



INTEGRATED INSIGHTS . . .

What do you do when your client doesn't need to live off their IRA money?

Some clients might have saved enough; they don't believe they will need their IRA money to live well. Assuming they prefer to maximize their IRA for the next generation or their favorite charity, consider a life insurance purchase to assure this happens.

How does this benefit your client?

- Leverages the inheritance
 - Kids get cash
 - Grandkids get the power of tax deferral
- Replaces IRA value for heirs if charity is named beneficiary
- Assures cash is available
 - Federal Estate Tax
 - State tax exposed
- Assures the stretch can happen as planned
- Add a LTC Rider to create a tax-free bucket if you need care

How does it work?

Client 65 Year Old Male, Preferred Nonsmoker Risk
 \$1,000,000 in IRA growing at 6%
 Minimum Required Distributions at 72
 \$1,000,000 Universal Life Purchase with LTC Rider
 \$24,000 Annual Premium
 35% Individual Income Tax Rate
 40% Income in Respect to Decedent

IRA - Do Nothing (RMD's start at age 72 - \$58,736)

Year	Age	(1)	(2)	(3)	(4)
		IRA Value - 6% ROR (Net of RMD's)	RMD's	IRD Taxes	Net to Heirs
1	65	\$ 1,060,000	\$ -	\$ 424,000	\$ 636,000
5	69	\$ 1,338,226	\$ -	\$ 535,290	\$ 802,936
10	74	\$ 1,581,842	\$ 65,452	\$ 632,737	\$ 949,105
15	79	\$ 1,660,778	\$ 84,690	\$ 664,311	\$ 996,467
20	84	\$ 1,642,011	\$ 106,832	\$ 656,804	\$ 985,207
25	89	\$ 1,487,598	\$ 127,581	\$ 595,039	\$ 892,559
30	94	\$ 1,185,234	\$ 138,043	\$ 474,094	\$ 711,140
35	99	\$ 779,873	\$ 129,075	\$ 311,949	\$ 467,924

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Purchase Life Insurance (RMD's start at age 72 - \$45,903)

Year	Age	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		IRA Value - 6% ROR (Net of Distributions)	Actual Distributions	Annual Premium	Death Benefit	A/T Spendable Income	IRD Taxes	Net to Heirs
1	65	\$ 1,020,862	\$ 36,923	\$ 24,000	\$1,000,000	\$ (0)	\$ 408,345	\$1,612,517
5	69	\$ 1,117,598	\$ 36,923	\$ 24,000	\$1,000,000	\$ (0)	\$ 447,039	\$1,670,559
10	74	\$ 1,236,232	\$ 51,152	\$ 24,000	\$1,000,000	\$ 9,249	\$ 494,493	\$1,741,739
15	79	\$ 1,297,921	\$ 66,187	\$ 24,000	\$1,000,000	\$ 19,021	\$ 519,169	\$1,778,753
20	84	\$ 1,283,255	\$ 83,491	\$ 24,000	\$1,000,000	\$ 30,269	\$ 513,302	\$1,769,953
25	89	\$ 1,162,579	\$ 99,707	\$ 24,000	\$1,000,000	\$ 40,809	\$ 465,031	\$1,697,547
30	94	\$ 926,277	\$ 107,882	\$ 24,000	\$1,000,000	\$ 46,123	\$ 370,511	\$1,555,766
35	99	\$ 609,482	\$ 100,874	\$ 24,000	\$1,000,000	\$ 41,568	\$ 243,793	\$1,365,689

Comparison

Year	Age	Do Nothing		With Insurance Leverage	
		IRA Value - 6% ROR (Net of RMD's)	Net to Heirs	IRA Value - 6% ROR (Net of Distributions)	Net to Heirs
1	65	\$ 1,060,000	\$ 636,000	\$ 1,020,862	\$ 1,612,517
5	69	\$ 1,338,226	\$ 802,936	\$ 1,117,598	\$ 1,670,559
10	74	\$ 1,581,842	\$ 949,105	\$ 1,236,232	\$ 1,741,739
15	79	\$ 1,660,778	\$ 996,467	\$ 1,297,921	\$ 1,778,753
20	84	\$ 1,642,011	\$ 985,207	\$ 1,283,255	\$ 1,769,953
25	89	\$ 1,487,598	\$ 892,559	\$ 1,162,579	\$ 1,697,547
30	94	\$ 1,185,234	\$ 711,140	\$ 926,277	\$ 1,555,766
35	99	\$ 779,873	\$ 467,924	\$ 609,482	\$ 1,365,689

* All values as of 1/2020