Your Financial Legacy

An Illustration to Help You
Preserve Your Wealth for Future Generations

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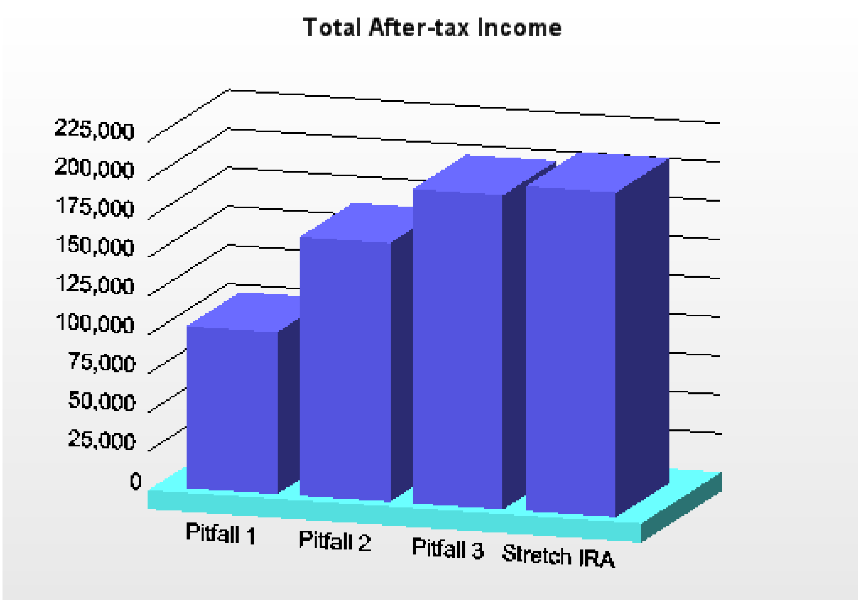
Will You Leave Your Family a Legacy or a Tax Bill?

Your IRA's chief strength is the power of tax deferral. However, tax deferral can become a huge tax liability if your beneficiaries take a distribution after your death that causes the entire balance of your IRA to be taxed. Your beneficiaries may suffer adverse tax consequences if your IRA has an inflexible custodial agreement or if your beneficiaries do not 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 many pitfalls into which your beneficiaries may fall without proper planning:

	Pitfall 1	Pitfall 2	Pitfall 3	Stretch
Total Distributions to Spouse	$144,134	$117,593	$117,593	$117,593
Total Distributions to Next Generation Beneficiaries	$0	$105,712	$152,655	$161,589
Total Federal Income Taxes Paid	$39,771	$56,502	$67,562	$69,796
Total After-tax Income	**$104,363**	**$166,804**	**$202,686**	**$209,387**



Pitfall 1: Spouse takes lump sum distribution
Pitfall 2: Spouse takes RMD; Next generation beneficiaries take lump sum distribution
Pitfall 3: Spouse takes RMD; Next generation beneficiaries forced to take distributions based on the life expectancy of the oldest beneficiary

Benjamin Franklin's Financial Legacy

In 1790 Benjamin Franklin left $4,000 jointly to the city of Philadelphia and the state of Pennsylvania. He left instructions that the money should be conservatively invested, but not withdrawn, until 200 years after his death.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 continues to benefit thousands of lives even though he has been dead for more than 200 years.

Franklin understood the interrelationship between time, money, and compound interest. His lump sum investment of a mere $4,000 earned a modest 3.00% percent 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.

