



Annuity Strategies

for

Robert Smith

and

Mary Smith

Presented by:

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Important Notes

These pages depict certain wealth preservation strategies. These strategies may include simple wills, marital trusts, family trusts, credit shelter trusts, living trusts, grantor retained trusts, charitable remainder trusts, special business entities, life insurance (with or without a trust), taxable and charitable gifts. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy. This illustration simply shows the effect of the strategy shown on your estate and potential estate taxes, based on certain assumptions detailed in the illustration.

This report provides only broad, general guidelines, which may be helpful in shaping your thinking about and discussing your wealth preservation needs with your professional advisors. The quality of this report is dependent upon the accuracy of data furnished by you. No legal or accounting advice is being rendered by this report or through any other oral or written communications. This report provides estimates based on our general understanding of current tax laws. Unless otherwise indicated, the tax aspect of the federal Generation-Skipping Transfer Tax (GSTT) is not reflected. The GSTT is similar to an additional level of estate tax on certain transfers to grandchildren, or individuals two or more generations removed from the transferor, whether by direct gift or where such transfers may occur through trust or other arrangements where such persons may be beneficiaries. Please discuss legal and accounting matters directly with your counselors in each of those areas.

Calculations contained in this report are estimates only. Actual results may vary substantially from the figures shown. All rates of return are hypothetical and are not a guarantee of future performance of any asset, including insurance or other financial products. All inflation rates are estimates provided by you. This analysis is based on information provided by you. It should be kept in mind that property passes by deed first, next by contract, and then by will. To implement any wealth

preservation strategy it may be necessary to change ownership or designated beneficiary before your revised will and any wealth preservation strategy will be effective.

Because your wealth preservation concerns and goals may change in the future, periodically monitoring actual results and making appropriate adjustments are essential components of your program.

During the course of the analysis, gifting strategies may be proposed that include the acquisition of insurance and other financial products. When this occurs, additional information about the specific product, including a prospectus when required will be provided for your review.

You should consult your own tax and legal advisor before utilizing any strategy shown so that it can be evaluated based on your own needs and circumstances. Nothing contained in this report is intended to be used on any tax form or to support any tax deduction. Only your tax advisor should provide you with that type of information.

IMPORTANT: The projections or other information generated by this investment analysis tool (Qualified Plan Distribution Analysis) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

IRS CIRCULAR 230 NOTICE: To ensure compliance with requirements imposed by the IRS, this notice is to inform you that any U. S. federal tax advice contained in this presentation is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this presentation.



