ANNUITY TO LIFE INSURANCE
CASE STUDY

Redirecting qualified money into a life insurance strategy can provide unique advantages beyond traditional retirement distributions. By repositioning these dollars, clients may reduce future tax exposure, create tax-free income opportunities, enhance legacy value for heirs, and secure protection benefits such as chronic illness or LTC riders. See the strategy in action in the case study below.

CLIENT PROFILE & SITUATION

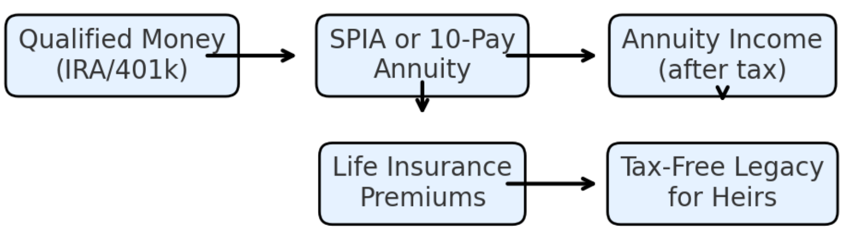
Clients: John (68) and Mary (66)

Assets: $400,000 in a Traditional IRA.

Goals:
- Reduce tax exposure on required minimum distributions (RMDs)
- Leave a larger; tax-free legacy to children
- Maintain predictable income in retirement.

STEP-BY-STEP STRATEGY

1. Reallocate Qualified Assets – Move $400,000 from Traditional IRA into a Single Premium Immediate Annuity (SPIA) or 10-Pay Annuity.
2. Generate Predictable Income – Annuity provides guaranteed, steady after-ax income stream.
3. Redirect Income into Life Insurance – Use annuity payouts to fund premiums on a permanent life insurance policy.
4. Leverage Tax-Free Death Benefit – Life insurance creates a much larger, income-tax-free legacy for heirs



STRATEGY	OUTCOME FOR HEIRS
KEEP IRA AS-IS	$400,000 (TAXABLE TO HEIRS)
ANNUITY ONLY	PREDICTABLE INCOME, BUT TAXABLE
ANNUITY + LIFE INSURANCE	$700,000 - $800,000 TAX-FREE

NOTES & KEY BENEFITS

- Converts taxable retirement assets into tax-free inheritance.
- Annuity ensures steady income and removes longevity risk.
- Life insurance magnifies legacy and provides tax efficiency.
- Works best when clients are in relatively good health and have no need to fully rely on IRA for living expenses.
- Speak to your tax professional to determine whether this strategy is taxable in your specific situation.

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