Purpose of this Illustration

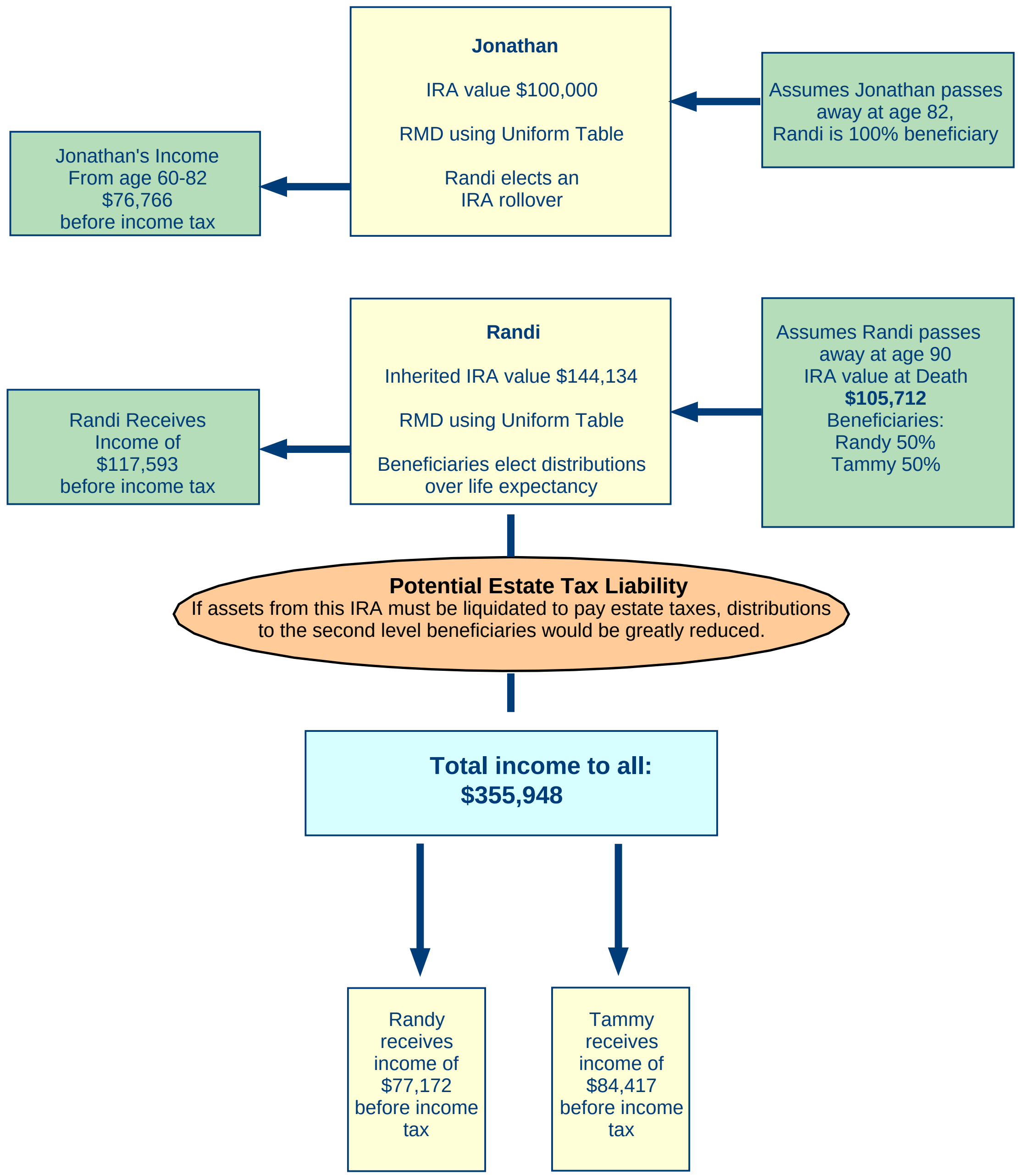
The purpose of this illustration is to help you understand how to legally maximize the time your assets remain invested. The longer your account remains intact the more income it may produce. This illustration demonstrates that it is hypothetically possible to "stretch" your assets over 58 years and to produce income across several generations **. Based on the assumptions in this report, it is possible for the $100,000 assets in your account to generate approximately $355,948 in future income to you and your beneficiaries.** The maximum benefits of the "Stretch Concept" distribution strategy are best realized by those who do not need the assets illustrated as their primary source of retirement income.

Assumptions for this Illustration

Current Value of IRA	**$100,000**	
Owner:	**Jonathan G. Smith**	
	Date of Birth:	August 23, 1951
	Age on December 31, 2011:	60
	Assumed Age at Death:	82
	Hypothetical Annual Rate of Return	4.00%
Primary Beneficiary:	**Randi T. Smith** (Spouse)	
	Date of Birth:	August 23, 1958
	Age on December 31, 2011:	53
	Age at Jonathan's Death:	75
	Assumed Age at Death:	90
	Inherits this Percentage:	100%
	Hypothetical Annual Rate of Return	4.00%
Next Generation Beneficiaries:	**Randy J. Smith**	
	Date of Birth:	September 29, 1978
	Age at Randi's Death:	70
	Inherits this Percentage:	50%
	Hypothetical Annual Rate of Return	4.00%
	Tammy Smith	
	Date of Birth:	January 1, 1983
	Age at Randi's Death:	65
	Inherits this Percentage:	50%
	Hypothetical Annual Rate of Return	4.00%

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.

