ADVANCED MARKETS CONCEPT

IRA Maximization Strategy

Maximizing IRA distributions to increase your legacy and control

Not a bank or credit union deposit, obligation or guarantee	May lose value
Not FDIC or NCUA/NCUSIF insured	Not insured by any federal government agency

Preserving retirement assets for future generations

If you own a traditional or Roth IRA and won't be relying on it for retirement income needs—planning to pass those assets to your beneficiaries—then you may want to supplement your wealth transfer plan with an IRA maximization strategy using life insurance.

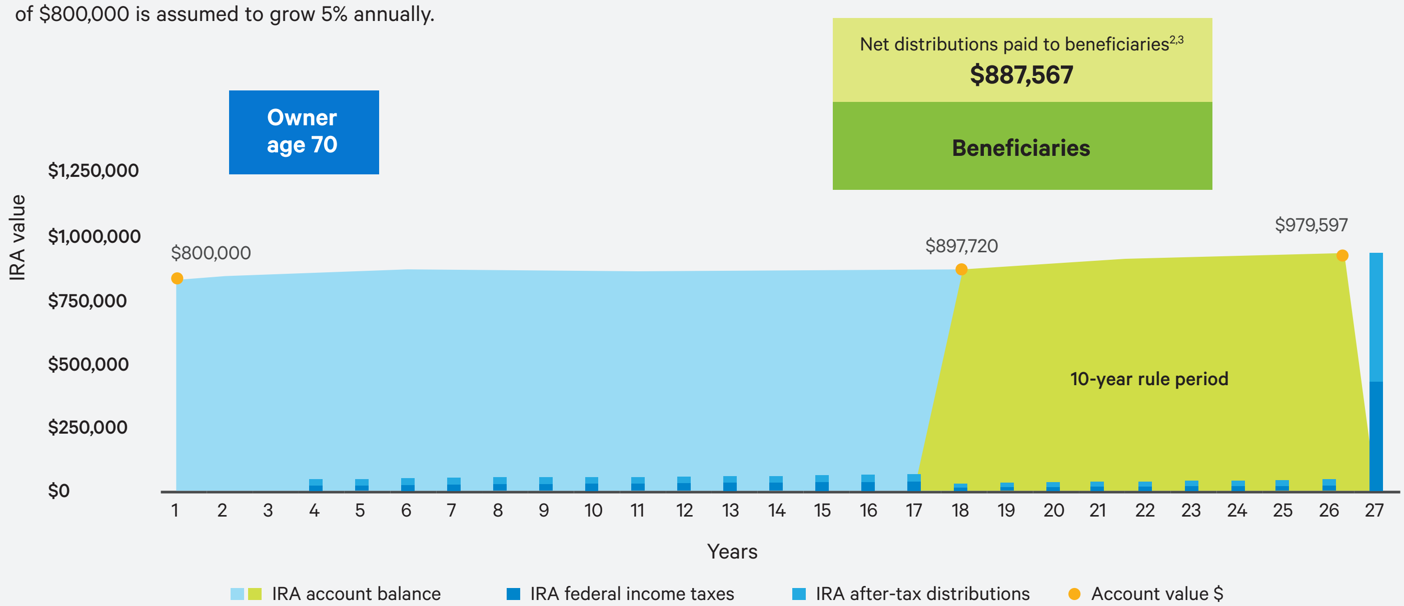
Leveraging the power of tax deferral

With an IRA, if inherited funds are kept in the IRA—with only the annual required minimum distributions (RMDs) taken by you—the amount of money that can be accumulated and paid to your beneficiaries can be significant. The graph below illustrates how a traditional IRA strategy might look.

Scenario 1

The traditional IRA

In this scenario, we assume the IRA owner (age 70) begins RMDs[1] from the IRA at age 73 and that death occurs in the 17th year at age 86. Upon death, the beneficiaries begin to withdraw all of the remaining IRA assets in year 27 or 10th year from the IRA owner's death. The initial IRA balance of $800,000 is assumed to grow 5% annually.



[1] Required Minimum Distributions (RMDs) are calculated using life expectancies based on the IRS Uniform Lifetime Table and the recipient's age at the beginning of each year. In this scenario, the IRA owner starts distributions in year four, at age 73. If the IRA owner's death occurs after RMDs have begun, the designated beneficiaries are required to take RMDs each year and must distribute all of the IRA assets by December 31st of the 10th anniversary of the IRA owner's death. See Reg. 1.401(a)(9)(B)(iii). (refer to footnote 3).

