Wealth replacement with retirement income assets (RIAs)

Turning tax dollars into charitable dollars

Want to make a donation to your favorite charity? Consider a wealth replacement strategy that uses your retirement income assets (RIAs) that can help you do that without disinheriting your family – by combining these three tools:

- A retirement income asset;
- A life insurance policy; and
- Possibly an irrevocable life insurance trust (ILIT), if you have estate tax concerns

This strategy uses life insurance to replace the value of estate assets donated to charity.

Wealth replacement is an ideal strategy for people who:

Have capital gains tax issues and want to diversify

Wish to give to a favorite charity at death

Have large individual retirement account/other qualified plans

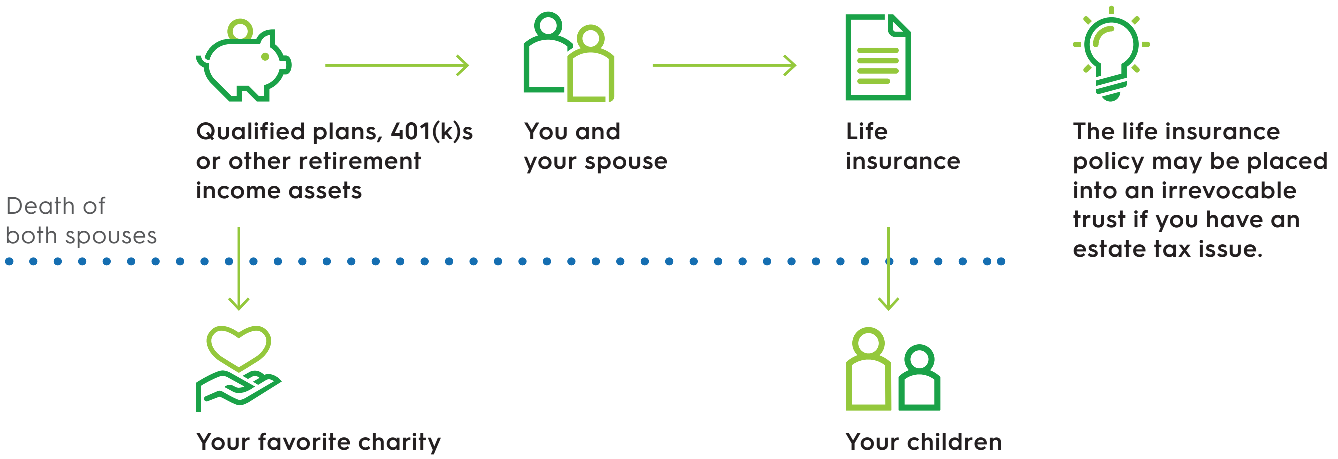
How wealth replacement with retirement income assets works

1. You apply for a life insurance policy equal to the expected value of the retirement income asset at your respective age(s) of mortality.
2. During your (and your spouse's, if married) lifetime, you use the retirement income asset for retirement income.
3. You (and your spouse) use part of your retirement income to pay premiums on the life insurance policy.
4. After you have both passed,[1] the remainder of the retirement asset goes to the charity and the life insurance death benefit goes to your family.

Learn more

Need help finding customized life insurance solutions for your estate? Talk to your financial professional today to learn more about your wealth replacement options – including using your retirement income assets.

Wealth replacement using RIAs



Benefits

- Fulfill the donor's goal of making a substantial charitable gift.
- You receive an estate tax deduction when the retirement assets transfer to the charity. You replace all or a portion of the donated assets with life insurance to benefit your heirs.
- When properly arranged, the wealth replacement strategy removes both the donated property and the life insurance from your gross estate for federal estate tax purposes.

Considerations

- Strategy is dependent on your insurability.
- Premium payments for placing the exact amount going to charity may not be financially feasible, as the owner may need to increase premium payments to keep the policy in force.

1. If owner/insured are different, the death benefit will be paid upon death of the insured.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, Index Segment Charge, and Surrender Charge (which we refer to as expense charges). These charges may increase over time, and these policies may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. You should consult your tax advisor when considering taking a policy loan or withdrawal.

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