



# Your Financial Legacy

*An Illustration to Help You Pass  
Your IRA Assets to Future Generations*

*Prepared for*

**John J. Sample**  
*and*  
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## **Disclosure Page**

### **Important - Please Read**

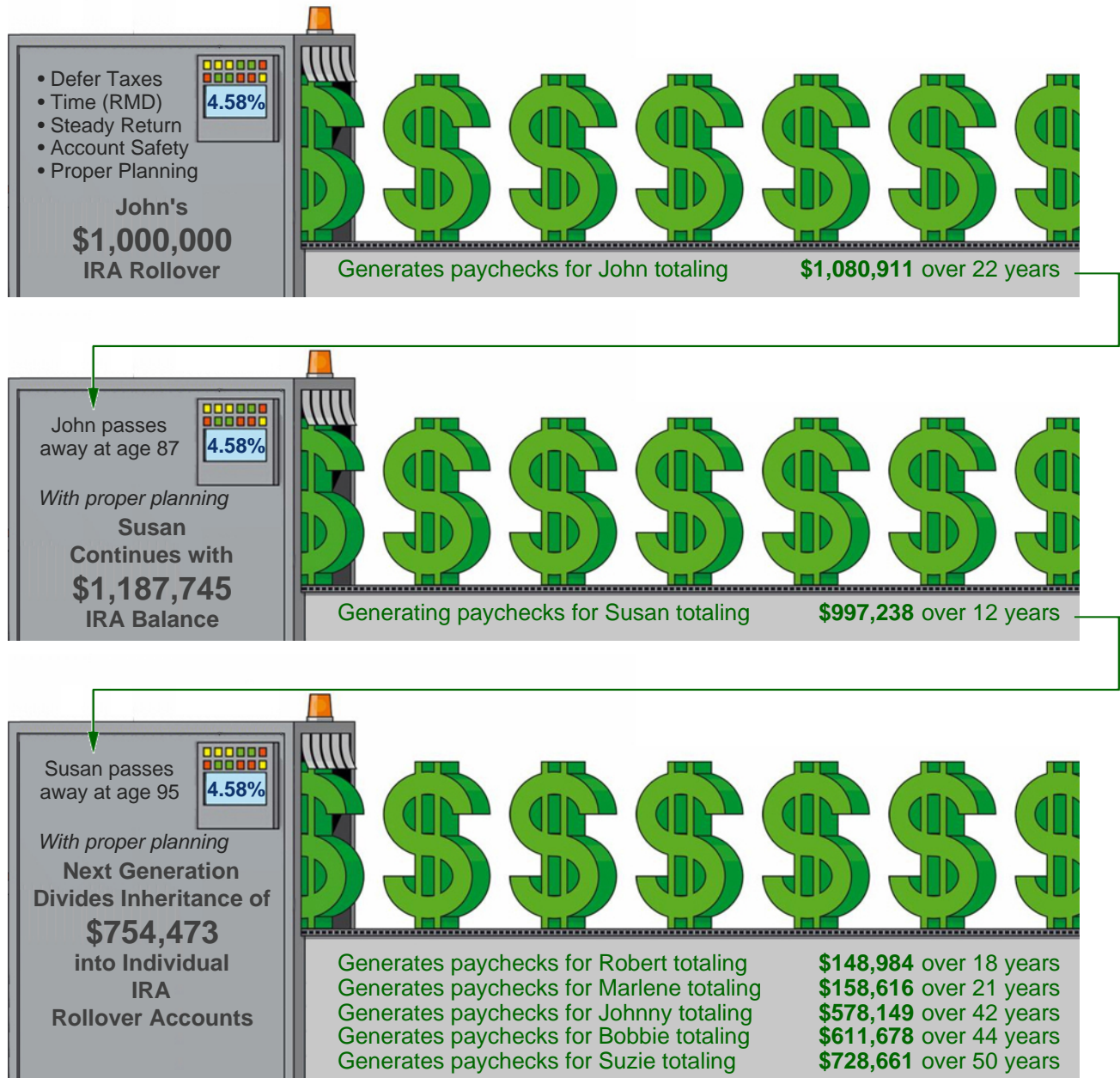
This analysis compares different options available to you. It provides only a broad, general and non-exhaustive guideline which may be helpful in shaping your thinking about your retirement planning. Nothing contained herein should be considered as a recommendation of any specific option, unless otherwise stated. The report and graphs are dependent upon the quality and accuracy of data furnished by you.

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# Your 84-Year Income Generating Machine

Your \$1,000,000 IRA Rollover May Generate \$4,304,235 of Total Income



The illustrated interest rates were selected by your insurance professional based on a fixed index annuity product illustration that must accompany this report. Your insurance professional selected this product based on his/her knowledge of your risk tolerance, financial goals, the financial stability of the insurance carrier, and by comparing the historical periods of the index strategies recommended. Index interest rates are **not guaranteed**. The impact of caps and participation rates, along with the application of guaranteed interest rates will determine the actual index interest credited during any specific period. If your IRA earns rates of return lower than the rates selected in this illustration, then your total distributions under the "stretch" method will be lower than what is illustrated; if your actual rates of return are higher, your total distributions should also be higher. If your IRA earns a 0% rate of return, the owner, spouse, and beneficiaries will receive only the initial IRA value over this time period, less the income taxes due.