[2] Net distributions equal total after-tax distributions to the beneficiaries in year 27 or 10 years after the IRA owner's death. This assumes no estate taxes are due based on the assumption that the estate's total value, including the IRA starts at $3.2 million and the non-IRA assets grow at average annual rate of 2%. The applicable federal estate tax exclusion 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 such that in 2023 the lifetime gift tax exclusion and generation-skipping transfer tax is $12.92 million (indexed for inflation) and the maximum tax rate for both of these taxes will be 40%. The estate and gift tax exemption are set to expire on 12/31/2025 and revert back to $5.6 million per person increased by inflation. (Source: "Frequently Asked Questions on Gift Taxes,"IRS, accessed December 2022: https://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes). For current information and an assessment of your unique situation, please consult your tax professional.

[3] Scenario assumes the IRA owner has four beneficiaries, under IRA section 401(a)(9), unless the IRA is divided into separate accounts, the distributions are calculated based on a lump-sum distribution in year 27 or 10th year from the original IRA owner's death.

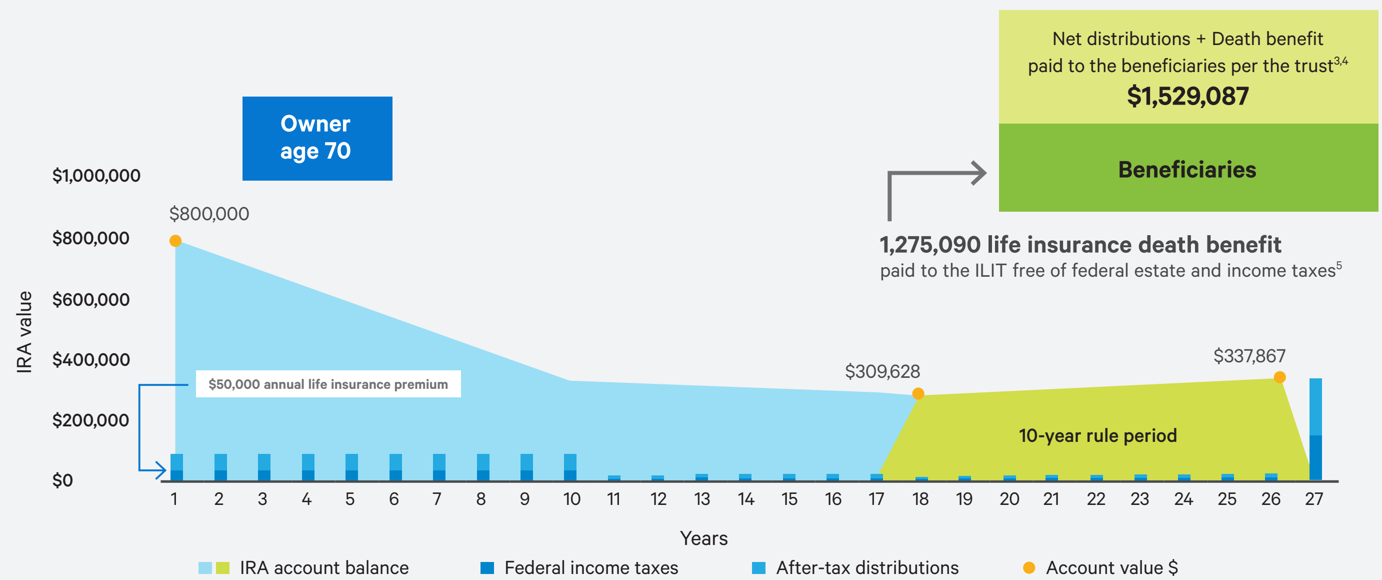
Get more from your IRA

An IRA can be a highly effective tool for increasing the wealth that passes to your beneficiaries. But with a life insurance policy held inside an irrevocable life insurance trust (ILIT), your IRA assets can work even harder for your beneficiaries. That's because the life insurance death benefit is paid to the ILIT free of federal income and estate taxes, thus "leveraging IRA distributions" by providing a more efficient and cost effective way to pass on wealth through your IRA.[4]

Scenario 2

The leveraged IRA (Using IRA distributions to purchase life insurance)

In this scenario, we assume the IRA owner (age 70) begins taking distributions at age 70 and a portion of each distribution is used to gift annual life insurance premiums of $50,000 for 10 years. In years 11+, the distributions are equal to RMDs and assumes death occurs in year 17 at age 86. The beneficiaries are assumed to withdraw all of the remaining IRA assets in year 27 (10 years from the date of death).