Stretch Concept Overview



Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.

Jonathan G. Smith

Beginning Account Balance December 31, 2010 *$100,000*

End of Year	Age	Spouse Age	(1) Life Expectancy	Deposits	(2) Interest Earnings	(3) Required Minimum Distributions	Elective Withdrawals	Account Balance
2011	60	53		0	4,000	0	0	104,000
2012	61	54		0	4,160	0	0	108,160
2013	62	55		0	4,326	0	0	112,486
2014	63	56		0	4,499	0	0	116,986
2015	64	57		0	4,679	0	0	121,665
2016	65	58		0	4,867	0	0	126,532
2017	66	59		0	5,061	0	0	131,593
2018	67	60		0	5,264	0	0	136,857
2019	68	61		0	5,474	0	0	142,331
2020	69	62		0	5,693	0	0	148,024
2021	70	63	27.4	0	5,921	0	0	153,945
2022	71	64	26.5	0	6,158	5,809	0	154,294
2023	72	65	25.6	0	6,172	6,027	0	154,439
2024	73	66	24.7	0	6,178	6,253	0	154,364
2025	74	67	23.8	0	6,175	6,486	0	154,052
2026	75	68	22.9	0	6,162	6,727	0	153,487
2027	76	69	22.0	0	6,139	6,977	0	152,650
2028	77	70	21.2	0	6,106	7,200	0	151,556
2029	78	71	20.3	0	6,062	7,466	0	150,152
2030	79	72	19.5	0	6,006	7,700	0	148,458
2031	80	73	18.7	0	5,938	7,939	0	146,457
2032	81	74	17.9	0	5,858	8,182	0	144,134

At Jonathan's death Randi completes an IRA rollover. Total distributions during Jonathan's lifetime are $76,766.

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

(2) Reflects assumed hypothetical annual rate of return of 4.00%.

(3) Distributions are based on the prior year's December 31 value. The initial distribution in this example is using the value of $100,000 as of December 31, 2010.

Randi T. Smith

Inherited Account Balance *$144,134*

End of Year	Spouse Age	(1) Life Expectancy	(2) Interest Earnings	(3) Required Minimum Distributions	Elective Withdrawals	Account Balance
2033	75	22.9	5,765	6,294	0	143,605
2034	76	22.0	5,744	6,528	0	142,822
2035	77	21.2	5,713	6,737	0	141,798
2036	78	20.3	5,672	6,985	0	140,484
2037	79	19.5	5,619	7,204	0	138,899
2038	80	18.7	5,556	7,428	0	137,028
2039	81	17.9	5,481	7,655	0	134,854
2040	82	17.1	5,394	7,886	0	132,362
2041	83	16.3	5,294	8,120	0	129,536
2042	84	15.5	5,181	8,357	0	126,360
2043	85	14.8	5,054	8,538	0	122,877
2044	86	14.1	4,915	8,715	0	119,077
2045	87	13.4	4,763	8,886	0	114,954
2046	88	12.7	4,598	9,051	0	110,500
2047	89	12.0	4,420	9,208	0	105,712

Total distributions during Randi's lifetime are $117,593. At Randi's death, the IRA is distributed to the named beneficiaries.

(1) Randi takes distributions at age 75 and calculated life expectancy using the Uniform Lifetime Table.

(2) Reflects assumed hypothetical annual rate of return of 4.00%.

(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, Randi rolls over the remaining IRA balance and names new beneficiaries for her IRA. With Randi now the current IRA owner, Required Minimum Distributions are based on the Uniform Lifetime Table. At Randi's death, her beneficiaries receive their percentage of the IRA and must take Required Minimum Distributions based on the single life expectancy table.

If Randi'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.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.

Randy J. Smith

Inherited Account Balance *$52,856*

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2048	70	17.0	3,109	51,861
2049	71	16.0	3,241	50,694
2050	72	15.0	3,380	49,342
2051	73	14.0	3,524	47,792
2052	74	13.0	3,676	46,027
2053	75	12.0	3,836	44,032
2054	76	11.0	4,003	41,791
2055	77	10.0	4,179	39,283
2056	78	9.0	4,365	36,490

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2057	79	8.0	4,561	33,388
2058	80	7.0	4,770	29,954
2059	81	6.0	4,992	26,160
2060	82	5.0	5,232	21,974
2061	83	4.0	5,494	17,360
2062	84	3.0	5,787	12,268
2063	85	2.0	6,134	6,624
2064	86	1.0	6,889	0

Total distributions received during Randy's lifetime are $77,172

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

(2) Distributions subject to income tax.