# Will You Leave Your Family a Legacy or a Tax Bill?



**I Want My Share  
\$451,038**

Your retirement account's contributions were made with *pre-tax* money. Growth compounds income tax free, but not forever. Uncle Sam requires that you start withdrawing down your retirement account starting at age 70½ and these distributions will be *fully taxable*.

**Upon your death your retirement account may trigger a huge tax bill if your beneficiaries are forced to take a taxable lump sum distribution**, which most company-sponsored retirement plans require. To avoid this, rollover all or part of your current retirement assets into an IRA that allows your beneficiaries to "stretch" their inheritance over their lifetimes to avoid the higher tax impact of a lump sum payment. This strategy also gives your heirs the benefit of earning tax-deferred interest over their lifetimes to maximize the income they will receive from their inherited IRA.

Your beneficiaries should follow the advice of an expert financial advisor who knows *exactly* what to do-and what not to do-with your IRA assets after you die. What follows illustrates a few examples of the pitfalls into which your beneficiaries may fall without proper planning:

|  | Pitfall 1        | Pitfall 2          | Stretch            |
|--|------------------|--------------------|--------------------|
| Total Distributions to Spouse                        | \$1,187,745      | \$997,238          | \$997,238          |
| Total Distributions to Next Generation Beneficiaries | \$0              | \$754,473          | \$2,226,087        |
| Total Federal Income Taxes Paid                      | \$451,038        | \$527,409          | \$916,104          |
| <b>Total After-tax Income</b>                        | <b>\$736,707</b> | <b>\$1,224,302</b> | <b>\$2,307,221</b> |

**Pitfall 1:** Spouse takes lump sum distribution; Next Generation gets nothing

**Pitfall 2:** Spouse takes Required Minimum Distributions (RMD); Next Generation beneficiaries take lump sum

**Stretch:** Spouse and Next Generation both take Required Minimum Distributions (RMD)

Income tax calculations assume each beneficiary has a taxable income of \$50,000 and pays taxes at 2017 federal income tax rates for a Single filer. Annual distributions are then added to the taxable income and income taxes are recomputed to determine the income tax on the distribution. This method is only an approximation of the income tax effect on distributions, but demonstrates the impact of how lump sum distributions are taxed in higher tax brackets. Actual taxes may be higher or lower than shown above depending on each beneficiary's individual situation. Tax rates are subject to change and may differ from this analysis. State income taxes are not included in these examples.

## Benjamin Franklin's Financial Legacy



**Turn \$1,000,000 into  
\$4,304,235 Income  
Over 84 Years**

In 1790 Benjamin Franklin left \$4,000 jointly to the city of Philadelphia and the state of Pennsylvania. He left instructions that the money be conservatively invested, but not withdrawn, until 200 years after his death.

In 1990 this fund had grown to \$1,500,000. The Pennsylvania State Legislature distributed the assets of the fund to several charitable foundations, including a scholarship fund for the students of Penn College. Because of his remarkable foresight and planning, Benjamin Franklin benefited thousands of lives even though he had been dead for more than 200 years.

**Franklin understood the interrelationship between time and compound interest.** His lump sum investment of a mere \$4,000 earned a modest 3.00% percent annual return, yet his money increased to \$1,500,000-375 times the original value. Franklin knew that *time* would be the key element in maximizing the return on his investment, which is why he insisted that the money be allowed to accumulate for 200 years.

### Maximize Your Retirement Account's Payout

The purpose of this illustration is to help you understand how to legally maximize the time your assets remain invested. The longer your retirement account remains intact the more income it may produce. This illustration demonstrates that it is hypothetically possible to "stretch" your IRA assets over 84 years and to produce income across several generations. This is accomplished by having each beneficiary withdraw their required minimum distribution (RMD) each year. The ledgers that follow illustrate how the RMD percentage increases each year until the beneficiary's life expectancy age is reached, where the payout is 100%.

**Based on the assumptions in this report, it is possible, but not guaranteed, for the \$1,000,000 assets in your IRA account to generate approximately \$4,304,235 in future income to you and your beneficiaries.** See the ledger pages that follow for details. The maximum benefits of the "Multi-Generation Concept" or "Stretch IRA" distribution strategy are best realized by those who do not need the assets illustrated as their primary source of retirement income, however, each participant may withdraw more than the amount illustrated when income needs change. See page 7 for other factors that may impact the assumptions of this report in the future.

### Required Minimum Distributions

Beginning with age 70½, you are required by law to withdraw a certain minimum amount from your IRA each year. This illustration assumes that you take at least the required minimum distribution at the end of each year. After your death your beneficiaries are also required to withdraw a minimum amount from their inherited IRA. This illustration assumes that your beneficiaries withdraw only the minimum amount each year.

Required Minimum Distribution regulations were proposed by the Treasury Department (IRS) in 1987 and in 2001. Final regulations on IRA distributions were issued on April 17, 2002 and are the basis of this illustration. Future beneficiaries may be subject to different types of taxation. Tax laws are complex, subject to change, and may apply differently to your particular circumstances. Neither ImagiSOFT, Inc. nor its agents or employees provide tax, legal, financial, or accounting advice. You should consult with your attorney or qualified tax advisor regarding these matters.





