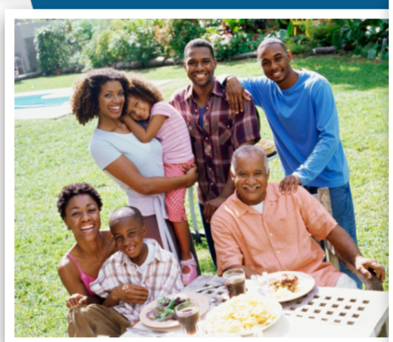

Annuity Strategies

Adam Stratford and Arlene Stratford

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Important Notes

These pages depict certain wealth preservation strategies concerning possible methods for taking distributions from your non-qualified deferred annuity. This report provides only broad, general guidelines, which may be helpful in shaping your thinking about and discussing your wealth preservation needs with your professional advisors. This report provides estimates based on our general understanding of current tax laws.

Each scenario shown illustrates your current situation or an alternative strategy and its possible effects on the financial situation you provided. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a "best guess". No guarantee can be made regarding values, as all rates are the hypothetical rates you provided. These computations are not a guarantee of future performance of any asset, including insurance or other financial products, nor do they take into account fees and charges associated with any investment. If they did, the results would be lower. It is unlikely that any one rate of return will be sustainable over a long period of time.

No legal or accounting advice is being rendered either by this report or through any other oral or written communications. Nothing contained in this report is intended to be used on any tax form or to support any tax deduction. Unless indicated, the tax aspect of the federal Generation-Skipping Transfer Tax (GSTT) is not reflected. The GSTT is similar to an additional level of estate tax on certain transfers to grandchildren, or individuals two or more generations removed from the transferor. State laws vary regarding the distribution of property, and individual circumstances are unique and subject to change. You should discuss all strategies, transfers, and assumptions with your legal and tax advisors.

The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013 as P.L. 112-240, also known as Tax Act of 2012 in this presentation.

To implement a strategy, it may be necessary to restructure the ownership of property, or change designated beneficiaries before specific will or trust provisions, prepared by the client's counsel, become effective. The transfer of a life insurance policy may not result in its removal from the estate of the prior owner for three years.

Strategies may be proposed to support the purchase of various products such as insurance and other financial products. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

IMPORTANT: The projections or other information generated by this investment analysis tool (Annuity Strategies) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

IRS CIRCULAR 230 NOTICE: To ensure compliance with requirements imposed by the IRS, this notice is to inform you that any U. S. federal tax advice contained in this presentation is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this presentation.

Illustration of Multi-Generational Approaches

Total Distribution Compared

Beginning Account Balance May 7, 2014: $500,000

Lump Sum Distribution Approach

Adam's Annuity

Distributions to Adam: $61,520

Arlene's Annuity

Distributions to Arlene: $54,148

Decedent's Annuity

Lump Sum Distribution to Beneficiaries: $1,159,692

Total Distributions: $1,275,360

Annuity Maximization Spousal Beneficiary Approach

Adam's Annuity

Distributions to Adam: $61,520

Arlene's & Beneficiary Annuity

Distributions to Arlene: $54,148

Decedent's Annuity | Decedent's Annuity

Distribution to Beneficiaries: $5,899,343

Total Distributions: $6,015,011[1]

Annuity Maximization Non-Spouse Approach

Adam's Annuity

Distributions to Adam: $61,520

Annuity Continues to Non-Spouse Beneficiaries

(No Distributions to Spouse)

Decedent's Annuity | Decedent's Annuity

Distribution to Beneficiaries: $5,703,257

Total Distributions: $5,764,777[1]

NOTE: See Comparing Multi-Generational Approaches for details.

[1] Total distributions assume that in lieu of the lump sum distributions, each beneficiary elects to take distributions spread over his or her lifetime.

Comparing Multi-Generational Approaches

An Explanation of Different Techniques

Lump Sum Distribution Approach

- You name Arlene as your primary beneficiary for this annuity. You take distributions of $61,520 until your death. The annuity account balance at your death is $913,398.
- At your death, Arlene names beneficiaries for the annuity. Arlene continues to take distributions of $54,148 until death. The annuity account balance at Arlene's death is $1,159,692.
- At Arlene's death, the annuity beneficiaries elect to receive the annuity as a lump sum distribution. Income taxes on the earnings are due when the lump sum distribution is received.

Total Distributions:
$1,275,360

Annuity Maximization Spousal Beneficiary Approach

- You name Arlene as your primary beneficiary for this annuity. You take distributions of $61,520 until your death. The annuity account balance at your death is $913,398.
- At your death, Arlene names beneficiaries for the annuity. Arlene continues to take distributions of $54,148 until death. The annuity account balance at Arlene's death is $1,159,692.
- At Arlene's death, the annuity beneficiaries elect to receive distributions based on each named beneficiary's life expectancy. Income taxes on the earnings are spread over the lifetime of each beneficiary as distributions are received.