Non-Qualified Annuity Stretch-Out

*A Multi-Generational Approach for
Continuing Distributions*

for

Robert Smith

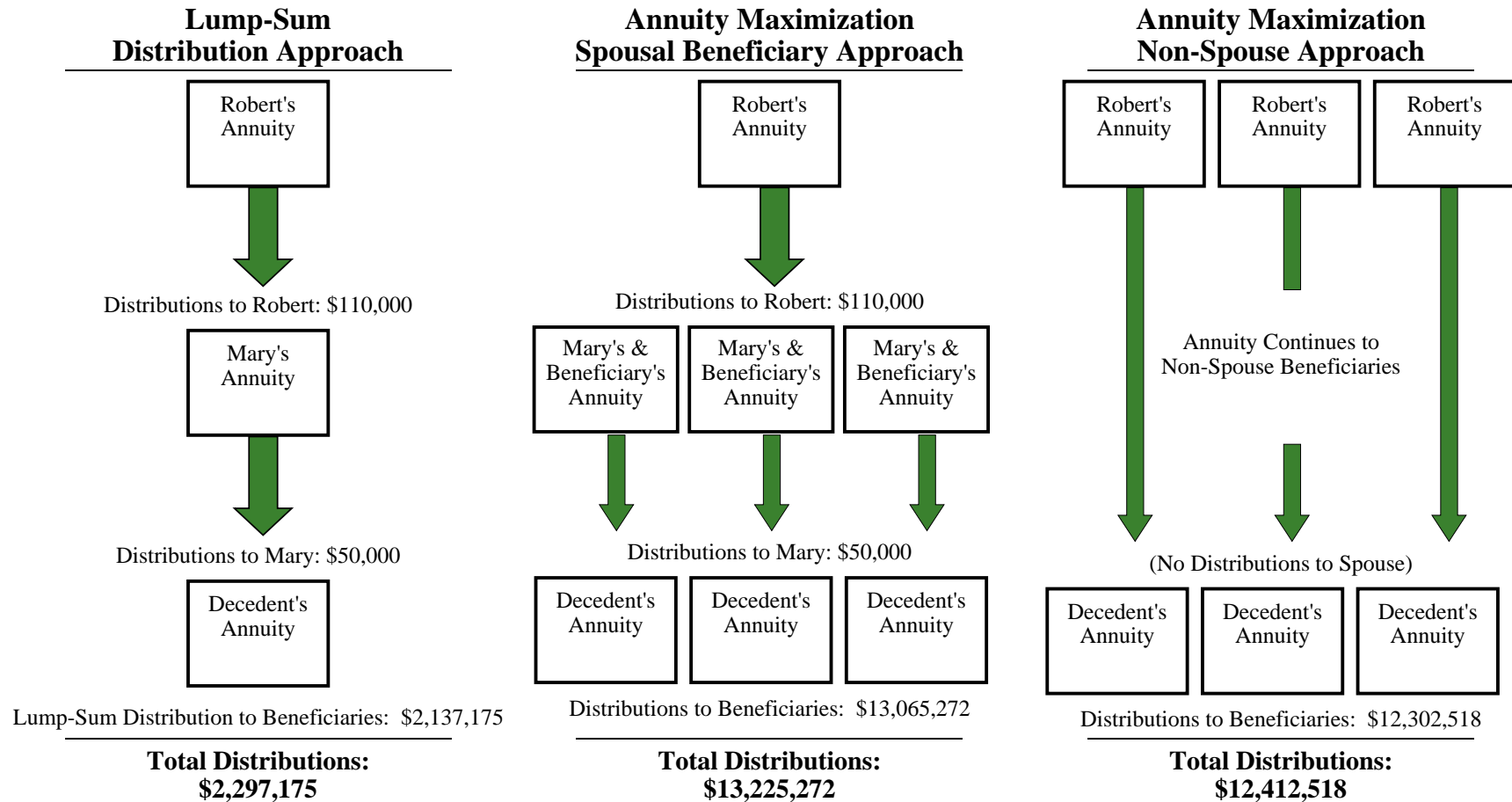
and

Mary Smith

Illustration of Multi-Generational Approaches

Total Distribution Compared

Beginning Account Balance August 30, 2007: \$750,000



NOTE: See Comparing Multi-Generational Approaches for details.

Comparing Multi-Generational Approaches

An Explanation of Different Techniques

Lump-Sum Distribution Approach

- You name Mary as your primary beneficiary for this annuity. You take distributions of \$10,000 until your death. The annuity account balance at your death is \$1,626,374.
- At your death, Mary names beneficiaries for the annuity. Mary continues to take distributions of \$10,000 until death. The annuity account balance at Mary's death is \$2,137,175.
- At Mary's death, the annuity beneficiaries elect to receive the annuity as a lump-sum distribution. Income taxes are due when the lump-sum distribution is received.

Total Distributions:
\$2,297,175

Annuity Maximization Spousal Beneficiary Approach

- You name Mary as your primary beneficiary for this annuity. You take distributions of \$10,000 until your death. The annuity account balance at your death is \$1,626,374.
- At your death, Mary names beneficiaries for the annuity. Mary continues to take distributions of \$10,000 until death. The annuity account balance at Mary's death is \$2,137,175.
- At Mary's death, the annuity beneficiaries elect to continue distributions based on each named beneficiary's life expectancy. Income taxes are spread over the lifetime of each beneficiary as distributions are received.

Total Distributions:
\$13,225,272

Annuity Maximization Non-Spouse Approach

- You and Mary decide that Mary will not need the annuity as a source of income. You split the annuity into separate annuities with named beneficiaries. You take distributions of \$10,000 until your death. The annuity account balance at your death is \$1,626,374.
- At your death, the annuity beneficiaries elect to continue distributions based on each named beneficiary's life expectancy. Income taxes are spread over the lifetime of each beneficiary as distributions are received.

Total Distributions:
\$12,412,518

Lump Sum Distribution Approach

A Multi-Generational Approach for Continuing Distributions

Robert's Annuity	
Annuity Value Now (2007):	\$750,000
Distributions Start (age 65):	\$966,928
Death Assumed (age 75):	\$1,626,374

Robert's death is assumed in 2021. No income or estate tax is due on the annuity at death.

\$110,000
Distributions during Robert's lifetime

Mary receives the annuity at Robert's death and continues taking distributions.

Mary's Annuity Value in 2022	\$1,626,374
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Mary dies in 2026. Values included in estate

\$50,000
Distributions during Mary's lifetime

At Mary's death, the annuity beneficiaries elect to receive the annuity as a lump-sum distribution.

\$2,137,175 Lump-Sum Distribution

Total distributions during lives of Robert, Mary, and beneficiaries: \$2,297,175

The estate must have liquidity of \$973,553 for federal estate taxes attributable to the annuity to provide the total distributions shown on this page.

Lump-Sum Distribution Approach

A Multi-Generational Approach for Continuing Distributions

Beginning Account Balance August 30, 2007: \$750,000

Year	Annuitant Age	Spouse Age	Earnings & Deposits ¹	Actual Distribution ²	Account Balance
2007	61	61	18,938	0	768,938
2008	62	62	47,426	0	816,365
2009	63	63	50,352	0	866,716
2010	64	64	53,457	0	920,174
2011	65	65	56,754	10,000	966,928
2012	66	66	59,638	10,000	1,016,566
2013	67	67	62,700	10,000	1,069,266
2014	68	68	65,950	10,000	1,125,215
2015	69	69	69,401	10,000	1,184,616
2016	70	70	73,065	10,000	1,247,681
2017	71	71	76,954	10,000	1,314,635
2018	72	72	81,084	10,000	1,385,719
2019	73	73	85,468	10,000	1,461,187
2020	74	74	90,123	10,000	1,541,310
2021	75	75	95,065	10,000	1,626,374

Robert dies and Mary assumes the annuity.

Year	Spouse Age	Earnings & Deposits ¹	Actual Distribution ²	Account Balance
2022	76	100,311	10,000	1,716,686
2023	77	105,881	10,000	1,812,567
2024	78	111,795	10,000	1,914,362
2025	79	118,074	10,000	2,022,436
2026	80	124,739	10,000	2,137,175

Total distributions during Mary's lifetime are \$50,000. At Mary's death, the annuity is distributed to the named beneficiaries. Estate and income taxes of \$973,553 will be due on these amounts.

Distributions Taxed

- You would like to provide your family with financial security supported by your annuity.
- You want to defer income taxation as much as possible.
- You pay income taxes on the distributions as you receive them.