## Leave Them A Lifetime Income

### You Need a Proper IRA Custodial Agreement

Many retirement plan trustees or custodians limit the beneficiary's distribution period from one to five years. We *strongly* recommend that you read your plan document *carefully* to **ensure your beneficiaries can elect to receive a lifetime income** as is demonstrated in this report. This will give them

- a) the highest possible income from your retirement plan, and,
- b) help your heirs avoid the dramatic income tax consequences they may incur if they are forced to receive the proceeds of your retirement plan in a lump sum.

### IRA Distribution Planning Details

The "Multi-Generation Concept" or "Stretch IRA," concept is not a special or new type of IRA. Rather, the "Stretch IRA" is a bona fide strategy whereby an IRA owner may extend the period of distributions of tax-deferred earnings for several generations. Creating an IRA distribution plan is essential if your goal is to pass as much of your IRA assets on to your beneficiaries as possible in the most tax-efficient manner. To make your assets last as long as possible, the goal of your IRA distribution plan is to:

1. Provide your beneficiaries with an income stream over their life expectancies.
2. Help spread your beneficiaries' tax liability over their life expectancies.
3. Take advantage of your IRA's tax-deferred growth to increase the amount of money that may eventually pass to your beneficiaries.

Keep in mind, however, that the primary use of your IRA is to generate retirement income for yourself. Neither you or your beneficiaries are under any obligation to withdraw only the Required Minimum Distribution each year. You may also change the beneficiaries to your IRA at any time. Those considering the "Stretch IRA" concept should understand that this strategy is generally designed for those who will not depend on the funds directed to the IRA, as their primary source of income either presently or in retirement.

This illustration will provide you and your advisors information so that the IRA distribution plan you put in place will best meet your objectives. It starts with two important steps.

### Step 1) Name Your IRA Beneficiaries

By designating each beneficiary of your IRA, you control who inherits this important asset after your death, and ensure that each gets a lifetime payout based on their own life expectancy. If you fail to name a beneficiary prior to your death, your IRA will generally pass to your estate and will be subject to applicable state probate laws, where the court will determine how your IRA assets will be divided.

### Step 2) Withdraw Your Required Minimum Distribution (RMD) Each Year

Starting with the year you attain age 70½, you are required to withdraw your RMD from your IRA by December 31st of each year. **Important: The RMD must be recalculated each year.** We recommend that you seek the help of a trained professional for the RMD calculation and that you evaluate your IRA distribution plan annually with your financial advisor.

### How to Calculate Your RMD

Most IRA owners will use the calculation method based on The Uniform Lifetime Table. If your spouse who is more than 10 years younger than you is named as sole beneficiary for the entire year, you may use Joint Life Expectancy Table. Non-spouse beneficiaries who inherit an IRA must calculate the RMD based on the Single Life Expectancy Table. This illustration uses these formulas.

## Steps Used to Calculate Your RMD

1. Determine your age at the end of the year.
2. If older than age 70½, look up the life expectancy factor from the appropriate table.
3. Locate your IRA statement from the previous year then find the value on December 31st.
4. Divide the December 31st IRA balance by your life expectancy factor.

### Hypothetical Example: RMD for 2017

| Age | Life Expectancy Factor | December 31, 2016 Balance | RMD Amount                 |
|-----|------------------------|---------------------------|----------------------------|
| 70  | 27.4                   | \$100,000                 | \$100,000 / 27.4 = \$3,650 |

## Annualized Rate of Return Assumptions

The illustrated interest rates were selected by your insurance professional based on a fixed index annuity product illustration that must accompany this report. Your insurance professional selected this product based on his/her knowledge of your risk tolerance, financial goals, the financial stability of the insurance carrier, and by comparing the historical periods of the index strategies recommended. Index interest rates are **not guaranteed**. The impact of caps and participation rates, along with the application of guaranteed interest rates will determine the actual index interest credited during any specific period. If your IRA earns rates of return lower than the rates selected in this illustration, then your total distributions under the "stretch" method will be lower than what is illustrated; if your actual rates of return are higher, your total distributions should also be higher. If your IRA earns a 0% rate of return, the owner, spouse, and beneficiaries will receive only the initial IRA value over this time period, less the income taxes due.

## Time Duration / Possible Future Changes

This "Stretch IRA" illustration spans 84 years with assets being distributed over several generations. Some of the assumptions in this illustration may change during this timeframe that may affect the total distributions received by you and your beneficiaries. For example, lower or higher rates of return than those illustrated, distributions higher than the RMD, tax law changes, and changing beneficiaries are events that may impact the assumptions of this illustration.

## Distributions Higher Than The RMD

This illustration assumes that you, your spouse, and your beneficiaries will withdraw the Required Minimum Distribution each year. Although you are free to do so, withdrawing more than your RMD may dramatically impact future distributions to you and your beneficiaries.

## Potential Tax Law Changes

This illustration is based on current tax laws, which are subject to change, possibly making the "Stretch IRA" distribution strategy obsolete in the future. Neither ImagiSOFT, Inc. nor its agents or employees provide tax, legal, financial, or accounting advice. You should consult with your attorney or qualified tax advisor regarding these matters.

## Beneficiary Changes

The plan owner may add, delete, or change beneficiaries at any time. Changing beneficiaries will impact the assumptions and future distributions shown in this illustration.