Total Distributions:
$6,015,011

Annuity Maximization Non-Spouse Approach

- You and Arlene decide that Arlene will not need the annuity as a source of income. You take distributions of $61,520 until your death. The annuity account balance at your death is $913,398.
- At your death, the annuity beneficiaries elect to receive distributions based on each named beneficiary's life expectancy. Income taxes on the earnings are spread over the lifetime of each beneficiary as distributions are received.

Total Distributions:
$5,764,777

Lump Sum Distribution Approach

A Multi-Generational Approach for Continuing Distributions

Adam's Annuity

Annuity Value Now (2014):	$500,000
Distributions Start (age 65):	$695,617
Death Assumed (age 70):	$913,398

Adam's death is assumed in 2025. No income or estate tax is due on the annuity at death.

$61,520
Distributions during Adam's lifetime

Arlene receives the annuity at Adam's death.

Value of Arlene's annuity in 2025: $913,398

The estate must have liquidity of $0 for federal estate taxes attributable to the annuity to provide the total distributions shown on this page.

Arlene dies in 2030. Values included in estate.

$54,148
Distributions during Arlene's lifetime

At Arlene's death, the annuity beneficiaries elect to receive the annuity as a lump sum distribution.

$1,159,692
Lump Sum Distribution

Total distributions during lives of Adam, Arlene, and beneficiaries: $1,275,360

Lump Sum Distribution Approach

A Multi-Generational Approach for Continuing Distributions

Beginning Account Balance May 7, 2014: $500,000

Year	Annuitant Age	Spouse Age	Earnings & Deposits[1]	Actual Distribution[2]	Account Balance
2014	59	58	19,805	0	519,805
2015	60	59	31,188	0	550,993
2016	61	60	33,060	0	584,053
2017	62	61	35,043	0	619,096
2018	63	62	37,146	0	656,242
2019	64	63	39,375	0	695,617
2020	65	64	41,465	10,000	727,081
2021	66	65	43,350	10,100	760,331
2022	67	66	45,342	10,201	795,473
2023	68	67	47,448	10,303	832,618
2024	69	68	49,674	10,406	871,886
2025	70	69	52,023	10,510	913,398

Adam dies and Arlene assumes the annuity. Total distributions during Adam's lifetime are $61,520.

Year	Spouse Age	Earnings & Deposits[1]	Actual Distribution[2]	Account Balance
2026	70	54,515	10,615	957,298
2027	71	57,146	10,721	1,003,723
2028	72	59,929	10,829	1,052,823
2029	73	62,872	10,937	1,104,758
2030	74	65,980	11,046	1,159,692

Total distributions during Arlene's lifetime are $54,148. At Arlene's death, the non-qualified deferred annuity proceeds are distributed to the named beneficiaries. Estate taxes attributable to the non-qualified annuity proceeds of $0 will be due on these amounts.

Distributions Taxed

- You would like to provide your family with financial security supported by your annuity.
- You want to defer income taxation as much as possible.
- You pay income taxes on the earnings when you receive the distributions.

Lump Sum Distribution Approach

- At your death, spouse continues the annuity.
- New annuity beneficiaries can be named at anytime during spouse's remaining lifetime.
- At spouse's death, beneficiaries elect to receive the annuity death proceeds as a lump sum distribution and the earnings are subject to ordinary income tax at the beneficiary's tax rate (or they can elect to annuitize over life or a period that does not exceed life expectancy.)
- The estate should have enough liquidity outside of the annuity for the estate taxes and expenses attributable to the annuity. Life insurance may help provide the needed liquidity.

[1] Assumes annuity earns 6.000% interest. Also includes deposits, if any.
[2] Distributions prior to annuitization are taxable to the extent of earnings in the annuity. In addition, a 10% federal income tax penalty may apply to distribution of earnings taken prior to age 59½.

Lump Sum Distribution Approach

Wealth Transfer Costs

Beginning Account Balance May 7, 2014: $500,000

Year	Annuitant Age	Spouse Age	Annuity Account Balance	Other Assets[1]
2014	59	58	519,805	513,349
2015	60	59	550,993	533,883
2016	61	60	584,053	555,238
2017	62	61	619,096	577,447
2018	63	62	656,242	600,545
2019	64	63	695,617	624,567
2020	65	64	727,081	649,550
2021	66	65	760,331	675,532
2022	67	66	795,473	702,553
2023	68	67	832,618	730,655
2024	69	68	871,886	759,881
2025	70	69	913,398	790,277

Arlene receives the annuity at Adam's death in 2025 and continues taking distributions.

Year	Spouse Age	Account Balance	Other Assets[1]
2026	70	957,298	821,888
2027	71	1,003,723	854,763
2028	72	1,052,823	888,954
2029	73	1,104,758	924,512

Continuation of this analysis assumes that Arlene's estate has sufficient cash liquidity for all transfer costs without using this annuity.