Lump-Sum Distribution Approach

- At your death, spouse continues the annuity.
- New annuity beneficiaries can be named at anytime during spouse's remaining lifetime.
- At spouse's death, beneficiaries elect to receive the annuity as a lump-sum distribution.
- The estate should have enough liquidity outside of the annuity for the estate taxes and expenses attributable to the annuity. Life insurance may help provide the needed liquidity.

¹ Please refer to the Assumptions page for interest rate assumptions. Also includes deposits, if any.

² Distributions should be based on the prior year's December 31 value. Distributions prior to annuitization are taxable to the extent of earnings in the annuity. In addition, a 10% federal income tax penalty may apply to distributions taken prior to age 59½.

Lump-Sum Distribution Approach

Wealth Transfer Costs

Beginning Account Balance August 30, 2007: \$750,000

Year	Annuity Account Balance	Other Assets	Total Estate
2007	768,938	3,037,177	3,806,115
2008	816,365	3,128,292	3,944,657
2009	866,716	3,222,141	4,088,858
2010	920,174	3,318,805	4,238,979
2011	966,928	3,418,369	4,385,297
2012	1,016,566	3,520,921	4,537,486
2013	1,069,266	3,626,548	4,695,814
2014	1,125,215	3,735,345	4,860,560
2015	1,184,616	3,847,405	5,032,021
2016	1,247,681	3,962,827	5,210,508
2017	1,314,635	4,081,712	5,396,347
2018	1,385,719	4,204,163	5,589,882
2019	1,461,187	4,330,288	5,791,475
2020	1,541,310	4,460,197	6,001,507
2021	1,626,374	4,594,003	6,220,377
2022	1,716,686	4,731,823	6,448,508
2023	1,812,567	4,873,777	6,686,344
2024	1,914,362	5,019,991	6,934,353
2025	2,022,436	5,170,590	7,193,026
2026	2,137,175	5,325,708	7,462,884

Mary receives the annuity at Robert death in 2021 and continues taking distributions. Calculations assume that the applicable credit has been utilized for other taxable transfers.

Continuation of this analysis assumes that Mary's estate has sufficient cash liquidity for all transfer costs without using this annuity.

Mary's Death Occurs in 2026

Total Estimated Estate Taxes: ¹	\$3,399,586
Estate Taxes Attributable to Annuity: ²	\$973,553
IRD Income Taxes: ³	\$249,599
Life Insurance Inside of Estate:	\$0
Life Insurance Outside of Estate:	\$0

Sources of Liquidity:

Use annuity money—Weakens multi-generational planning, utilizes annuities that would otherwise grow on a tax-deferred basis and ceases stretched out distributions



Liquidate other designated assets—Utilizes assets that might otherwise be designated to pay the estate taxes attributable to the annuity



Use life insurance death proceeds—Life insurance may be a strategy to help pay estate taxes, creating the needed liquidity outside of the taxable estate



¹ The estate tax is calculated on the total estate. Does not include any probate fees and expenses. Assumes the Applicable Credit Amount has already been utilized at first death.

² Amounts of prior taxable gifts are not accounted for.

³ Represents the share of estate taxes attributable to the annuity based on the ratio that the account balance bears to the total estate.

³ A portion of distributions following death are considered Income in Respect of a Decedent (IRD). Ordinary income taxes, estimated at 30%, are due on these amounts by the beneficiary. The beneficiary may also receive an income tax deduction for estate taxes attributable to the IRD asset.

Annuity Maximization, Spousal Beneficiary Approach

A Multi-Generational Approach for Continuing Distributions

Robert's Annuity	
Annuity Value Now (2007):	\$750,000
Distributions Start (age 65):	\$966,928
Death Assumed (age 75):	\$1,626,374

Robert's death is assumed in 2021. No income or estate tax is due on the annuity at death.

\$110,000
Distributions during Robert's lifetime

Mary receives the annuity at Robert's death and splits it into separate annuities with each beneficiary.

Mary & Henry's Annuity Value in 2022 \$542,125
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Mary & Stacy's Annuity Value in 2022 \$542,125
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Mary & Robbie's Annuity Value in 2022 \$542,125

Mary dies in 2026. Values included in estate

\$50,000
Distributions during Mary's lifetime

Distributions based on the life expectancy of each named beneficiary.

\$2,500,746 Remaining distributions

\$2,907,648 Remaining distributions

\$7,656,878 Remaining distributions

Total distributions during lives of Robert, Mary, and beneficiaries: \$13,225,272

The estate must have liquidity of \$973,553 for federal estate taxes attributable to the annuity to provide the total distributions shown on this page.

Annuity Maximization, Spousal Beneficiary Approach

Next Generation After Mary 's Death

Beginning Account Balance August 30, 2007: \$750,000

Year	Annuitant Age	Spouse Age	Earnings & Deposits ¹	Actual Distribution ²	Account Balance
2007	61	61	18,938	0	768,938
2008	62	62	47,426	0	816,365
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Robert dies and Mary assumes the annuity.

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2025	79	118,074	10,000	2,022,436
2026	80	124,739	10,000	2,137,175

Total distributions during Mary's lifetime are \$50,000. At Mary's death, the annuity is distributed to the named beneficiaries. Estate and income taxes of \$973,553 will be due on these amounts.

Distributions Taxed

- You would like to provide your family with financial security supported by your annuity.
- You want to defer income taxation as much as possible.
- You pay income taxes on the distributions as you receive them.
- With proper planning you can spread distributions to your heirs.

Annuity Maximization Approach

- At your death, spouse names new beneficiaries for the annuity.
- At spouse's death, distributions continue to each beneficiary based on their own life expectancies.
- Spouse's estate must have enough liquidity outside of the annuity for the estate taxes attributable to the annuity. Life insurance may help provide the needed liquidity.