(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.

Tammy Smith

Inherited Account Balance *$52,856*

End of Year	Age	(1) Life Exp.	(2) Annual Distributions	(3) Account Balance
2048	65	21.0	2,517	52,453
2049	66	20.0	2,623	51,929
2050	67	19.0	2,733	51,273
2051	68	18.0	2,848	50,475
2052	69	17.0	2,969	49,525
2053	70	16.0	3,095	48,411
2054	71	15.0	3,227	47,120
2055	72	14.0	3,366	45,639
2056	73	13.0	3,511	43,954
2057	74	12.0	3,663	42,049
2058	75	11.0	3,823	39,908
2059	76	10.0	3,991	37,514
2060	77	9.0	4,168	34,846
2061	78	8.0	4,356	31,884
2062	79	7.0	4,555	28,605
2063	80	6.0	4,767	24,982
2064	81	5.0	4,996	20,984
2065	82	4.0	5,246	16,578
2066	83	3.0	5,526	11,715
2067	84	2.0	5,857	6,326
2068	85	1.0	6,579	0

Total distributions received during Tammy's lifetime are $84,417

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

(2) Distributions subject to income tax.

(3) Reflects assumed hypothetical annual rate of return of 4.00%.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.

Legacy or Tax Bill?

The following compares the after-tax effect if the next generation beneficiaries take the IRA inheritance in a lump sum or spread the distributions over their lifetime using the Stretch Strategy.

Randy J. Smith at Assumed Age 70

Lump Sum Distribution
$52,856

$52,856
-$13,552   (28.00% top
$39,304   tax bracket)

RMD
$52,856

spreads income
over 17 years

Total after-tax
distributions:
$57,879

Total taxes paid: *
$19,293 (17 years)
(25.00% median tax bracket)

Tammy Smith at Assumed Age 65

Lump Sum Distribution
$52,856

$52,856
-$13,552   (28.00% top
$39,304   tax bracket)

RMD
$52,856

spreads income
over 21 years

Total after-tax
distributions:
$63,313

Total taxes paid: *
$21,104 (21 years)
(25.00% median tax bracket)

Tax Calculation Assumptions

All income tax calculations assume each individual has a taxable income of $50,000 each year and pays taxes based on 2011 income tax tables for a Single filer. Annual distributions are then added to the Gross Income and income taxes are recomputed. This method results in a reasonable approximation of the actual income tax effect of receiving distributions. Tax rates are subject to change and may differ from this analysis. State income taxes are not included in this example.

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the illustrated values would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.

* Under the RMD distribution method, your RMD should increase as your life expectancy decreases. As a result, your Taxable Income may also increase over time. "Total taxes paid" reflects the total federal taxes you would pay based on the above assumptions. The "median tax rate" is added to the chart to help you compare federal income taxation of this method with the lump sum distribution option. Actual tax rates will differ from this median.

Illustration Assumptions and Considerations

Required Minimum Distributions

Beginning with age 70 1/2, 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.

Survivor Income Options

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 that your beneficiaries will have the option to receive required minimum distributions over their lifetime, as demonstrated in this report. Your beneficiary's ability to receive income over their lifetime is essential to generate the most income from your retirement plan. Also, your heirs may face dramatic income tax consequences if they are forced to receive the proceeds of your retirement plan in a lump sum.

Assumed Growth Rate

Illustrated rates of return are hypothetical and not guaranteed. Had this example used the 0.00% guaranteed interest rate, the total distributions would be lower for the owner, spouse, and next generation beneficiaries. The product used to fund this Stretch Concept is a Fixed Indexed Annuity.

Time Duration

This "Stretch IRA" illustration spans 58 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.

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 Safe Income Strategies 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 take into account 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. The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) increased the estate tax unified credit exclusions from 2002 to 2009, and in 2010, the Act eliminates the estate tax. However, in 2011, the estate tax section of EGTRRA is scheduled to sunset. If the Act does sunset without modification, the estate tax unified credit exclusion will revert to $1,000,000 in 2011. 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 "Stretch IRA" distribution plan.