Adam's Death Occurs in Year 2025

Total of Other Assets[1]	$790,277
Life insurance on Adam inside of estate[2]	$0
Estimated Annuity Account Balance	$913,398
Estimated share of estate taxes[3,4]	$0
Liquidity needed to continue this approach	**$0**
Existing life insurance on Adam outside of estate[5]	$0

Arlene's Death Occurs in Year 2030

Total of Other Assets[1]	$962,416
Life insurance on Arlene inside of estate[2]	$0
Estimated Annuity Account Balance	$1,159,692
Estimated share of estate taxes[3,4]	$0
Liquidity needed to continue this approach	**$0**
Existing life insurance on Arlene outside of estate[5]	$0

1 Other Assets are assumed to be inherited by the surviving spouse and to qualify for the marital deduction. Other Assets are assumed to grow at a net 4.000% each year.
2 Life insurance included in the deceased's estate is assumed to be added to Other Assets.
3 Estate tax calculations are based on the total of the Annuity Account Balance, the Other Assets, and any Life Insurance included in the estate. No probate fees or expenses are considered. Estimated Share of Estate Taxes is the ratio that the Annuity Account Balance bears to the Total Estate. See the Assumptions pages for additional information.
4 Income in Respect of Decedent (IRD) is taxed as distributions are received. If the Annuity Account Balance is taken as a lump sum, the income tax on the IRD would be $161,520 at Adam's death, and $235,408 at Arlene's death.
5 Life insurance outside the deceased's estate is assumed to be paid directly to heirs and will not be in the estate of the surviving spouse.

Lump Sum Distribution Approach (Continued)

Wealth Transfer Costs

Year	Spouse Age	Account Balance	Other Assets[1]
2030	74	1,159,692	962,416

At Arlene's death, the non-qualified deferred annuity proceeds are distributed to the named beneficiaries. Estate taxes attributable to the non-qualified annuity proceeds of $0 will be due on these amounts. The beneficiaries are assumed to take a lump sum distribution at Arlene's death.

[1] Other Assets are assumed to be inherited by the surviving spouse and to qualify for the marital deduction. Other Assets are assumed to grow at a net 4.000% each year.
[2] Life insurance included in the deceased's estate is assumed to be added to Other Assets.
[3] Estate tax calculations are based on the total of the Annuity Account Balance, the Other Assets, and any Life Insurance included in the estate. No probate fees or expenses are considered. Estimated Share of Estate Taxes is the ratio that the Annuity Account Balance bears to the Total Estate. See the Assumptions pages for additional information.
[4] Income in Respect of Decedent (IRD) is taxed as distributions are received. If the Account Balance is taken as a lump sum, the income tax on the IRD would be $161,520 at Adam's death, and $235,408 at Arlene's death.
[5] Life insurance outside the deceased's estate is assumed to be paid directly to heirs and will not be in the estate of the surviving spouse.

Annuity Maximization, Spousal Beneficiary Approach

A Multi-Generational Approach for Continuing Distributions

Adam's Annuity

Annuity Value Now (2014):	$500,000
Distributions Start (age 65):	$695,617
Death Assumed (age 70):	$913,398

Adam's death is assumed in 2025. No income or estate tax is due on the annuity at death.

$61,520
Distributions during Adam's lifetime

Arlene receives the annuity at Adam's death.

Value of Arlene's annuity in 2025: $913,398

The estate must have liquidity of $0 for federal estate taxes attributable to the annuity to provide the total distributions shown on this page.

Arlene dies in 2030. Values included in estate.

$54,148
Distributions during Arlene's lifetime

Distributions based on the life expectancy of each named beneficiary.

Total distributions:
Anita Stratford
$2,538,367

Total distributions:
Arland Stratford
$3,360,976

Total distributions during lives of Adam, Arlene, and beneficiaries: $6,015,011[1]

[1] Total distributions assume that in lieu of the lump sum distributions, each beneficiary elects to take distributions spread over his or her lifetime.

Annuity Maximization, Spousal Beneficiary Approach

A Multi-Generational Approach for Continuing Distributions

Beginning Account Balance May 7, 2014: $500,000

Year	Annuitant Age	Spouse Age	Earnings & Deposits[1]	Actual Distribution[2]	Account Balance
2014	59	58	19,805	0	519,805
2015	60	59	31,188	0	550,993
2016	61	60	33,060	0	584,053
2017	62	61	35,043	0	619,096
2018	63	62	37,146	0	656,242
2019	64	63	39,375	0	695,617
2020	65	64	41,465	10,000	727,081
2021	66	65	43,350	10,100	760,331
2022	67	66	45,342	10,201	795,473
2023	68	67	47,448	10,303	832,618
2024	69	68	49,674	10,406	871,886
2025	70	69	52,023	10,510	913,398

Adam dies and Arlene assumes the annuity. Total distributions during Adam's lifetime are $61,520.

