

ImagiSOFT, Inc.

Stretch IRA Presentation

The following presentation is a standard feature of ImagiSOFT's Stretch IRA software. The presentation is produced by the software. Each slide is customized for the client and matches the calculations in the printed illustration.

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Download a free 7 day trial: <http://www.imagisoft.com/setup/setupstretch.exe>

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 He left instructions that the money should be conservatively invested, but not withdrawn, until 200 years after his death.

Benjamin Franklin's Financial Legacy



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.

Benjamin Franklin's Financial Legacy



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.

Benjamin Franklin's Financial Legacy



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.

Your Financial Legacy



By following IRS regulations you can legally maximize the time your IRA assets remain invested and may produce income across several generations.

This income strategy has become known as the "Stretch IRA" concept.

Your Financial Legacy



The "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.

The Goal of Your IRA Distribution Plan

- ✓ Provide your beneficiaries with an income stream over their life expectancies.
- ✓ Help spread your beneficiaries' tax liability over their life expectancies.
- ✓ 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 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 (RMD) each year. Those considering the "Stretch IRA" concept should understand that this strategy is for those who will not need the funds directed to the IRA, either presently or in retirement.



Required Minimum Distributions

In 1987 the IRS instituted "Required Minimum Distribution" (RMD) requirements to force people to withdraw from their retirement accounts.

Hypothetical Example: RMD for 2006

Age	Life Expectancy Factor	December 31, 2005 Balance	RMD Amount
70	27.4	\$100,000	$\$100,000 / 27.4 = \$3,650$

The Life Expectancy Factor gets smaller as you get older. This has the effect of increasing the Required Minimum Distribution each year.

Your Financial Legacy

The "Stretch IRA," concept depends on two factors:



Time.

As explained earlier, planholders should take only the Required Minimum Distribution (RMD), so IRA assets may last as long as possible.



Compound Interest.

This illustration assumes several hypothetical fixed annual growth rates. These rates are not a guarantee, nor is it intended to be indicative of any particular investment product or investment vehicle.

Your Financial Legacy

Other disclosures about the "Stretch IRA," concept:



Time Duration

This "Stretch IRA" illustration spans 80 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.

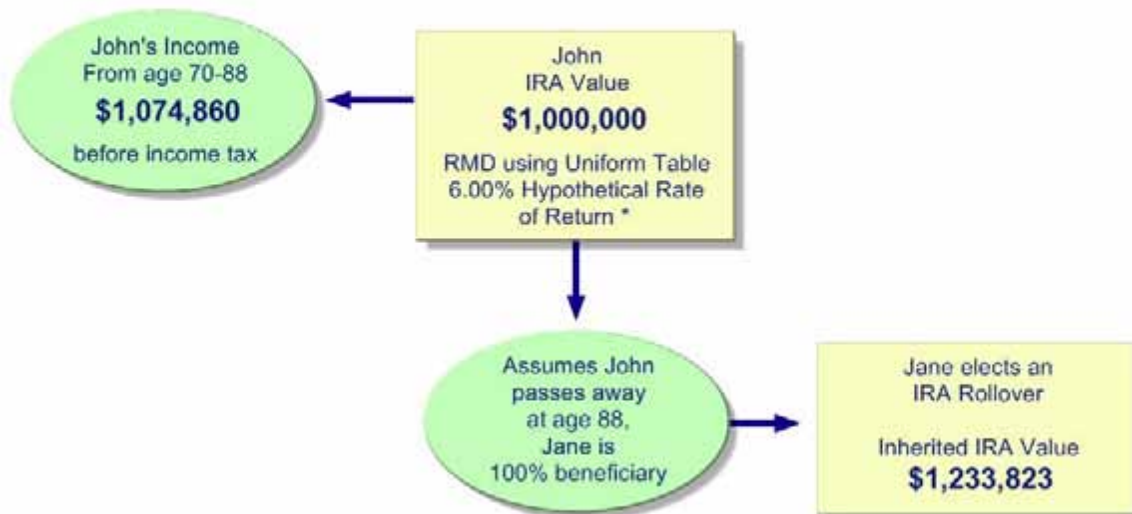


Potential Tax Law Changes.