## Consider Inflation

This illustration does not reflect that inflation may erode the purchasing power of the future dollars shown.

## Possible Estate Taxes

Traditional IRA assets are part of your estate when you die. Estates of decedents who die during 2017 have a basic exclusion amount of \$5,490,000. Under current law, this amount is adjusted each year for inflation. Federal or state estate taxes, if paid from the IRA assets, will dramatically reduce the illustrated income paid to future beneficiaries. Please consult with your qualified tax professional to determine whether you may have an estate tax liability which could be detrimental to your "Multi-Generation IRA" distribution plan.

## Assumptions for this Illustration

### Current Value of IRA:

**\$1,000,000**

### Owner:

**John J. Sample**

Date of Birth: July 27, 1952  
Age on December 31, 2017: 65  
Assumed Age at Death: 87  
Rate of Return Assumption 4.58%

### Primary Beneficiary:

**Susan G. Sample (Spouse)**

Date of Birth: August 1, 1956  
Age on December 31, 2017: 61  
Age at John's Death: 83  
Assumed Age at Death: 95  
Inherits this Percentage: 100%  
Rate of Return Assumption 4.58%

### Next Generation Beneficiaries:

#### **Marlene Sample**

Date of Birth: January 1, 1985  
Age at Susan's Death: 66  
Inherits this Percentage: 12.50%  
Rate of Return Assumption 4.58%

#### **Bobbie Sample**

Date of Birth: January 1, 2011  
Age at Susan's Death: 40  
Inherits this Percentage: 25%  
Rate of Return Assumption 4.58%

#### **Robert Sample**

Date of Birth: January 1, 1982  
Age at Susan's Death: 69  
Inherits this Percentage: 12.50%  
Rate of Return Assumption 4.58%

#### **Johnny Sample**

Date of Birth: January 1, 2009  
Age at Susan's Death: 42  
Inherits this Percentage: 25%  
Rate of Return Assumption 4.58%

#### **Suzie Sample**

Date of Birth: January 1, 2017  
Age at Susan's Death: 34  
Inherits this Percentage: 25%  
Rate of Return Assumption 4.58%

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## John J. Sample

Beginning Account Balance December 31, 2016

\$1,000,000

| End of<br>Year | Age | Spouse<br>Age | (1)<br>Life<br>Expectancy | (2)<br>Deposits | (2)<br>Interest<br>Earnings | (3)<br>Required<br>Minimum<br>Distributions | Elective<br>Withdrawals | Account<br>Balance |
|----------------|-----|---------------|---------------------------|-----------------|-----------------------------|---|-------------------------|--------------------|
| 2017           | 65  | 61            |                           | 0               | 45,800                      | 0   | 0                       | 1,045,800          |
| 2018           | 66  | 62            |                           | 0               | 47,898                      | 0   | 0                       | 1,093,698          |
| 2019           | 67  | 63            |                           | 0               | 50,091                      | 0   | 0                       | 1,143,789          |
| 2020           | 68  | 64            |                           | 0               | 52,386                      | 0   | 0                       | 1,196,175          |
| 2021           | 69  | 65            |                           | 0               | 54,785                      | 0   | 0                       | 1,250,959          |
| 2022           | 70  | 66            | 27.4                      | 0               | 57,294                      | 0   | 0                       | 1,308,253          |
| 2023           | 71  | 67            | 26.5                      | 0               | 59,918                      | 49,368                                      | 0                       | 1,318,803          |
| 2024           | 72  | 68            | 25.6                      | 0               | 60,401                      | 51,516                                      | 0                       | 1,327,689          |
| 2025           | 73  | 69            | 24.7                      | 0               | 60,808                      | 53,753                                      | 0                       | 1,334,744          |
| 2026           | 74  | 70            | 23.8                      | 0               | 61,131                      | 56,082                                      | 0                       | 1,339,794          |
| 2027           | 75  | 71            | 22.9                      | 0               | 61,363                      | 58,506                                      | 0                       | 1,342,650          |
| 2028           | 76  | 72            | 22.0                      | 0               | 61,493                      | 61,030                                      | 0                       | 1,343,114          |
| 2029           | 77  | 73            | 21.2                      | 0               | 61,515                      | 63,354                                      | 0                       | 1,341,274          |
| 2030           | 78  | 74            | 20.3                      | 0               | 61,430                      | 66,073                                      | 0                       | 1,336,632          |
| 2031           | 79  | 75            | 19.5                      | 0               | 61,218                      | 68,545                                      | 0                       | 1,329,304          |
| 2032           | 80  | 76            | 18.7                      | 0               | 60,882                      | 71,086                                      | 0                       | 1,319,101          |
| 2033           | 81  | 77            | 17.9                      | 0               | 60,415                      | 73,693                                      | 0                       | 1,305,823          |
| 2034           | 82  | 78            | 17.1                      | 0               | 59,807                      | 76,364                                      | 0                       | 1,289,266          |
| 2035           | 83  | 79            | 16.3                      | 0               | 59,048                      | 79,096                                      | 0                       | 1,269,218          |
| 2036           | 84  | 80            | 15.5                      | 0               | 58,130                      | 81,885                                      | 0                       | 1,245,463          |
| 2037           | 85  | 81            | 14.8                      | 0               | 57,042                      | 84,153                                      | 0                       | 1,218,352          |
| 2038           | 86  | 82            | 14.1                      | 0               | 55,801                      | 86,408                                      | 0                       | 1,187,745          |

At John's death this illustration assumes that Susan completes an IRA rollover. Total distributions during John's lifetime are \$1,080,911.