Year	Spouse Age	Earnings & Deposits[1]	Actual Distribution[2]	Account Balance
2026	70	54,515	10,615	957,298
2027	71	57,146	10,721	1,003,723
2028	72	59,929	10,829	1,052,823
2029	73	62,872	10,937	1,104,758
2030	74	65,980	11,046	1,159,692

Total distributions during Arlene's lifetime are $54,148. At Arlene's death, the non-qualified deferred annuity proceeds are distributed to the named beneficiaries. Estate taxes attributable to the non-qualified annuity proceeds of $0 will be due on these amounts.

Distributions Taxed

- You would like to provide your family with financial security supported by your annuity.
- You want to defer income taxation as much as possible.
- You pay income taxes on the earnings when you receive the distributions.
- With proper planning you can spread distributions to your heirs.

Annuity Maximization Spousal Beneficiary Approach

- At your death, spouse names new beneficiaries for the annuity.
- At spouse's death, each beneficiary receives distributions based on his or her own life expectancy, and the earnings are subject to ordinary income tax at the beneficiary's tax rate, provided the annuity contract or issuer allows this option.
- Spouse's estate should have enough liquidity outside of the annuity for the estate taxes attributable to the annuity. Life insurance may help provide the needed liquidity.

[1] Assumes annuity earns 6.000% interest. Also includes deposits, if any.
[2] Distributions prior to annuitization are taxable to the extent of earnings in the annuity. In addition, a 10% federal income tax penalty may apply to distribution of earnings taken prior to age 59½.

Annuity Maximization, Spousal Beneficiary Approach

Next Generation After Arlene's Death

	Anita Stratford (*Account Balance:* $579,846)				Arland Stratford (*Account Balance:* $579,846)			
Year	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]
2031	43	40.7	14,247	600,390	36	47.5	12,207	602,430
2032	44	39.7	15,123	621,290	37	46.5	12,955	625,620
2033	45	38.7	16,054	642,514	38	45.5	13,750	649,407
2034	46	37.7	17,043	664,022	39	44.5	14,593	673,778
2035	47	36.7	18,093	685,770	40	43.5	15,489	698,716
2036	48	35.7	19,209	707,707	41	42.5	16,440	724,198
2037	49	34.7	20,395	729,774	42	41.5	17,451	750,200
2038	50	33.7	21,655	751,906	43	40.5	18,523	776,688
2039	51	32.7	22,994	774,026	44	39.5	19,663	803,627
2040	52	31.7	24,417	796,050	45	38.5	20,873	830,971
2041	53	30.7	25,930	817,883	46	37.5	22,159	858,670
2042	54	29.7	27,538	839,418	47	36.5	23,525	886,665
2043	55	28.7	29,248	860,535	48	35.5	24,976	914,888
2044	56	27.7	31,066	881,101	49	34.5	26,519	943,263
2045	57	26.7	33,000	900,967	50	33.5	28,157	971,702
2046	58	25.7	35,057	919,968	51	32.5	29,899	1,000,105
2047	59	24.7	37,246	937,921	52	31.5	31,749	1,028,362
2048	60	23.7	39,575	954,621	53	30.5	33,717	1,056,347
2049	61	22.7	42,054	969,845	54	29.5	35,808	1,083,920
2050	62	21.7	44,693	983,342	55	28.5	38,032	1,110,923
2051	63	20.7	47,504	994,838	56	27.5	40,397	1,137,181
2052	64	19.7	50,499	1,004,029	57	26.5	42,912	1,162,499
2053	65	18.7	53,691	1,010,579	58	25.5	45,588	1,186,661
2054	66	17.7	57,095	1,014,119	59	24.5	48,435	1,209,425
2055	67	16.7	60,726	1,014,241	60	23.5	51,465	1,230,526
2056	68	15.7	64,601	1,010,494	61	22.5	54,690	1,249,668
2057	69	14.7	68,741	1,002,382	62	21.5	58,124	1,266,524
2058	70	13.7	73,167	989,359	63	20.5	61,782	1,280,733
2059	71	12.7	77,902	970,818	64	19.5	65,679	1,291,899
2060	72	11.7	82,976	946,091	65	18.5	69,832	1,299,580

[1] Calculated using each beneficiary's life expectancy on December 31 of the year following death and reduced by one each year thereafter.
[2] Some or all distributions may be subject to income tax.
[3] Assumes annuity earns 6.000% interest.