¹ Please refer to the Assumptions page for interest rate assumptions. Also includes deposits, if any.

² Distributions should be based on the prior year's December 31 value. Distributions prior to annuitization are taxable to the extent of earnings in the annuity. In addition, a 10% federal income tax penalty may apply to distributions taken prior to age 59½.

Annuity Maximization, Spousal Beneficiary Approach

Next Generation After Mary 's Death

Account Balance: \$712,392					Account Balance: \$712,392				Account Balance: \$712,392			
Henry					Stacy				Robbie			
Year	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³
2027	50	34.2	20,830	735,500	46	37.9	18,797	737,534	23	60.1	11,853	744,477
2028	51	33.2	22,154	758,711	47	36.9	19,987	763,036	24	59.1	12,597	777,798
2029	52	32.2	23,562	781,944	48	35.9	21,254	788,844	25	58.1	13,387	812,384
2030	53	31.2	25,062	805,110	49	34.9	22,603	814,895	26	57.1	14,227	848,262
2031	54	30.2	26,659	828,108	50	33.9	24,038	841,118	27	56.1	15,121	885,461
2032	55	29.2	28,360	850,824	51	32.9	25,566	867,430	28	55.1	16,070	924,004
2033	56	28.2	30,171	873,130	52	31.9	27,192	893,739	29	54.1	17,080	963,915
2034	57	27.2	32,100	894,883	53	30.9	28,924	919,940	30	53.1	18,153	1,005,214
2035	58	26.2	34,156	915,921	54	29.9	30,767	945,912	31	52.1	19,294	1,047,920
2036	59	25.2	36,346	936,067	55	28.9	32,731	971,524	32	51.1	20,507	1,092,046
2037	60	24.2	38,680	955,121	56	27.9	34,822	996,623	33	50.1	21,797	1,137,603
2038	61	23.2	41,169	972,862	57	26.9	37,049	1,021,044	34	49.1	23,169	1,184,599
2039	62	22.2	43,823	989,044	58	25.9	39,423	1,044,597	35	48.1	24,628	1,233,035
2040	63	21.2	46,653	1,003,393	59	24.9	41,952	1,067,074	36	47.1	26,179	1,282,907
2041	64	20.2	49,673	1,015,607	60	23.9	44,647	1,088,241	37	46.1	27,829	1,334,205
2042	65	19.2	52,896	1,025,351	61	22.9	47,521	1,107,840	38	45.1	29,583	1,386,912
2043	66	18.2	56,338	1,032,254	62	21.9	50,586	1,125,583	39	44.1	31,449	1,441,005
2044	67	17.2	60,015	1,035,907	63	20.9	53,856	1,141,151	40	43.1	33,434	1,496,449
2045	68	16.2	63,945	1,035,854	64	19.9	57,344	1,154,190	41	42.1	35,545	1,553,201
2046	69	15.2	68,148	1,031,595	65	18.9	61,068	1,164,310	42	41.1	37,791	1,611,209

¹ Calculated using each beneficiary's life expectancy on December 31 of the year following death and recalculated annually.

² Distributions subject to income tax.

³ Please refer to the Assumptions page for interest rate assumptions.

Annuity Maximization, Spousal Beneficiary Approach

Next Generation After Mary 's Death

Year	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³
2047	70	14.2	72,648	1,022,574	66	17.9	65,045	1,171,076	43	40.1	40,180	1,670,405
2048	71	13.2	77,468	1,008,177	67	16.9	69,294	1,174,011	44	39.1	42,721	1,730,710
2049	72	12.2	82,637	987,721	68	15.9	73,837	1,172,585	45	38.1	45,425	1,792,031
2050	73	11.2	88,189	960,452	69	14.9	78,697	1,166,210	46	37.1	48,303	1,854,257
2051	74	10.2	94,162	925,529	70	13.9	83,900	1,154,239	47	36.1	51,364	1,917,259
2052	75	9.2	100,601	882,013	71	12.9	89,476	1,135,955	48	35.1	54,623	1,980,889
2053	76	8.2	107,563	828,851	72	11.9	95,458	1,110,559	49	34.1	58,091	2,044,975
2054	77	7.2	115,118	764,854	73	10.9	101,886	1,077,170	50	33.1	61,782	2,109,323
2055	78	6.2	123,364	688,665	74	9.9	108,805	1,034,802	51	32.1	65,711	2,173,710
2056	79	5.2	132,436	598,705	75	8.9	116,270	982,357	52	31.1	69,894	2,237,886
2057	80	4.2	142,549	493,083	76	7.9	124,349	918,598	53	30.1	74,348	2,301,565
2058	81	3.2	154,088	369,407	77	6.9	133,130	842,125	54	29.1	79,092	2,364,429
2059	82	2.2	167,912	224,279	78	5.9	142,733	751,332	55	28.1	84,143	2,426,119
2060	83	1.2	186,899	51,213	79	4.9	153,333	644,339	56	27.1	89,525	2,486,232
2061	84	0.2	54,372	0	80	3.9	165,215	518,866	57	26.1	95,258	2,544,319
Total:			\$2,500,746		81	2.9	178,919	371,949	58	25.1	101,367	2,599,880
					82	1.9	195,763	199,127	59	24.1	107,879	2,652,356
					83	0.9	211,409	0	60	23.1	114,821	2,701,127
					Total:		\$2,907,648		61	22.1	122,223	2,745,504
									62	21.1	130,119	2,784,722
									63	20.1	138,543	2,817,934
									64	19.1	147,536	2,844,202
									65	18.1	157,138	2,862,488
									66	17.1	167,397	2,871,643
									67	16.1	178,363	2,870,397

¹ Calculated using each beneficiary's life expectancy on December 31 of the year following death and recalculated annually.