(1) John takes distributions at age 71 and calculated life expectancy using the Uniform Lifetime Table. Susan is named beneficiary.

(2) Reflects an assumed hypothetical annual rate of return of 4.58% which is not guaranteed. See page 8 for details.

(3) Distributions are based on the prior year's December 31 value. The initial distribution in this example is using the value of \$1,000,000 as of December 31, 2016.

## Susan G. Sample

*Inherited Account Balance*                      \$1,187,745

|                |               | (1)                | (2)                  | (3)                                  |                         |                    |
|----------------|---------------|--------------------|----------------------|--------------------------------------|-------------------------|--------------------|
| End of<br>Year | Spouse<br>Age | Life<br>Expectancy | Interest<br>Earnings | Required<br>Minimum<br>Distributions | Elective<br>Withdrawals | Account<br>Balance |
| 2039           | 83            | 16.3               | 54,399               | 72,868                               | 0                       | 1,169,276          |
| 2040           | 84            | 15.5               | 53,553               | 75,437                               | 0                       | 1,147,391          |
| 2041           | 85            | 14.8               | 52,551               | 77,526                               | 0                       | 1,122,416          |
| 2042           | 86            | 14.1               | 51,407               | 79,604                               | 0                       | 1,094,218          |
| 2043           | 87            | 13.4               | 50,115               | 81,658                               | 0                       | 1,062,675          |
| 2044           | 88            | 12.7               | 48,671               | 83,675                               | 0                       | 1,027,671          |
| 2045           | 89            | 12.0               | 47,067               | 85,639                               | 0                       | 989,099            |
| 2046           | 90            | 11.4               | 45,301               | 86,763                               | 0                       | 947,636            |
| 2047           | 91            | 10.8               | 43,402               | 87,744                               | 0                       | 903,294            |
| 2048           | 92            | 10.2               | 41,371               | 88,558                               | 0                       | 856,107            |
| 2049           | 93            | 9.6                | 39,210               | 89,178                               | 0                       | 806,139            |
| 2050           | 94            | 9.1                | 36,921               | 88,587                               | 0                       | 754,473            |

Total distributions during Susan's lifetime are \$997,238. At Susan's death, the IRA is distributed to the named beneficiaries.

(1) Susan takes distributions at age 83 and calculated life expectancy using the Uniform Lifetime Table.

(2) Reflects an assumed hypothetical annual rate of return of 4.58% which is not guaranteed. See page 8 for details.

(3) Required Minimum Distributions are based on the prior year's December 31 value and the Uniform Lifetime Table.

### Extending Your Legacy

You receive your Required Minimum Distributions on your IRA until the time of your death based on the Uniform Lifetime Table. At your death, Susan rolls over the remaining IRA balance and names new beneficiaries for her IRA. With Susan now the current IRA owner, the account will continue to earn interest, maintain its tax-deferred status, and avoid the \$451,038 income tax as explained on page 4 about the tax impact of large lump sum payments. Required Minimum Distributions are based on the Uniform Lifetime Table. At Susan's death, her beneficiaries receives their percentage of the IRA and must take Required Minimum Distributions based on the single life expectancy table.

If Susan's estate does not have enough liquidity outside the IRA to pay any applicable estate taxes, and is forced to liquidate some of the IRA assets for these expenses, distributions to the next generation beneficiaries could be greatly reduced.

## Robert Sample

*Inherited Account Balance*      **\$94,309**

| End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance | End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance |
|----------------|-----|---------------------|--------------------------------|---------------------------|----------------|-----|---------------------|--------------------------------|---------------------------|
| 2051           | 69  | 17.8                | 5,298                          | 93,330                    | 2060           | 78  | 8.8                 | 8,187                          | 67,155                    |
| 2052           | 70  | 16.8                | 5,555                          | 92,049                    | 2061           | 79  | 7.8                 | 8,610                          | 61,621                    |
| 2053           | 71  | 15.8                | 5,826                          | 90,439                    | 2062           | 80  | 6.8                 | 9,062                          | 55,382                    |
| 2054           | 72  | 14.8                | 6,111                          | 88,471                    | 2063           | 81  | 5.8                 | 9,549                          | 48,370                    |
| 2055           | 73  | 13.8                | 6,411                          | 86,112                    | 2064           | 82  | 4.8                 | 10,077                         | 40,508                    |
| 2056           | 74  | 12.8                | 6,727                          | 83,328                    | 2065           | 83  | 3.8                 | 10,660                         | 31,703                    |
| 2057           | 75  | 11.8                | 7,062                          | 80,083                    | 2066           | 84  | 2.8                 | 11,323                         | 21,833                    |
| 2058           | 76  | 10.8                | 7,415                          | 76,336                    | 2067           | 85  | 1.8                 | 12,129                         | 10,703                    |
| 2059           | 77  | 9.8                 | 7,789                          | 72,042                    | 2068           | 86  | 0.8                 | 11,194                         | 0                         |

**Total distributions received during Robert's lifetime \$148,984**

(1) Calculated on December 31st of the year following death and reduced by one each year thereafter.