Annuity Maximization, Spousal Beneficiary Approach

Next Generation After Arlene's Death

	Anita Stratford				Arland Stratford			
Year	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]
2061	73	10.7	88,420	914,437	66	17.5	74,262	1,303,293
2062	74	9.7	94,272	875,031	67	16.5	78,987	1,302,503
2063	75	8.7	100,578	826,955	68	15.5	84,032	1,296,621
2064	76	7.7	107,397	769,175	69	14.5	89,422	1,284,996
2065	77	6.7	114,802	700,524	70	13.5	95,185	1,266,911
2066	78	5.7	122,899	619,656	71	12.5	101,353	1,241,573
2067	79	4.7	131,842	524,994	72	11.5	107,963	1,208,104
2068	80	3.7	141,890	414,603	73	10.5	115,058	1,165,533
2069	81	2.7	153,557	285,923	74	9.5	122,688	1,112,777
2070	82	1.7	168,190	134,888	75	8.5	130,915	1,048,629
2071	83	0.7	142,981	0	76	7.5	139,817	971,730
	Total:		**$2,538,367**		77	6.5	149,497	880,537
					78	5.5	160,098	773,271
					79	4.5	171,838	647,829
					80	3.5	185,094	501,605
					81	2.5	200,642	331,059
					82	1.5	220,706	130,217
					83	0.5	138,030	0
					Total:		**$3,360,976**	

[1] Calculated using each beneficiary's life expectancy on December 31 of the year following death and reduced by one each year thereafter.
[2] Some or all distributions may be subject to income tax.
[3] Assumes annuity earns 6.000% interest.

Annuity Maximization, Spousal Beneficiary Approach

Wealth Transfer Costs

Beginning Account Balance May 7, 2014: $500,000

Year	Annuitant Age	Spouse Age	Annuity Account Balance	Other Assets[1]
2014	59	58	519,805	513,349
2015	60	59	550,993	533,883
2016	61	60	584,053	555,238
2017	62	61	619,096	577,447
2018	63	62	656,242	600,545
2019	64	63	695,617	624,567
2020	65	64	727,081	649,550
2021	66	65	760,331	675,532
2022	67	66	795,473	702,553
2023	68	67	832,618	730,655
2024	69	68	871,886	759,881
2025	70	69	913,398	790,277

Arlene receives the annuity at Adam's death in 2025 and continues taking distributions.

Year	Spouse Age	Account Balance	Other Assets[1]
2026	70	957,298	821,888
2027	71	1,003,723	854,763
2028	72	1,052,823	888,954
2029	73	1,104,758	924,512
2030	74	1,159,692	962,416

At Arlene's death, the non-qualified deferred annuity proceeds are distributed to the named beneficiaries. Estate taxes attributable to the non-qualified annuity proceeds of $0 will be due on these amounts.

Continuation of this analysis assumes that Arlene's estate has sufficient cash liquidity for all transfer costs without using this annuity.

Adam's Death Occurs in Year 2025

Total of Other Assets[1]	$790,277
Life insurance on Adam inside of estate[2]	$0
Estimated Annuity Account Balance	$913,398
Estimated share of estate taxes[3,4]	$0
Liquidity needed to continue this approach	**$0**
Existing life insurance on Adam outside of estate[5]	$0

Arlene's Death Occurs in Year 2030

Total of Other Assets[1]	$962,416
Life insurance on Arlene inside of estate[2]	$0
Estimated Annuity Account Balance	$1,159,692
Estimated share of estate taxes[3,4]	$0
Liquidity needed to continue this approach	**$0**
Existing life insurance on Arlene outside of estate[5]	$0

[1] Other Assets are assumed to be inherited by the surviving spouse and to qualify for the marital deduction. Other Assets are assumed to grow at a net 4.000% each year.
[2] Life insurance included in the deceased's estate is assumed to be added to Other Assets.
[3] Estate tax calculations are based on the total of the Annuity Account Balance, the Other Assets, and any Life Insurance included in the estate. No probate fees or expenses are considered. Estimated Share of Estate Taxes is the ratio that the Annuity Account Balance bears to the Total Estate. See the Assumptions pages for additional information.
[4] Income in Respect of Decedent (IRD) is taxed as distributions are received. If the Annuity Account Balance is taken as a lump sum, the income tax on the IRD would be $161,520 at Adam's death, and $235,408 at Arlene's death.
[5] Life insurance outside the deceased's estate is assumed to be paid directly to heirs and will not be in the estate of the surviving spouse.

Annuity Maximization, Non-Spouse Beneficiary Approach

A Multi-Generational Approach for Continuing Distributions

Adam's Annuity

Annuity Value Now (2014):	$500,000
Distributions Start (age 65):	$695,617
Death Assumed (age 70):	$913,398

Adam names non-spouse beneficiary(ies).

Value of Adam's annuity in 2025: $913,398

The estate must have liquidity of $0 for federal estate taxes attributable to the annuity to provide the total distributions shown on this page.

Adam's death is assumed in 2025. Values included in estate.

$61,520
Distributions during Adam's lifetime

Distributions based on the life expectancy of each named beneficiary.

Total distributions:
Anita Stratford
$2,444,870

Total distributions:
Arland Stratford
$3,258,387

Total distributions during lives of Adam and beneficiaries: $5,764,777[1]

[1] Total distributions assume that in lieu of the lump sum distributions, each beneficiary elects to take distributions spread over his or her lifetime.