² Distributions subject to income tax.

³ Please refer to the Assumptions page for interest rate assumptions.

Annuity Maximization, Spousal Beneficiary Approach

Next Generation After Mary 's Death

Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³
68	15.1	190,092	2,857,344
69	14.1	202,649	2,830,930
70	13.1	216,102	2,789,434
71	12.1	230,532	2,730,949
72	11.1	246,031	2,653,356
73	10.1	262,709	2,554,301
74	9.1	280,692	2,431,152
75	8.1	300,142	2,280,958
76	7.1	321,262	2,100,381
77	6.1	344,325	1,885,603
78	5.1	369,726	1,632,177
79	4.1	398,092	1,334,754
80	3.1	430,566	986,513
81	2.1	469,768	577,591
82	1.1	525,083	88,133
83	0.1	93,569	0
Total:		\$7,656,878	

¹ Calculated using each beneficiary's life expectancy on December 31 of the year following death and recalculated annually.

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³ Please refer to the Assumptions page for interest rate assumptions.

Annuity Maximization, Spousal Beneficiary Approach

Wealth Transfer Costs

Beginning Account Balance August 30, 2007: \$750,000

Year	Annuity Account Balance	Other Assets	Total Estate
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2020	1,541,310	4,460,197	6,001,507
2021	1,626,374	4,594,003	6,220,377
2022	1,716,686	4,731,823	6,448,508
2023	1,812,567	4,873,777	6,686,344
2024	1,914,362	5,019,991	6,934,353
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2026	2,137,175	5,325,708	7,462,884

Mary receives the annuity at Robert death in 2021 and continues taking distributions. Calculations assume that the applicable credit has been utilized for other taxable transfers.

Continuation of this analysis assumes that Mary's estate has sufficient cash liquidity for all transfer costs without using this annuity.

Mary's Death Occurs in 2026

Total Estimated Estate Taxes: ¹	\$3,399,586
Estate Taxes Attributable to Annuity: ²	\$973,553
IRD Income Taxes: ³	\$249,599
Life Insurance Inside of Estate:	\$0
Life Insurance Outside of Estate:	\$0

Sources of Liquidity:

Use annuity money—Weakens multi-generational planning, utilizes annuities that would otherwise grow on a tax-deferred basis and ceases stretched out distributions



Liquidate other designated assets—Utilizes assets that might otherwise be designated to pay the estate taxes attributable to the annuity



Use life insurance death proceeds—Life insurance may be a strategy to help pay estate taxes, creating the needed liquidity outside of the taxable estate



¹ The estate tax is calculated on the total estate. Does not include any probate fees and expenses. Assumes the Applicable Credit Amount has already been utilized at first death.

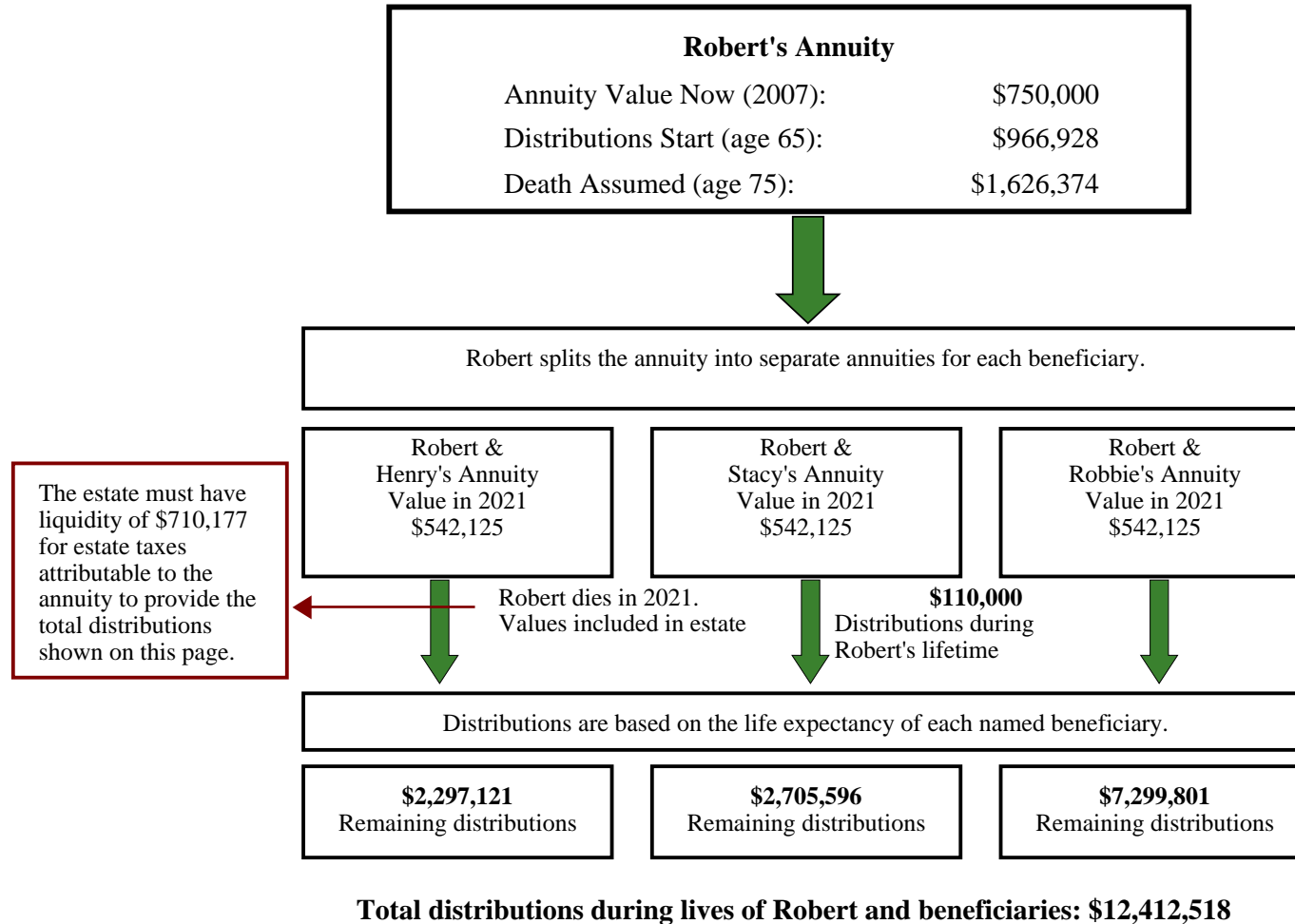
² Amounts of prior taxable gifts are not accounted for.