(2) Distributions are subject to income tax. The above assumes a rollover into an IRA that allows non-spouse beneficiary RMD distributions so the inheritance can be distributed over the maximum number of years. This strategy will allow the account to continue to earn interest, maintain its tax-deferred status, and will avoid the \$27,874 income tax as explained on page 4 about the tax impact of large lump sum payments.

(3) Reflects an assumed hypothetical annual rate of return of 4.58% which is not guaranteed. See page 8 for details.

## Marlene Sample

*Inherited Account Balance*      **\$94,309**

| End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance | End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance |
|----------------|-----|---------------------|--------------------------------|---------------------------|----------------|-----|---------------------|--------------------------------|---------------------------|
| 2051           | 66  | 20.2                | 4,669                          | 93,960                    | 2062           | 77  | 9.2                 | 7,919                          | 68,269                    |
| 2052           | 67  | 19.2                | 4,894                          | 93,369                    | 2063           | 78  | 8.2                 | 8,325                          | 63,070                    |
| 2053           | 68  | 18.2                | 5,130                          | 92,515                    | 2064           | 79  | 7.2                 | 8,760                          | 57,199                    |
| 2054           | 69  | 17.2                | 5,379                          | 91,374                    | 2065           | 80  | 6.2                 | 9,226                          | 50,593                    |
| 2055           | 70  | 16.2                | 5,640                          | 89,918                    | 2066           | 81  | 5.2                 | 9,729                          | 43,181                    |
| 2056           | 71  | 15.2                | 5,916                          | 88,121                    | 2067           | 82  | 4.2                 | 10,281                         | 34,877                    |
| 2057           | 72  | 14.2                | 6,206                          | 85,951                    | 2068           | 83  | 3.2                 | 10,899                         | 25,576                    |
| 2058           | 73  | 13.2                | 6,511                          | 83,376                    | 2069           | 84  | 2.2                 | 11,625                         | 15,122                    |
| 2059           | 74  | 12.2                | 6,834                          | 80,361                    | 2070           | 85  | 1.2                 | 12,601                         | 3,213                     |
| 2060           | 75  | 11.2                | 7,175                          | 76,866                    | 2071           | 86  | 0.2                 | 3,360                          | 0                         |
| 2061           | 76  | 10.2                | 7,536                          | 72,851                    |                |     |                     |                                |                           |

### Total distributions received during Marlene's lifetime **\$158,616**

(1) Calculated on December 31st of the year following death and reduced by one each year thereafter.

(2) Distributions are subject to income tax. The above assumes a rollover into an IRA that allows non-spouse beneficiary RMD distributions so the inheritance can be distributed over the maximum number of years. This strategy will allow the account to continue to earn interest, maintain its tax-deferred status, and will avoid the \$27,874 income tax as explained on page 4 about the tax impact of large lump sum payments.

(3) Reflects an assumed hypothetical annual rate of return of 4.58% which is not guaranteed. See page 8 for details.

## Johnny Sample

*Inherited Account Balance*

**\$188,618**

| End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance | End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance |
|----------------|-----|---------------------|--------------------------------|---------------------------|----------------|-----|---------------------|--------------------------------|---------------------------|
| 2051           | 42  | 41.7                | 4,523                          | 192,734                   | 2072           | 63  | 20.7                | 11,951                         | 246,770                   |
| 2052           | 43  | 40.7                | 4,735                          | 196,826                   | 2073           | 64  | 19.7                | 12,526                         | 245,546                   |
| 2053           | 44  | 39.7                | 4,958                          | 200,882                   | 2074           | 65  | 18.7                | 13,131                         | 243,661                   |
| 2054           | 45  | 38.7                | 5,191                          | 204,892                   | 2075           | 66  | 17.7                | 13,766                         | 241,055                   |
| 2055           | 46  | 37.7                | 5,435                          | 208,841                   | 2076           | 67  | 16.7                | 14,434                         | 237,660                   |
| 2056           | 47  | 36.7                | 5,691                          | 212,716                   | 2077           | 68  | 15.7                | 15,138                         | 233,408                   |
| 2057           | 48  | 35.7                | 5,958                          | 216,500                   | 2078           | 69  | 14.7                | 15,878                         | 228,220                   |
| 2058           | 49  | 34.7                | 6,239                          | 220,176                   | 2079           | 70  | 13.7                | 16,658                         | 222,014                   |
| 2059           | 50  | 33.7                | 6,533                          | 223,727                   | 2080           | 71  | 12.7                | 17,481                         | 214,701                   |
| 2060           | 51  | 32.7                | 6,842                          | 227,132                   | 2081           | 72  | 11.7                | 18,350                         | 206,183                   |
| 2061           | 52  | 31.7                | 7,165                          | 230,369                   | 2082           | 73  | 10.7                | 19,269                         | 196,357                   |
| 2062           | 53  | 30.7                | 7,504                          | 233,416                   | 2083           | 74  | 9.7                 | 20,243                         | 185,107                   |
| 2063           | 54  | 29.7                | 7,859                          | 236,248                   | 2084           | 75  | 8.7                 | 21,277                         | 172,309                   |
| 2064           | 55  | 28.7                | 8,232                          | 238,836                   | 2085           | 76  | 7.7                 | 22,378                         | 157,823                   |
| 2065           | 56  | 27.7                | 8,622                          | 241,153                   | 2086           | 77  | 6.7                 | 23,556                         | 141,495                   |
| 2066           | 57  | 26.7                | 9,032                          | 243,165                   | 2087           | 78  | 5.7                 | 24,824                         | 123,152                   |
| 2067           | 58  | 25.7                | 9,462                          | 244,841                   | 2088           | 79  | 4.7                 | 26,203                         | 102,590                   |
| 2068           | 59  | 24.7                | 9,913                          | 246,142                   | 2089           | 80  | 3.7                 | 27,727                         | 79,561                    |
| 2069           | 60  | 23.7                | 10,386                         | 247,029                   | 2090           | 81  | 2.7                 | 29,467                         | 53,738                    |
| 2070           | 61  | 22.7                | 10,882                         | 247,461                   | 2091           | 82  | 1.7                 | 31,611                         | 24,589                    |
| 2071           | 62  | 21.7                | 11,404                         | 247,391                   | 2092           | 83  | 0.7                 | 25,715                         | 0                         |