Annuity Maximization, Non-Spouse Beneficiary Approach

A Multi-Generational Approach for Continuing Distributions

Beginning Account Balance May 7, 2014: $500,000

Year	Annuitant Age	Earnings & Deposits[1]	Actual Distribution[2]	Account Balance
2014	59	19,805	0	519,805
2015	60	31,188	0	550,993
2016	61	33,060	0	584,053
2017	62	35,043	0	619,096
2018	63	37,146	0	656,242
2019	64	39,375	0	695,617
2020	65	41,465	10,000	727,081
2021	66	43,350	10,100	760,331
2022	67	45,342	10,201	795,473
2023	68	47,448	10,303	832,618
2024	69	49,674	10,406	871,886
2025	70	52,023	10,510	913,398

Total distributions during Adam's lifetime are $61,520. At Adam's death, the non-qualified deferred annuity proceeds are distributed to the named beneficiaries. Estate taxes attributable to the non-qualified annuity proceeds of $0 will be due on these amounts.

Distributions Taxed

- You pay income taxes on the earnings when you receive the distributions.
- You want to defer income taxation as much as possible.
- You would like to provide your family with financial security supported by your annuity.
- With proper planning you can spread distributions to your heirs.

Annuity Maximization Non-Spouse Beneficiary Approach

- At your death, each beneficiary receives distributions based on his or her own life expectancy, and the earnings are subject to ordinary income tax at the beneficiary's tax rate, provided the annuity contract or issuer allows this option.
- The estate should have enough liquidity outside of the annuity for the estate taxes and expenses attributable to the annuity. Life insurance may help provide the needed liquidity.

[1] Assumes annuity earns 6.000% interest. Also includes deposits, if any.
[2] Distributions prior to annuitization are taxable to the extent of earnings in the annuity. In addition, a 10% federal income tax penalty may apply to distribution of earnings taken prior to age 59½.

Annuity Maximization, Non-Spouse Beneficiary Approach

Next Generation After Adam's Death

	Account Balance: $456,699 Anita Stratford				*Account Balance:* $456,699 Arland Stratford			
Year	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]
2026	38	45.6	10,015	474,086	31	52.4	8,716	475,386
2027	39	44.6	10,630	491,901	32	51.4	9,249	494,660
2028	40	43.6	11,282	510,133	33	50.4	9,815	514,525
2029	41	42.6	11,975	528,766	34	49.4	10,415	534,981
2030	42	41.6	12,711	547,720	35	48.4	11,053	555,973
2031	43	40.6	13,491	567,092	36	47.4	11,729	577,602
2032	44	39.6	14,321	586,797	37	46.4	12,448	599,809
2033	45	38.6	15,202	606,803	38	45.4	13,212	622,586
2034	46	37.6	16,138	627,073	39	44.4	14,022	645,919
2035	47	36.6	17,133	647,564	40	43.4	14,883	669,791
2036	48	35.6	18,190	668,228	41	42.4	15,797	694,182
2037	49	34.6	19,313	689,009	42	41.4	16,768	719,065
2038	50	33.6	20,506	709,843	43	40.4	17,799	744,410
2039	51	32.6	21,774	730,659	44	39.4	18,894	770,181
2040	52	31.6	23,122	751,377	45	38.4	20,057	796,336
2041	53	30.6	24,555	771,904	46	37.4	21,292	822,823
2042	54	29.6	26,078	792,141	47	36.4	22,605	849,588
2043	55	28.6	27,697	811,972	48	35.4	24,000	876,563
2044	56	27.6	29,419	831,271	49	34.4	25,481	903,676
2045	57	26.6	31,251	849,897	50	33.4	27,056	930,840
2046	58	25.6	33,199	867,691	51	32.4	28,730	957,961
2047	59	24.6	35,272	884,481	52	31.4	30,508	984,930
2048	60	23.6	37,478	900,072	53	30.4	32,399	1,011,627
2049	61	22.6	39,826	914,250	54	29.4	34,409	1,037,915
2050	62	21.6	42,326	926,778	55	28.4	36,546	1,063,644
2051	63	20.6	44,989	937,396	56	27.4	38,819	1,088,643
2052	64	19.6	47,826	945,813	57	26.4	41,236	1,112,726
2053	65	18.6	50,850	951,712	58	25.4	43,808	1,135,681
2054	66	17.6	54,075	954,740	59	24.4	46,544	1,157,278
2055	67	16.6	57,514	954,510	60	23.4	49,456	1,177,258

[1] Calculated using each beneficiary's life expectancy on December 31 of the year following death and reduced by one each year thereafter.
[2] Some or all distributions may be subject to income tax.
[3] Assumes annuity earns 6.000% interest.

