putnam Dynamic Low Volatility Excess Return™ Index with Bonus Index Account endorsement form number is ICC22_LE2 in most states and is not available in all U.S. states or any U.S. territory, and terms and conditions may vary by state in which it is available.

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Guarantees and benefits are subject to the claims-paying ability of Symetra Life Insurance Company.

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Symetra reserves the right to add, modify or remove any index strategy or crediting method. If any index is discontinued or if the calculation of any index is changed substantially, Symetra reserves the right to substitute a comparable index.

Except for the Putnam Dynamic Excess Return Index™, the performance of an index does not include the payment or reinvestment of dividends in the calculation of its performance.

It is not possible to invest in an index.

There are other index strategies available within the Symetra Protector IUL policy.

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[1] This scenario assumes a 70-year-old female annuitizes her $500,000 nonqualified annuity contract. Electing the "life only" option provides annual, pre-tax income of $39,528, which is guaranteed to continue as long as she lives (note: the amount shown is hypothetical and not based on a specific product). Annuity income consists of principal and interest and a portion of each payment will be income taxable at 32%. The taxable portion of the annuity is determined by the applicable annuity exclusion percentage. Excess annuity payments above the exclusion percentage are considered ordinary income. Annuity carriers offer specific rules and should be contacted for more information regarding distributions.

[2] The annual gift tax exclusion applies to gifts to each donee. In this scenario, we assume the owner has beneficiaries to whom she can gift up to $17,000 per year, per recipient (2023). (Source: "What's New - Estate and Gift Tax." IRS, accessed December, 2022: https://www.irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax).

[3] Based on the hypothetical client in this scenario, annual premiums of $30,879 years 1-16 and $26,879 year 17 and later will provide a $1,169,195 death benefit (based on a 70-year-old female in the Symetra Protector IUL "Standard Plus Non-Nicotine" rate class). Illustrated at a 5.97% initial crediting rate, The Putnam Dynamic Low Volatility Excess Return Index™ with Bonus 1-Year Point-to-Point Index Strategy, current policy charges. Policy remains in-force to age 119 with a no-lapse guarantee benefit for 21 years or to age 90. Please check current index cap and participation rate information. The premium and death benefit shown are current as of November 2022, but subject to change without notice. Please check current index cap and participation rate information. Please check for current tax rate information based on the individual situation. A tax professional should be consulted.

[4] Assumes the annuity's cost basis is $200,000 (i.e., the after-tax premium payments not subject to federal income taxes). The $900,470 value at death assumes the annuity grew at a hypothetical average annual interest rate of 4.0% over 15 years.

[5] The applicable federal estate tax exemption amount (indexed for inflation) is $12.92 million per individual in 2023. The estate tax is unified with the federal gift tax and generation-skipping transfer tax such that in 2023 the lifetime exemptions for the gift tax and generation-skipping transfer tax are $12.92 million (indexed for inflation) and the maximum tax rate for both of these taxes will be 40%. (Source: "What's New–Estate and Gift Tax," IRS, accessed December, 2022: https://www.irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax). Please check for current rate information based on the individual situation. A tax professional should be consulted.

[6] Assumes the annuity's proceeds (after estate taxes, if applicable) were paid as a lump sum to the beneficiaries, and, therefore, further reduced by Income in Respect of a Decedent (IRD) by $224,150 (based on each beneficiary's assumed federal income tax rate of 32%). (IRC Sec. 691[a]). A tax professional should be consulted for more information.

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