### Total distributions received during Johnny's lifetime **\$578,149**

(1) Calculated on December 31st of the year following death and reduced by one each year thereafter.

(2) Distributions are subject to income tax. The above assumes a rollover into an IRA that allows non-spouse beneficiary RMD distributions so the inheritance can be distributed over the maximum number of years. This strategy will allow the account to continue to earn interest, maintain its tax-deferred status, and will avoid the \$59,621 income tax as explained on page 4 about the tax impact of large lump sum payments.

(3) Reflects an assumed hypothetical annual rate of return of 4.58% which is not guaranteed. See page 8 for details.

## Bobbie Sample

*Inherited Account Balance*

**\$188,618**

| End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance | End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance |
|----------------|-----|---------------------|--------------------------------|---------------------------|----------------|-----|---------------------|--------------------------------|---------------------------|
| 2051           | 40  | 43.6                | 4,326                          | 192,931                   | 2073           | 62  | 21.6                | 11,955                         | 258,095                   |
| 2052           | 41  | 42.6                | 4,529                          | 197,238                   | 2074           | 63  | 20.6                | 12,529                         | 257,386                   |
| 2053           | 42  | 41.6                | 4,741                          | 201,530                   | 2075           | 64  | 19.6                | 13,132                         | 256,043                   |
| 2054           | 43  | 40.6                | 4,964                          | 205,797                   | 2076           | 65  | 18.6                | 13,766                         | 254,004                   |
| 2055           | 44  | 39.6                | 5,197                          | 210,025                   | 2077           | 66  | 17.6                | 14,432                         | 251,205                   |
| 2056           | 45  | 38.6                | 5,441                          | 214,203                   | 2078           | 67  | 16.6                | 15,133                         | 247,577                   |
| 2057           | 46  | 37.6                | 5,697                          | 218,317                   | 2079           | 68  | 15.6                | 15,870                         | 243,046                   |
| 2058           | 47  | 36.6                | 5,965                          | 222,351                   | 2080           | 69  | 14.6                | 16,647                         | 237,531                   |
| 2059           | 48  | 35.6                | 6,246                          | 226,289                   | 2081           | 70  | 13.6                | 17,465                         | 230,944                   |
| 2060           | 49  | 34.6                | 6,540                          | 230,113                   | 2082           | 71  | 12.6                | 18,329                         | 223,192                   |
| 2061           | 50  | 33.6                | 6,849                          | 233,803                   | 2083           | 72  | 11.6                | 19,241                         | 214,174                   |
| 2062           | 51  | 32.6                | 7,172                          | 237,340                   | 2084           | 73  | 10.6                | 20,205                         | 203,778                   |
| 2063           | 52  | 31.6                | 7,511                          | 240,699                   | 2085           | 74  | 9.6                 | 21,227                         | 191,884                   |
| 2064           | 53  | 30.6                | 7,866                          | 243,857                   | 2086           | 75  | 8.6                 | 22,312                         | 178,360                   |
| 2065           | 54  | 29.6                | 8,238                          | 246,787                   | 2087           | 76  | 7.6                 | 23,468                         | 163,061                   |
| 2066           | 55  | 28.6                | 8,629                          | 249,461                   | 2088           | 77  | 6.6                 | 24,706                         | 145,823                   |
| 2067           | 56  | 27.6                | 9,038                          | 251,848                   | 2089           | 78  | 5.6                 | 26,040                         | 126,462                   |
| 2068           | 57  | 26.6                | 9,468                          | 253,915                   | 2090           | 79  | 4.6                 | 27,492                         | 104,762                   |
| 2069           | 58  | 25.6                | 9,919                          | 255,626                   | 2091           | 80  | 3.6                 | 29,101                         | 80,459                    |
| 2070           | 59  | 24.6                | 10,391                         | 256,942                   | 2092           | 81  | 2.6                 | 30,946                         | 53,199                    |
| 2071           | 60  | 23.6                | 10,887                         | 257,822                   | 2093           | 82  | 1.6                 | 33,249                         | 22,386                    |
| 2072           | 61  | 22.6                | 11,408                         | 258,223                   | 2094           | 83  | 0.6                 | 23,411                         | 0                         |

### Total distributions received during Bobbie's lifetime **\$611,678**

(1) Calculated on December 31st of the year following death and reduced by one each year thereafter.