Annuity Maximization, Non-Spouse Beneficiary Approach

Next Generation After Adam's Death

	Anita Stratford				Arland Stratford			
Year	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]	**Age**	**Life Exp.**[1]	**Actual Distributions**[2]	**Account Balance**[3]
2056	68	15.6	61,187	950,594	61	22.4	52,556	1,195,337
2057	69	14.6	65,109	942,520	62	21.4	55,857	1,211,201
2058	70	13.6	69,303	929,769	63	20.4	59,373	1,224,500
2059	71	12.6	73,791	911,764	64	19.4	63,119	1,234,851
2060	72	11.6	78,600	887,869	65	18.4	67,111	1,241,831
2061	73	10.6	83,761	857,380	66	17.4	71,370	1,244,971
2062	74	9.6	89,310	819,512	67	16.4	75,913	1,243,757
2063	75	8.6	95,292	773,391	68	15.4	80,763	1,237,619
2064	76	7.6	101,762	718,033	69	14.4	85,946	1,225,930
2065	77	6.6	108,793	652,322	70	13.4	91,487	1,207,999
2066	78	5.6	116,486	574,975	71	12.4	97,419	1,183,059
2067	79	4.6	124,995	484,479	72	11.4	103,777	1,150,266
2068	80	3.6	134,577	378,970	73	10.4	110,602	1,108,679
2069	81	2.6	145,758	255,951	74	9.4	117,945	1,057,255
2070	82	1.6	159,969	111,339	75	8.4	125,864	994,827
2071	83	0.6	118,019	0	76	7.4	134,436	920,080
	Total:		**$2,444,870**		77	6.4	143,763	831,523
					78	5.4	153,986	727,428
					79	4.4	165,325	605,749
					80	3.4	178,162	463,933
					81	2.4	193,305	298,463
					82	1.4	213,188	103,183
					83	0.4	109,374	0
					Total:		**$3,258,387**	

[1] Calculated using each beneficiary's life expectancy on December 31 of the year following death and reduced by one each year thereafter.
[2] Some or all distributions may be subject to income tax.
[3] Assumes annuity earns 6.000% interest.

Annuity Maximization, Non-Spouse Beneficiary Approach

Wealth Transfer Costs

Beginning Account Balance May 7, 2014: $500,000

Year	Annuitant Age	Spouse Age	Annuity Account Balance	Other Assets[1]
2014	59	58	519,805	513,349
2015	60	59	550,993	533,883
2016	61	60	584,053	555,238
2017	62	61	619,096	577,447
2018	63	62	656,242	600,545
2019	64	63	695,617	624,567
2020	65	64	727,081	649,550
2021	66	65	760,331	675,532
2022	67	66	795,473	702,553
2023	68	67	832,618	730,655
2024	69	68	871,886	759,881
2025	70	69	913,398	790,277

At Adam's death, the non-qualified deferred annuity proceeds are distributed to the named beneficiaries. Estate taxes attributable to the non-qualified annuity proceeds of $0 will be due on these amounts.

Continuation of this analysis assumes that Arlene's estate has sufficient cash liquidity for all transfer costs without using this annuity.

Adam's Death Occurs in Year 2025

Total of Other Assets[1]	$790,277
Life insurance on Adam inside of estate[2]	$0
Estimated Annuity Account Balance	$913,398
Estimated share of estate taxes[3,4]	$0
Liquidity needed to continue this approach	**$0**
Existing life insurance on Adam outside of estate[5]	$0

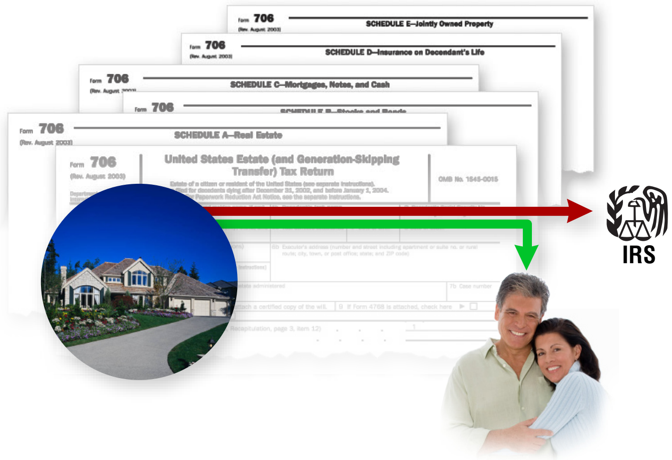
Arlene's Death Occurs in Year 2030

Total of Other Assets[1]	$961,492
Life insurance on Arlene inside of estate[2]	$0
Estimated Annuity Account Balance	$0
Estimated share of estate taxes[3,4]	$0
Liquidity needed to continue this approach	**$0**
Existing life insurance on Arlene outside of estate[5]	$0

[1] Other Assets are assumed to be inherited by the surviving spouse and to qualify for the marital deduction. Other Assets are assumed to grow at a net 4.000% each year.
[2] Life insurance included in the deceased's estate is assumed to be added to Other Assets.
[3] Estate tax calculations are based on the total of the Annuity Account Balance, the Other Assets, and any Life Insurance included in the estate. No probate fees or expenses are considered. Estimated Share of Estate Taxes is the ratio that the Annuity Account Balance bears to the Total Estate. See the Assumptions pages for additional information.
[4] Income in Respect of Decedent (IRD) is taxed as distributions are received. If the Annuity Account Balance is taken as a lump sum, the income tax on the IRD would be $161,520 at Adam's death.
[5] Life insurance outside the deceased's estate is assumed to be paid directly to heirs and will not be in the estate of the surviving spouse.