³ Represents the share of estate taxes attributable to the annuity based on the ratio that the account balance bears to the total estate.

A portion of distributions following death are considered Income in Respect of a Decedent (IRD). Ordinary income taxes, estimated at 30%, are due on these amounts by the beneficiary. The beneficiary may also receive an income tax deduction for estate taxes attributable to the IRD asset.

Annuity Maximization, Non-Spouse Beneficiary Approach

A Multi-Generational Approach for Continuing Distributions



Annuity Maximization, Non-Spouse Beneficiary Approach

Next Generation After Robert 's Death

Beginning Account Balance August 30, 2007: \$750,000

Year	Annuitant Age	Earnings & Deposits ¹	Actual Distribution ²	Account Balance
2007	61	18,938	0	768,938
2008	62	47,426	0	816,365
2009	63	50,352	0	866,716
2010	64	53,457	0	920,174
2011	65	56,754	10,000	966,928
2012	66	59,638	10,000	1,016,566
2013	67	62,700	10,000	1,069,266
2014	68	65,950	10,000	1,125,215
2015	69	69,401	10,000	1,184,616
2016	70	73,065	10,000	1,247,681
2017	71	76,954	10,000	1,314,635
2018	72	81,084	10,000	1,385,719
2019	73	85,468	10,000	1,461,187
2020	74	90,123	10,000	1,541,310
2021	75	95,065	10,000	1,626,374

Total distributions during Robert's lifetime are \$110,000. Robert names a beneficiary for each annuity distribution. Estate taxes attributable to the annuity of \$710,177 are attributable to the annuity balance at Robert's death.

Distributions Taxed

- You pay income taxes on the distributions as you receive them.
- You want to defer income taxation as much as possible.
- You would like to provide your family with financial security supported by your annuity.
- With proper planning you can spread distributions to your heirs.

Non-Spouse Beneficiary Approach

- Before taking distributions, you split the annuity into separate annuities each with a different beneficiary.
- At your death, each beneficiary continues receiving distributions based on his or her own life expectancy.
- The estate should have enough liquidity outside of the annuity for the estate taxes and expenses attributable to the annuity. Life insurance may help provide the needed liquidity.

¹ Please refer to the Assumptions page for interest rate assumptions. Also includes deposits, if any.

² Distributions should be based on the prior year's December 31 value. Distributions prior to annuitization are taxable to the extent of earnings in the annuity. In addition, a 10% federal income tax penalty may apply to distributions taken prior to age 59½.

Annuity Maximization, Non-Spouse Beneficiary Approach

Next Generation After Robert 's Death

Account Balance: \$542,125					Account Balance: \$542,125				Account Balance: \$542,125			
Henry					Stacy				Robbie			
Year	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³
2022	45	38.8	13,972	561,590	41	42.7	12,696	562,866	18	65.0	8,340	567,221
2023	46	37.8	14,857	581,370	42	41.7	13,498	584,084	19	64.0	8,863	593,344
2024	47	36.8	15,798	601,430	43	40.7	14,351	605,758	20	63.0	9,418	620,522
2025	48	35.8	16,800	621,725	44	39.7	15,258	627,862	21	62.0	10,008	648,786
2026	49	34.8	17,866	642,206	45	38.7	16,224	650,363	22	61.0	10,636	678,165
2027	50	33.8	19,000	662,816	46	37.7	17,251	673,225	23	60.0	11,303	708,690
2028	51	32.8	20,208	683,489	47	36.7	18,344	696,404	24	59.0	12,012	740,389
2029	52	31.8	21,493	704,152	48	35.7	19,507	719,849	25	58.0	12,765	773,290
2030	53	30.8	22,862	724,720	49	34.7	20,745	743,503	26	57.0	13,566	807,418
2031	54	29.8	24,319	745,100	50	33.7	22,062	767,299	27	56.0	14,418	842,799
2032	55	28.8	25,872	765,184	51	32.7	23,465	791,159	28	55.0	15,324	879,458
2033	56	27.8	27,525	784,855	52	31.7	24,958	814,998	29	54.0	16,286	917,415
2034	57	26.8	29,286	803,977	53	30.7	26,547	838,718	30	53.0	17,310	956,689
2035	58	25.8	31,162	822,403	54	29.7	28,240	862,209	31	52.0	18,398	997,298
2036	59	24.8	33,161	839,965	55	28.7	30,042	885,346	32	51.0	19,555	1,039,254
2037	60	23.8	35,293	856,480	56	27.7	31,962	907,990	33	50.0	20,785	1,082,568
2038	61	22.8	37,565	871,741	57	26.7	34,007	929,986	34	49.0	22,093	1,127,245
2039	62	21.8	39,988	885,520	58	25.7	36,186	951,159	35	48.0	23,484	1,173,287
2040	63	20.8	42,573	897,564	59	24.7	38,508	971,316	36	47.0	24,964	1,220,689
2041	64	19.8	45,332	907,592	60	23.7	40,984	990,241	37	46.0	26,537	1,269,442

¹ Calculated using each beneficiary's life expectancy on December 31 of the year following death and recalculated annually.