In this scenario, the IRA owner starts distributions at age 70 in order to gift the annual life insurance premiums to the ILIT. If the IRA owner's death occurs after RMDs have begun, the designated beneficiaries are required to take RMDs each year and must distribute all of the IRA assets by December 31st of the 10th anniversary of the IRA owner's death. See Reg. 1.401(a)(9)(B)(iii). This assumes a federal income tax rate of 32% for both the IRA owner and the beneficiaries.

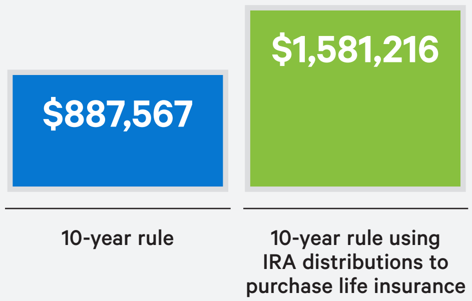
The life insurance premium and death benefit are based on Symetra Protector IUL for a 70-year-old female in the Preferred Non-Nicotine rate class. Illustrated at a 5.97% initial crediting rate, Putnam Low Volatility Index with Fixed Bonus Index strategy, current policy charges. Policy remains in-force to age 119 with a no-lapse guarantee benefit for 20 year or to age 89. Illustrated amounts are current as of May 2023, but are subject to change without notice. Please check current index cap and participation rate information.

[4] Life insurance proceeds are generally received income-tax-free, however, there may be exceptions. Symetra Life Insurance Company does not provide tax advice. Consult with your attorney or tax professional for more information.

[5] Net distributions equal total after-tax distributions to the beneficiary as a lump-sum distribution in year 27 or 10th year from IRA owner's death, plus the life insurance proceeds net of federal estate taxes, if applicable.

[6] Scenario assumes the IRA owner has four beneficiaries. The annual gift tax exclusion applies to gifts to each donee. In this scenario, we assume the owner has beneficiaries to whom he or she can gift up to $17,000 per year, per recipient. (Source: "Frequently Asked Questions on Gift Taxes,"IRS, accessed December 2022: https://www.irs.gov/businesses/small-businesses-self-employed/whats-new-estate-and-gift-tax).

Which legacy would you rather leave for beneficiaries?



78% more

In our scenarios, the ILIT and IRA beneficiaries received **$693,649** more with the leveraged distributions using your IRA strategy.

How could you benefit?

Using IRA distributions inside a life insurance trust may help:

Minimize taxes
Life insurance proceeds bypass probate and are paid to the ILIT free of both federal estate and income taxes.

Maximize and control your legacy
Using the net after-tax distributions from your IRA may allow you to purchase a significant life insurance death benefit for your beneficiaries.

Proceeds from an ILIT-owned life insurance policy will be distributed by the trustee to your beneficiaries according to your preferences.

Transfer assets out of your estate
Making tax-free gifts to an ILIT can help reduce the size of your taxable estate. Currently, individuals may gift up to $17,000 annually (per beneficiary) and married couples may gift $34,000 annually (per beneficiary). Plus, as long as you do not exceed the $17,000 limit, these annual gifts do not count against your $12.92 million combined cumulative lifetime gift- / estate tax exemption. (Refer to footnote 2 on page 2 for source information.)

Is an IRA maximization strategy right for you?

You may benefit if:

- ☐ You plan to leave IRA assets to your beneficiaries.
- ☐ Your retirement income needs are fully met by other sources without the need for RMDs.
- ☐ You want more control with ILIT distributions made to trust beneficiaries.
- ☐ You'd like to leave a larger legacy to your beneficiaries.

If these apply to you, contact your insurance professional to learn more.

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The Putnam Dynamic Low Volatility Excess Return Index with Bonus Index Account form number ICC22_LE2 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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