The Key to Maximizing Distributions

Keeping your Plan Intact



Significant Transfer Costs
Are Incurred at Your Death

The key to maximizing income tax deferral and stretching out distributions to your heirs is to keep the annuity intact at death.

- *How will the estate taxes and other transfer costs needed to keep your plan in place be paid?*
- *Where will the additional liquidity come from?*
    - Using the annuity not only accelerates income taxes on the earnings but prevents the stretching of distributions over future generations
    - Pay the additional liquidity needed from other assets within the estate assets that might otherwise be passed on and utilized for other planning purposes
    - Or, pay the transfer costs attributable to the annuity transfer using life insurance owned by an irrevocable life insurance trust

Your estate needs enough liquidity outside of the annuity to satisfy estate taxes and expenses attributable to the plan to achieve optimal multi-generational planning.

Sources of Liquidity

Ways to Pay Wealth Transfer Costs

Use Cash On Hand

Advantages
- It's easy to use
- It's always available
- No interest costs

Concerns
- Who has that amount of cash?
- Cash is included in taxable estate
- May be better uses for cash

Borrow the Money

Advantages
- No immediate outlay
- Uses other people's money
- Single sum transfer

Concerns
- Can't find a lender
- Interest charges can be high
- Can you pay back the principal?
- Loan payments impede lifestyle

Liquidating Assets

Advantages
- No need to save during life
- No interest costs

Concerns
- Can't find a buyer
- Asset values subject to market fluctuations
- Sale takes too long
- Assets are subject to estate tax
- Family may want to keep asset

Life Insurance

Advantages
- Proceeds are generally paid income tax free
- No interest costs
- Flexible outlay options
- Cash value accumulation
- Proceeds can be estate tax free

Concerns
- Requires annual premiums
- Must qualify for insurance
- Proceeds may not be estate tax free (if owned by the insured)

Assumptions

Details and Assumptions for Annuity Maximization Calculations

General Assumptions

Adam's DOB: May 5, 1955 and Arlene's DOB: August 1, 1956

Calculations assume that the value of All Other Assets (excluding life insurance) is equal to $500,100. These assets are assumed to grow at 4.000%. Hypothetical rate of return illustrated is not associated with any particular investment product.

Calculations assume an income tax rate of 30.000%.

Estate Assumptions

Assumes portability of any unused Applicable Exclusion Amount at first spouse's death.

Federal Inflation Rate for Applicable Exclusion Amount is 2.00%.

Annuity Maximization Assumptions

Current plan amount is $500,000 with a growth rate of 6.000%. Hypothetical rates of return illustrated are not associated with any particular investment.

The prior annuity cost basis was $375,000.

There are no additional annual contributions assumed.

The annuity balance is grown pro-rata based on the date entered.

Adam takes distributions from the annuity of $10,000 starting when Adam turns 65 and ending after 99 years.

Distributions of earnings are taxable.

Beneficiary Information

Beneficiary Name	Date of Birth
Anita Stratford	June 4, 1988
Arland Stratford	December 12, 1995

Lump Sum Distribution Assumptions

Arlene is named beneficiary.

At Adam's death, Arlene continues the annuity. At Arlene's death, beneficiaries receive the balance of the annuity as a lump sum distribution.

Annuity Maximization Spousal Beneficiary Assumptions

Arlene is named beneficiary.

At Adam's death Arlene continues the annuity. At Arlene's death, each non-spouse beneficiary receives distributions based on his/her own life expectancy, as of 12/31 of the year following Arlene's death, and is assumed to live to the life expectancy used in the illustration.

Arlene's estate is assumed to have cash liquidity to fund estate taxes outside of the annuity for this analysis.

Assumptions (Continued)

Details and Assumptions for Annuity Maximization Calculations

Annuity Maximization Non-Spousal Beneficiary Assumptions

Adam's death is assumed in 2025. Adam's estate is assumed to have enough cash liquidity outside of the annuity in analysis.

At Adam's death each non-spouse beneficiary receives distributions based on his or her life expectancy and is assumed to live to the life expectancy used in the illustration.

Tax Act of 2012

The American Taxpayer Relief Act of 2012 was signed into law on January 2, 2013 as P.L. 112-240, also known as Tax Act of 2012 in this presentation. Tax Act of 2012 applies to deaths and gifts made in 2013 and later. Tax Act of 2012 provides for 'portability' of a deceased spouse's unused Applicable Exclusion Amount. Unused exclusion amounts may be passed to the surviving spouse (election must be made on timely filed estate tax return.)