² Distributions subject to income tax.

³ Please refer to the Assumptions page for interest rate assumptions.

Annuity Maximization, Non-Spouse Beneficiary Approach

Next Generation After Robert 's Death

Year	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³	Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³
2042	65	18.8	48,276	915,294	61	22.7	43,623	1,007,694	38	45.0	28,210	1,319,528
2043	66	17.8	51,421	920,326	62	21.7	46,438	1,023,409	39	44.0	29,989	1,370,924
2044	67	16.8	54,781	922,309	63	20.7	49,440	1,037,091	40	43.0	31,882	1,423,598
2045	68	15.8	58,374	920,821	64	19.7	52,644	1,048,412	41	42.0	33,895	1,477,507
2046	69	14.8	62,218	915,397	65	18.7	56,065	1,057,011	42	41.0	36,037	1,532,600
2047	70	13.8	66,333	905,524	66	17.7	59,718	1,062,487	43	40.0	38,315	1,588,812
2048	71	12.8	70,744	890,631	67	16.7	63,622	1,064,397	44	39.0	40,739	1,646,068
2049	72	11.8	75,477	870,086	68	15.7	67,796	1,062,250	45	38.0	43,318	1,704,276
2050	73	10.8	80,563	843,187	69	14.7	72,262	1,055,506	46	37.0	46,062	1,763,331
2051	74	9.8	86,040	809,154	70	13.7	77,044	1,043,563	47	36.0	48,981	1,823,108
2052	75	8.8	91,949	767,111	71	12.7	82,170	1,025,757	48	35.0	52,089	1,883,464
2053	76	7.8	98,348	716,077	72	11.7	87,672	1,001,352	49	34.0	55,396	1,944,236
2054	77	6.8	105,305	654,938	73	10.7	93,584	969,529	50	33.0	58,916	2,005,236
2055	78	5.8	112,920	582,413	74	9.7	99,951	929,376	51	32.0	62,664	2,066,251
2056	79	4.8	121,336	496,999	75	8.7	106,825	879,873	52	31.0	66,653	2,127,040
2057	80	3.8	130,789	396,863	76	7.7	114,269	819,872	53	30.0	70,901	2,187,330
2058	81	2.8	141,737	279,604	77	6.7	122,369	748,071	54	29.0	75,425	2,246,814
2059	82	1.8	155,336	141,514	78	5.7	131,241	662,970	55	28.0	80,243	2,305,150
2060	83	0.8	150,242	0	79	4.7	141,057	562,803	56	27.0	85,376	2,361,950
					80	3.7	152,109	445,407	57	26.0	90,844	2,416,786
Total:			\$2,297,121									
					81	2.7	164,965	307,913	58	25.0	96,671	2,469,177
					82	1.7	181,125	145,779	59	24.0	102,882	2,518,588
					83	0.7	154,770	0	60	23.0	109,504	2,564,425
									61	22.0	116,565	2,606,028
					Total:		\$2,705,596		62	21.0	124,097	2,642,666

¹ Calculated using each beneficiary's life expectancy on December 31 of the year following death and recalculated annually.

² Distributions subject to income tax.

³ Please refer to the Assumptions page for interest rate assumptions.

Annuity Maximization, Non-Spouse Beneficiary Approach

Next Generation After Robert 's Death

Age	Life Exp. ¹	Actual Distribution ²	Account Balance ³
63	20.0	132,133	2,673,526
64	19.0	140,712	2,697,712
65	18.0	149,873	2,714,228
66	17.0	159,660	2,721,975
67	16.0	170,123	2,719,737
68	15.0	181,316	2,706,168
69	14.0	193,298	2,679,781
70	13.0	206,137	2,638,927
71	12.0	219,911	2,581,780
72	11.0	234,707	2,506,311
73	10.0	250,631	2,410,264
74	9.0	267,807	2,291,117
75	8.0	286,390	2,146,038
76	7.0	306,577	1,971,824
77	6.0	328,637	1,764,805
78	5.0	352,961	1,520,693
79	4.0	380,173	1,234,313
80	3.0	411,438	899,005
81	2.0	449,502	504,951
82	1.0	536,095	0
Total:		\$7,299,801	

¹ Calculated using each beneficiary's life expectancy on December 31 of the year following death and recalculated annually.

² Distributions subject to income tax.

³ Please refer to the Assumptions page for interest rate assumptions.

Annuity Maximization, Non-Spouse Beneficiary Approach

Wealth Transfer Costs

Beginning Account Balance August 30, 2007: \$750,000

Year	Annuity Account Balance	Other Assets	Total Estate
2007	768,938	3,037,177	3,806,115
2008	816,365	3,128,292	3,944,657
2009	866,716	3,222,141	4,088,858
2010	920,174	3,318,805	4,238,979
2011	966,928	3,418,369	4,385,297
2012	1,016,566	3,520,921	4,537,486
2013	1,069,266	3,626,548	4,695,814
2014	1,125,215	3,735,345	4,860,560
2015	1,184,616	3,847,405	5,032,021
2016	1,247,681	3,962,827	5,210,508
2017	1,314,635	4,081,712	5,396,347
2018	1,385,719	4,204,163	5,589,882
2019	1,461,187	4,330,288	5,791,475
2020	1,541,310	4,460,197	6,001,507
2021	1,626,374	4,594,003	6,220,377

Mary receives the annuity at Robert death in 2021 and continues taking distributions. Calculations assume that the applicable credit has been utilized for other taxable transfers.