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 ImagiSOFT, Inc. nor its agents or employees provide tax, legal, financial, or accounting advice. You should consult with your qualified tax advisor regarding these matters.

Your Financial Legacy

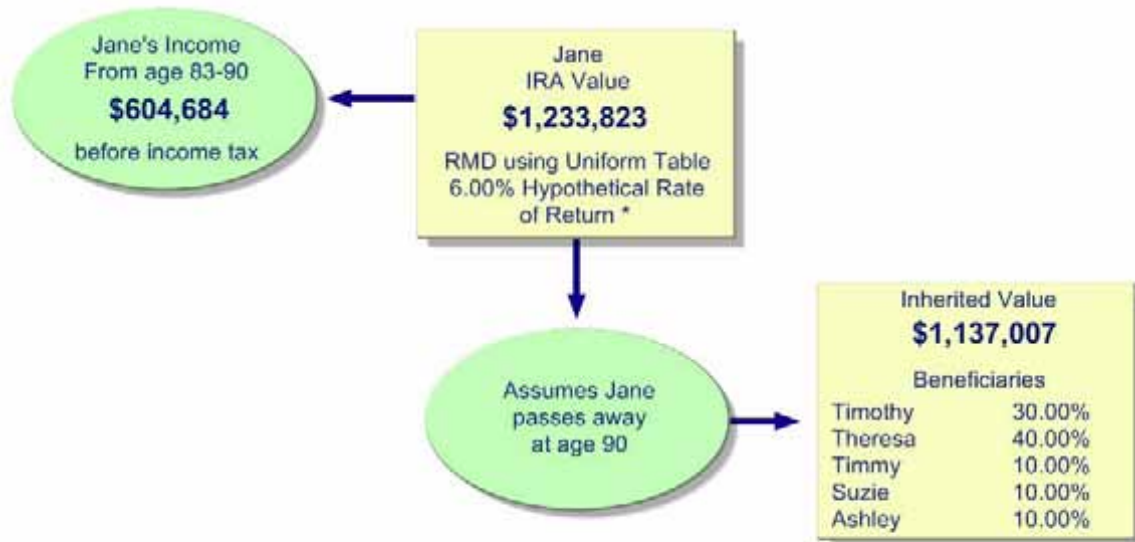
During John's Lifetime



*Rate of return is hypothetical. This example does not represent the performance of a specific investment product. Had the example used a 0% rate of return, the owner, spouse, and beneficiaries would have only received the initial IRA value over this time period, less income taxes due.

Your Financial Legacy

During Jane's Lifetime



*Rate of return is hypothetical. This example does not represent the performance of a specific investment product. Had the example used a 0% rate of return, the owner, spouse, and beneficiaries would have only received the initial IRA value over this time period, less income taxes due.

Your Financial Legacy



*Rate of return is hypothetical. This example does not represent the performance of a specific investment product. Had the example used a 0% rate of return, the owner, spouse, and beneficiaries would have only received the initial IRA value over this time period, less income taxes due.

Your Financial Legacy

In Summary

Your \$1,000,000 "Stretch IRA" offers these advantages:



- ☑ Taking no more than the RMD each year ensures that you will not outlive the assets in your IRA.
- ☑ You maximize the income tax deferral advantage.
- ☑ \$1,074,860 income for you (age 70 - 88).
- ☑ \$604,684 income for Jane (age 83 - 90).
- ☑ \$6,757,341 income for your other beneficiaries.
- ☑ **\$8,436,886 total income for everyone!**

Rates of return are hypothetical. This example does not represent the performance of a specific investment product. Had the example used a 0% rate of return, the owner, spouse, and beneficiaries would have only received the initial IRA value over this time period, less income taxes due.

How Do You "Stretch" Your IRA Assets?

As your IRA Specialist

My purpose is to guide you in choosing IRA accounts that have proper beneficiary designations, distribution features, potential for growth, and that match your risk tolerance.

Investment decisions should be based on an individual's own goals, time horizon and tolerance for risk. There are risks associated with investing and there is no guarantee that any investment style or strategy will be successful. There is no guarantee that any forecasts or opinions expressed will be realized. The use of a professional financial advisor does not guarantee investment success.

