

## Options Can Help Create a Win-Win

Meet Mike, a 72 year-old non-tobacco user. He has an annuity with a 3% minimum guarantee that is no longer subject to surrender charges.

**Annuity:** \$194,000 Account Value / \$100,000 Cost Basis.

**Goal:** Carve out some assets for legacy gifting.



### OPTION 1

#### Reposition annuity to Asset Transfer Life Insurance

\$94,000 in taxable gains x 20% income tax bracket = \$19,000 (rounded up). \$194,000 - \$19,000 tax = \$175,000 remaining. Use \$175,000 to purchase Legacy Forward II for an immediate \$270,000 income tax-free Death Benefit.\*

**Result:** Mike gives up his 3% minimum annuity guarantee and pays tax upfront on growth in his account. Mike's beneficiary receives the \$270,000 policy Death Benefit income tax-free.

### OPTION 2

#### Keep annuity in place

A current account value of \$194,000 will need a little more than 11 years (to age 83) to grow to \$270,000 with a 3% annual interest rate.

**Result:** Mike will owe income tax on withdrawals of growth in his annuity account. If Mike decides to gift his annuity at his death, his beneficiary will pay anywhere from 24-37% income tax on the growth, \$170,000 in this example, and receive a smaller gift than in Option 1. The final annuity value the beneficiary will receive after taxes paid would be \$207,100 to \$229,200.

OR

### OPTION 3

#### Consider a split solution

Keep the \$100,000 cost basis in the current annuity. Use the \$94,000 in growth (minus \$19,000 due to 20% tax) to purchase a \$75,000 Legacy Forward II for an immediate \$115,762 income tax-free Death Benefit.

**WIN-WIN Result:** If Mike decides to keep his annuity for future income, he can continue to grow the remaining balance at his 3% minimum rate. And, his beneficiary is guaranteed an income tax-free Death Benefit of \$115,762 from the Legacy Forward II policy. Mike keeps his annuity growing and still leaves a tax free legacy gift to his beneficiary.

**The Legacy Forward II policy provides access to a portion of the death benefit for a chronic or terminal illness diagnosis (terms and conditions apply). In addition, the cash surrender value is always at least 100% of the premium paid (less partial surrenders)\***

\*Purchase of Legacy Forward II and its guaranteed death benefit is subject to underwriting approval. Illustrative death benefit is current as of 10/26/18 and subject to change.

Issuers: Western-Southern Life Assurance Company | National Integrity Life Insurance Company

## Western & Southern: Our Strength. Your Future.

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**1888  
Heritage**

Built on a heritage dating to 1888, Western & Southern Financial Group (Western & Southern) today stands strong. As a dynamic family of diversified financial services providers, Western & Southern has demonstrated resolve and resiliency throughout challenging economic cycles. Our financial strength continues to be the cornerstone of our success. We are proud of our strong industry ratings, which you can check at [WSFinancialPartners.com/ratings](http://WSFinancialPartners.com/ratings). Western & Southern remains committed to helping safeguard your future well-being with our strength, stability and full range of risk management financial solutions.

*Contact your financial professional for more information about Legacy Forward II.*

Legacy Forward II is designed for asset transfer, with the primary purpose of providing a guaranteed death benefit to the policy owner's named beneficiary(ies) at the policy owner's death. Also, different account types and products will have different purposes, benefits and terms that have to be considered in any financial decisions. When comparing types of accounts to transfer assets, it is important to consider accessibility to the account value if needed for other uses. The policy owner has access to the policy's cash value while living. Partial withdrawals and policy loans will reduce the cash value and death benefit. Additional restrictions, tax penalties and conditions may apply.

Guarantees are based on the claims-paying ability of the issuing insurance company. Legacy Forward II is a single premium universal life policy, issued and guaranteed by Western-Southern Life Assurance Company, Cincinnati, OH, operating in DC and all states except NY, where National Integrity Life Insurance Company, Greenwich, NY, operates. W&S Financial Group Distributors is an affiliated agency of the issuer. Issuer has sole financial responsibility for its products. All are members of Western & Southern Financial Group.

Policy not available in AK, CA or DE. Product and feature availability varies by state. Single premium universal life insurance policy series: ICC12 1301-3030 WSA, ICC12 1301-3030 NIL and 1301-3030 NIL NY, Return of Premium Rider series: ICC12 1301-305 WSA, ICC12 1301-305 NIL and 1301-305 NIL NY. Chronic Illness Accelerated Death Benefit Rider series: ICC12 1301-2626 WSA, ICC12 1301-2626 NIL and 1301-2626 NIL NY; and Terminal Illness Accelerated Death Benefit Rider series: ICC10 1010-2622 WSA, ICC11 1010-2622 NIL and 1010-2622 NIL NY. Chronic Illness underwriting guidelines will be used to determine eligibility for our various Accelerated Death Benefit Riders.

Terminal illness means an illness that is expected to result in death of the insured within 12 months. The Chronic Illness benefit is available to issue ages 55-80. Chronic Illness means the insured has been unable to perform (without substantial assistance from another individual) at least two Activities of Daily Living (ADLs) for a period of at least 90 consecutive days due to a loss of functional capacity; or requires substantial supervision to protect himself/herself from threats to health and safety due to severe cognitive impairment. In CT, the insured also must have been confined for at least six months. The six recognized ADLs are bathing, continence, dressing, eating, toileting and transferring.

Living benefits are accessed through an advance of the policy's death benefit, provided the insured meets eligibility requirements under the applicable rider. An advance is treated as a lien secured by the Death Benefit of the policy and will reduce the Death Benefit payable if not repaid. The advance will accrue interest each year. The rate of interest will depend on the cash value of your policy and may vary. The lien may be increased if necessary to keep your policy in effect. This rider is added at no additional premium; however, we may charge an additional fee for an advance payment.

Life insurance proceeds paid in the form of an accelerated death benefit when the insured has become chronically or terminally ill, and is otherwise eligible for benefits, are intended to receive favorable tax treatment under Section 101(g) of the Internal Revenue Code (26 U.S.C. Sec. 101(g)). There may be tax consequences in some situations in accepting an accelerated benefit payment amount, such as where total payments exceed the per diem limitation under the Internal Revenue Code (Chronic Illness only). In NY, the maximum payout amount allowed in a calendar year is equal to the per diem limitation amount. Consult a tax advisor before taking an advance. The taking of rider benefits may affect eligibility for certain public assistance programs and government benefits.

An accelerated death benefit is not to be sold as or to replace long-term care insurance, nursing home insurance, or home care insurance. An accelerated death benefit (such as the Accelerated Death Benefit Plus Rider) and long-term care insurance provide very different kinds of benefits.

The policy may be issued as a Modified Endowment Contract (MEC) for tax purposes. Any withdrawals or surrenders could result in a taxable event. Distributions are taxable to the extent that there is gain in the contract. A 10% penalty applies for distributions prior to age 59½ with certain exceptions. In order for policies funded by an exchange to be issued as a non-MEC, the entire single premium must be in the form of a 1035 Exchange and the existing policy must not be a MEC. Western & Southern Financial Group member companies, and its agents, do not offer tax advice. For specific tax information, contact your attorney or tax advisor.

<b>No bank guarantee</b>	<b>Not a deposit</b>	<b>May lose value</b>	<b>Not FDIC/NCUA insured</b>	<b>Not insured by any federal government agency</b>
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