

# FINANCIAL READINESS

BY THE NUMBERS

## STRATEGIES FOR REACHING YOUR SPECIFIC GOALS.

### IRA OPTIMIZATION USING INDEX UNIVERSAL LIFE

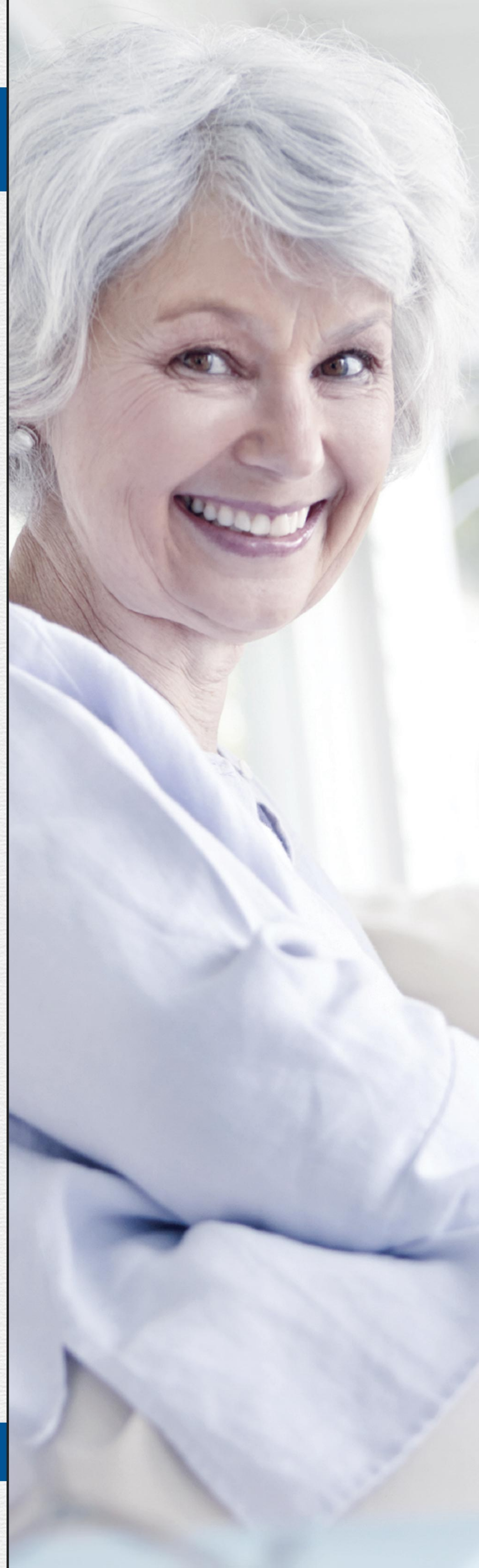
If you currently have an IRA account that's not being utilized, life insurance may be an effective way to realize the full potential of your funds.

*Review the hypothetical case study for a look at how leveraging IRA dollars to purchase life insurance may generate a more tax-efficient transfer of assets.*

#### **SHELLY'S HYPOTHETICAL STORY:**

Shelly Gardner, age 70 1/2, is retired and living comfortably using her husband's lifetime pension and other retirement assets. Along with these assets, Shelly also has an IRA account valued at \$400,000 that she would like to pass onto her daughter, Sue.

◀ **FLIP TO SEE THE NUMBERS**





## THE HYPOTHETICAL SOLUTION:

To create a more tax-efficient situation for Sue to inherit the IRA assets, Shelly chooses to use the Required Minimum Distributions (RMD) she must take at age 70 1/2 from her IRA. This RMD will be used to fund an index universal life policy that includes a no-lapse guarantee.

## THE HYPOTHETICAL NUMBERS:

Traditional IRA distribution upon Shelly's death:

IRA Value	<b>\$400,000</b>
Less Income Taxes (Sue's federal income tax bracket is 30%)	<b>\$120,000</b>
Sue Inherits	<b>\$280,000</b>

Utilizing RMDs to fund a life insurance policy for Shelly (assumes standard non-tobacco):

IRA Value	<b>\$400,000</b>
RMD Withdrawals	<b>\$14,600</b>
Residual IRA Funds at the End of Year One	<b>\$400,000 IRA value</b> <b>- \$14,600 RMD withdrawals</b> <b>- \$115,620 taxes at 30%</b> <hr/> <b>\$268,780</b>
Life Insurance Death Benefit Upon Shelly's Passing	<b>\$462,025</b>
Sue Inherits at End of Year One	<b>\$462,025 death benefit</b> <b>+ \$269,780 residual IRA funds</b> <hr/> <b>\$731,805</b>

*In this hypothetical scenario, Sue would receive a tax-free death benefit of \$462,025 after Shelly's passing versus the \$280,000 from the IRA.*

*Sue would also receive the remaining residual value of the IRA balance, which starts at \$385,400 after the RMD withdrawal and becomes \$269,780 after income taxes of \$115,620 are accessed.\**

*After one year, Sue would then receive a total of \$731,805 in assets from the death benefit and IRA.*

**Interested in how this scenario  
can work for your situation?  
Contact me today!**

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\*The residual value of the IRA will fluctuate over time based on the return of the account and the amount of the RMD withdrawal.