Continuation of this analysis assumes that Mary's estate has sufficient cash liquidity for all transfer costs without using this annuity.

Robert's Death Occurs in 2021

Total Estimated Estate Taxes: ¹	\$2,716,207
Estate Taxes Attributable to Annuity: ²	\$710,177
IRD Income Taxes: ³	\$157,185
Life Insurance Inside of Estate:	\$0
Life Insurance Outside of Estate:	\$0

Sources of Liquidity:

Use annuity money—Weakens multi-generational planning, utilizes annuities that would otherwise grow on a tax-deferred basis and ceases stretched out distributions



Liquidate other designated assets—Utilizes assets that might otherwise be designated to pay the estate taxes attributable to the annuity



Use life insurance death proceeds—Life insurance may be a strategy to help pay estate taxes, creating the needed liquidity outside of the taxable estate



¹ The estate tax is calculated on the total estate. Does not include any probate fees and expenses. Assumes the Applicable Credit Amount has already been utilized at first death.

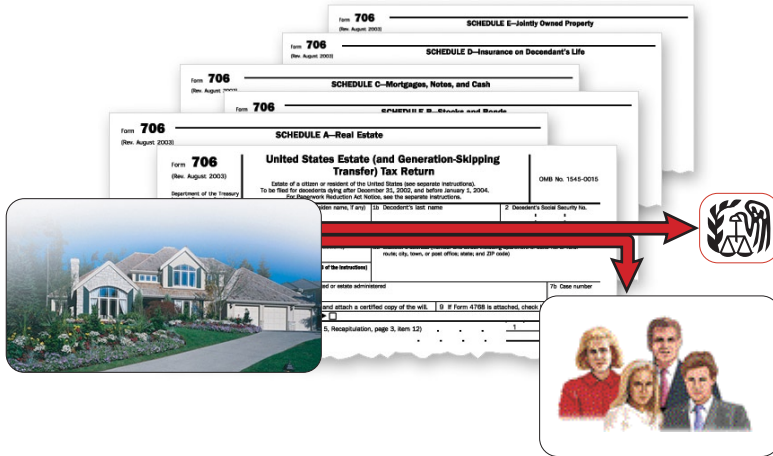
² Amounts of prior taxable gifts are not accounted for.

³ Represents the share of estate taxes attributable to the annuity based on the ratio that the account balance bears to the total estate.

³ A portion of distributions following death are considered Income in Respect of a Decedent (IRD). Ordinary income taxes, estimated at 30%, are due on these amounts by the beneficiary. The beneficiary may also receive an income tax deduction for estate taxes attributable to the IRD asset.

The Key to Maximizing Distributions

Keeping Your Plan Intact



**Significant Transfer Costs
Are Incurred at Your Death**

The key to maximizing income tax deferral and stretching out distributions to your heirs is to keep the annuity intact at death.

How will the estate taxes and other transfer costs needed to keep your plan in place be paid?

Where will the additional liquidity come from?

Using the annuity not only accelerates income taxes on these funds but prevents the stretching of distributions over future generations

Pay the additional liquidity needed from other assets within the estate assets that might otherwise be passed on and utilized for other planning purposes

Or, pay the transfer costs attributable to the annuity transfer using life insurance owned by an irrevocable life insurance trust

Your estate needs enough liquidity outside of the annuity to satisfy estate taxes and expenses attributable to the plan to achieve optimal multi-generational planning.

Assumptions

Details and Assumptions for Annuity Maximization Calculations

General Assumptions

Robert's DOB: Jan. 01, 1946 and Mary's DOB: Jan. 01, 1946

Annuity Maximization Assumptions

Current plan amount is \$750,000 with a growth rate of 6.000%. Hypothetical rates of return illustrated are not associated with any particular investment.

The annuity cost basis is \$400,000.

The annuity balance is grown pro-rata based on the date entered.

Robert takes distributions from the annuity of \$10,000 already started and ending when Robert turns 66. These distributions increase annually at 0.000%.

Distributions are taxable.

Beneficiary Information

Beneficiary Name	Date of Birth
Henry	Jan. 01, 1977
Stacy	Jan. 01, 1981
Robbie	Jan. 01, 2004

Lump-Sum Distribution Assumptions

At Robert's death, Mary takes distributions based on his/her own life expectancy. At Mary's death, beneficiaries receive the balance of the annuity as a lump sum distribution.

Annuity Maximization Spousal Beneficiary Assumptions

At Robert's death Mary continues distributions based on his/her own life expectancy.

The surviving spouse splits the inherited annuity values into a separate annuity for each non-spouse beneficiary.

Distributions continue to each beneficiary at Mary's death calculated on the named beneficiary's life expectancy as of 12/31 in the year following Mary's death.

Mary's estate is assumed to have cash liquidity to fund estate taxes outside of the annuity for this analysis.

Annuity Maximization Non-Spousal Beneficiary Assumptions

At retirement the annuity is divided with each non-spouse beneficiary.

Robert's death is assumed in 2021. Robert's estate is assumed to have enough cash liquidity outside of the annuity in analysis.

Each non-spouse beneficiary continues taking distributions based on his or her life expectancy and is assumed to live to the life expectancy used in the illustration.

Distributions continue to each beneficiary at Robert's death calculated on the named beneficiary's life expectancy as of 12/31 following Robert's death.