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Your Legacy: Love and ... Taxes?

Life Insurance Helps Sara Lock in a Hard-Earned Legacy

Everyone would like to pass on assets free of taxes. Roth IRAs and life insurance can certainly do so.

But, unfortunately, the largest asset most people own – other than their homes – is their retirement plans. And the vast majority of those are traditional **pre-tax** plans, not Roth IRAs and 401(k) designated Roth accounts.[1]

While strategies exist to begin reducing those pre-tax balances – such as Roth conversions – it's highly unlikely that the entire tax liability will be eliminated.

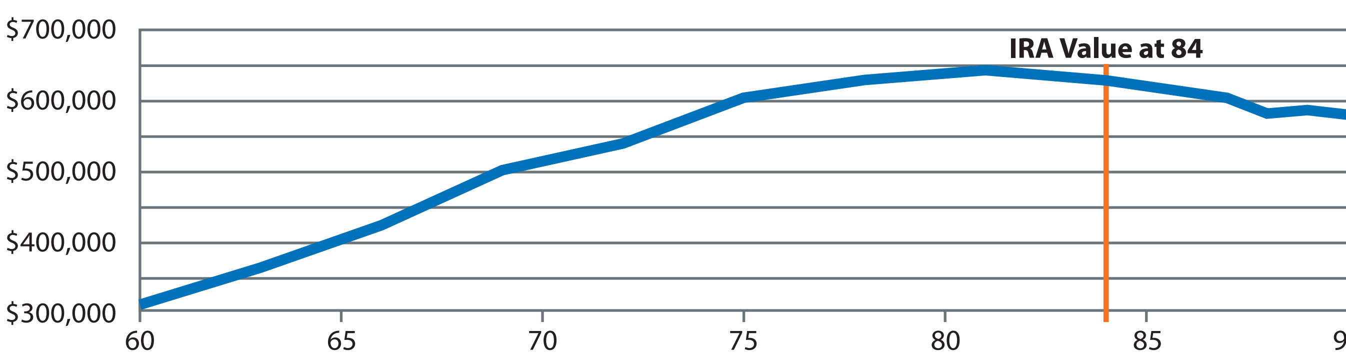
Let's look at an example. Sara, 70 and healthy, is a widow. Retirement income from Social Security and her late spouse's pension is enough that she intends to take only Required Minimum Distributions (RMDs) from her traditional IRA. Her IRA's value, at present, exceeds $500,000. In addition, because she is comfortably situated, she is holding back in reserve some $200,000 in a money market account at her local bank.

She decides to repurpose $150,000 from her money market account and – at her current age of 70 – purchase a best-in-class single premium whole life insurance death benefit of $239,938.[2]

Sara has *instantly increased* her future legacy to her beneficiaries with just one payment. She still can *access her life insurance values* (within limits) for both chronic illness and terminal illness. She also receives a *100% money-back guarantee* (less partial surrenders) from the client-friendly Return of Premium rider provided by Legacy Forward® II if the policy is surrendered.[3]

Tracking Sara's Traditional IRA

(Assumes 6% annualized total return and RMDs beginning at age 72. Hypothetical performance for example only. Actual experience will differ.)

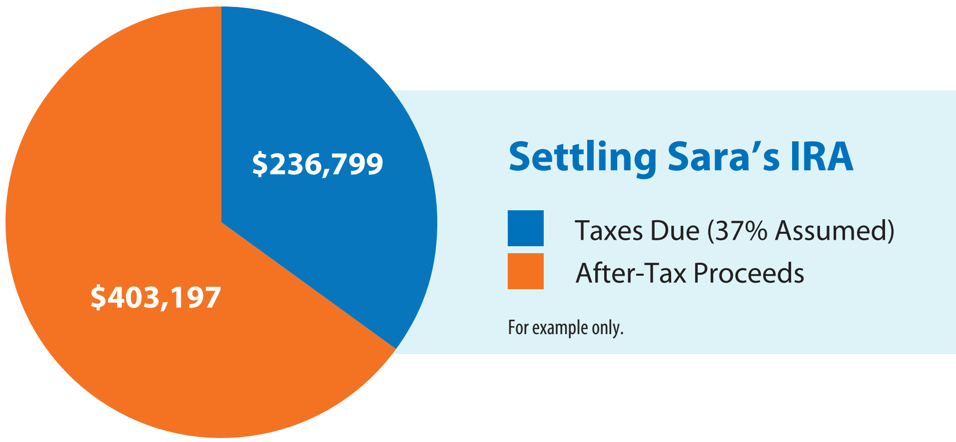


1 Sources: US Retirement Market Assets (https://www.ici.org/system/files/2021-05/2021_factbook.pdf); Assets in IRAs: Q4 2019 (https://fas.org/sgp/crs/misc/R46635.pdf)
2 Legacy Forward II for a female, age 70, standard non-tobacco with no listed medical conditions in the last 10 years and no listed medications ever, quoted 8/6/21.
3 Policy loans and partial surrenders reduce death benefit. Surrender charge on partial surrenders is 1% in the first five policy years and 0% thereafter. Return of Premium rider terminates if a policy loan or Accelerated Death Benefit advance is taken.

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

Over the years, Sara's traditional IRA continues to grow. At her death, at age 84, it is valued at nearly $640,000.

Her heirs will receive her $239,938 of life insurance death proceeds tax free. Unfortunately, the same won't be true for her $639,996 of traditional IRA proceeds.



Jennifer and Whitney, her two children, are those heirs. Each is a high-earner in her early 50s. Both are saddled with debts from paying for colleges and weddings for their children, that is, Sara's grandchildren. If the traditional IRA proceeds were cashed out and taxed at a rate of 37% (assuming a federal rate of 32% and state and local income taxes of 5%), only $403,197 would remain after taxes.

If her children decide to transfer the IRA proceeds into a single premium immediate annuity (SPIA), they could spread out the taxes over the next 10 years. Understand: Taxes may be even higher at the time of Sara's death. Current, historically low tax rates now in effect are set to expire at the end of 2025. Current tax proposals could increase them before then.

Sara's beneficiaries may choose to use the life insurance proceeds either to pay taxes on the traditional IRA withdrawals or to pay off debts.

Sara's purchase of Legacy Forward II provides her daughters with generally tax-free proceeds at her death. Moreover, her foresight helps provide them a measure of flexibility in making financial decisions regarding her legacy that address their individual needs.

Consider Making the Most of Assets Planned for Others

Policies underwritten by Western-Southern Life Assurance Company (Western & Southern Life), Cincinnati, OH, operating in DC and all states except NY, where National Integrity Life Insurance Company, Greenwich, NY, operates. W&S Financial Group Distributors, Inc. (doing business as W&S Financial Insurance Services in CA) is an affiliated life insurance agency of the issuer. Issuer has sole financial responsibility for its products. All companies are members of Western & Southern Financial Group. Payment of benefits under a life insurance policy/annuity contract is the obligation of, and is guaranteed by, the issuing company. Products are backed by the full financial strength of the issuer. Guarantees are based on the claims-paying ability of the insurer.

Policy and rider provisions and availability may vary 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, 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.

Policy and premium charges will be deducted as described in the policy. 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 member companies and their agents do not offer legal or tax advice. For specific tax information, contact your attorney or tax advisor.

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