(2) Distributions are subject to income tax. The above assumes a rollover into an IRA that allows non-spouse beneficiary RMD distributions so the inheritance can be distributed over the maximum number of years. This strategy will allow the account to continue to earn interest, maintain its tax-deferred status, and will avoid the \$59,621 income tax as explained on page 4 about the tax impact of large lump sum payments.

(3) Reflects an assumed hypothetical annual rate of return of 4.58% which is not guaranteed. See page 8 for details.



## Suzie Sample

*Inherited Account Balance*      **\$188,618**

| End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance | End of<br>Year | Age | (1)<br>Life<br>Exp. | (2)<br>Annual<br>Distributions | (3)<br>Account<br>Balance |
|----------------|-----|---------------------|--------------------------------|---------------------------|----------------|-----|---------------------|--------------------------------|---------------------------|
| 2051           | 34  | 49.4                | 3,818                          | 193,439                   | 2076           | 59  | 24.4                | 12,069                         | 295,907                   |
| 2052           | 35  | 48.4                | 3,997                          | 198,302                   | 2077           | 60  | 23.4                | 12,646                         | 296,814                   |
| 2053           | 36  | 47.4                | 4,184                          | 203,200                   | 2078           | 61  | 22.4                | 13,251                         | 297,158                   |
| 2054           | 37  | 46.4                | 4,379                          | 208,128                   | 2079           | 62  | 21.4                | 13,886                         | 296,882                   |
| 2055           | 38  | 45.4                | 4,584                          | 213,075                   | 2080           | 63  | 20.4                | 14,553                         | 295,926                   |
| 2056           | 39  | 44.4                | 4,799                          | 218,035                   | 2081           | 64  | 19.4                | 15,254                         | 294,225                   |
| 2057           | 40  | 43.4                | 5,024                          | 222,997                   | 2082           | 65  | 18.4                | 15,991                         | 291,710                   |
| 2058           | 41  | 42.4                | 5,259                          | 227,951                   | 2083           | 66  | 17.4                | 16,765                         | 288,306                   |
| 2059           | 42  | 41.4                | 5,506                          | 232,885                   | 2084           | 67  | 16.4                | 17,580                         | 283,930                   |
| 2060           | 43  | 40.4                | 5,764                          | 237,787                   | 2085           | 68  | 15.4                | 18,437                         | 278,497                   |
| 2061           | 44  | 39.4                | 6,035                          | 242,643                   | 2086           | 69  | 14.4                | 19,340                         | 271,912                   |
| 2062           | 45  | 38.4                | 6,319                          | 247,437                   | 2087           | 70  | 13.4                | 20,292                         | 264,074                   |
| 2063           | 46  | 37.4                | 6,616                          | 252,153                   | 2088           | 71  | 12.4                | 21,296                         | 254,872                   |
| 2064           | 47  | 36.4                | 6,927                          | 256,775                   | 2089           | 72  | 11.4                | 22,357                         | 244,188                   |
| 2065           | 48  | 35.4                | 7,254                          | 261,282                   | 2090           | 73  | 10.4                | 23,480                         | 231,892                   |
| 2066           | 49  | 34.4                | 7,595                          | 265,653                   | 2091           | 74  | 9.4                 | 24,669                         | 217,844                   |
| 2067           | 50  | 33.4                | 7,954                          | 269,866                   | 2092           | 75  | 8.4                 | 25,934                         | 201,887                   |
| 2068           | 51  | 32.4                | 8,329                          | 273,897                   | 2093           | 76  | 7.4                 | 27,282                         | 183,852                   |
| 2069           | 52  | 31.4                | 8,723                          | 277,718                   | 2094           | 77  | 6.4                 | 28,727                         | 163,545                   |
| 2070           | 53  | 30.4                | 9,135                          | 281,302                   | 2095           | 78  | 5.4                 | 30,286                         | 140,749                   |
| 2071           | 54  | 29.4                | 9,568                          | 284,618                   | 2096           | 79  | 4.4                 | 31,988                         | 115,207                   |
| 2072           | 55  | 28.4                | 10,022                         | 287,632                   | 2097           | 80  | 3.4                 | 33,884                         | 86,599                    |
| 2073           | 56  | 27.4                | 10,498                         | 290,308                   | 2098           | 81  | 2.4                 | 36,083                         | 54,482                    |
| 2074           | 57  | 26.4                | 10,997                         | 292,607                   | 2099           | 82  | 1.4                 | 38,916                         | 18,062                    |
| 2075           | 58  | 25.4                | 11,520                         | 294,489                   | 2100           | 83  | 0.4                 | 18,889                         | 0                         |

**Total distributions received during Suzie's lifetime \$728,661**

(1) Calculated on December 31st of the year following death and reduced by one each year thereafter.

(2) Distributions are subject to income tax. The above assumes a rollover into an IRA that allows non-spouse beneficiary RMD distributions so the inheritance can be distributed over the maximum number of years. This strategy will allow the account to continue to earn interest, maintain its tax-deferred status, and will avoid the \$59,621 income tax as explained on page 4 about the tax impact of large lump sum payments.

(3) Reflects an assumed hypothetical annual rate of return of 4.58% which is not guaranteed. See page 8 for details.