



**THRIVENT**  
FINANCIAL®

# Stretch IRA

A Multigenerational Approach  
to Maximizing Your IRA

**Sam Stratford and Sue Stratford**

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# Important Notes

These pages depict certain wealth preservation strategies concerning possible methods for taking distributions from your qualified retirement plan and may recommend strategies that propose the purchase of a new life insurance policy. For purposes of this analysis, several of your qualified retirement plans may be aggregated and shown as one single plan. 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. This retirement income distribution analysis may be used as supporting documentation in the development of a financial plan offered as an advisory service by Thrivent Investment Management Inc., subject to the Investment Advisers Act of 1940. However, the analysis may also be used to support other recommendations outside the context of an investment advisory relationship, and does not, in and of itself, constitute a financial plan.

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.

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.

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.

Past performance is not an indication of future results. Projections are based on assumptions that are believed to be reasonable. Actual results may vary, perhaps to a material degree.

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.

These computations do not apply the net unrealized appreciation (NUA) technique to your qualified plan distributions. NUA is a technique which allows a former employee to pay taxes at the most favorable long-term capital gain rate on the appreciation value of any employer securities held within the employer's retirement plan. Please consult with your tax advisor to see if this technique is available to you.

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

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# Tax Considerations

## Understanding Distributions from Your Retirement Plan

### Your Objectives

- Tax Deferral—Defer the payment of income taxes as long as allowed
- Security—Use your retirement account to provide your family with continued distributions even after your death

### The Government's View of Retirement Plans

- Tax advantaged "perks" to encourage retirement savings
- Retirement plans were never intended as a mechanism to pass wealth to future generations
- To discourage the use of retirement plans as wealth transfer vehicles, Congress created the required minimum distribution rules

### Distribution Rules

- Required Beginning Date (RBD)—No later than April 1st following age 70½ for traditional IRAs, SEPs, SIMPLEs. For qualified retirement plans, the RBD is the later of April 1 of the year following the year in which the owner reaches age 70½ or retires, if less than a 5% owner.
- Required Minimum Distributions (RMD)—The amount you must take from your plan each year
- Distributions of retirement plan balance at owner's death are subject to ordinary income tax at beneficiary's tax rate

## How do you use these rules to meet your objectives?

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# Decisions Regarding Your IRA or Qualified Account

## Determining How Long Distributions Can Be Taken

Beneficiary Designation—determines who will benefit from your IRA or Qualified Plan and for how long.

### It involves:

- Naming the beneficiary(ies)
- Giving a spouse the ability to roll over to an IRA
- Deciding if and when to split into multiple IRAs

**Your choice of beneficiary determines the life expectancy over which distributions can be taken after your death.**

- The longer the life expectancy, the longer the distribution period
- Proper beneficiary designations may "stretch" distributions for a longer period of time

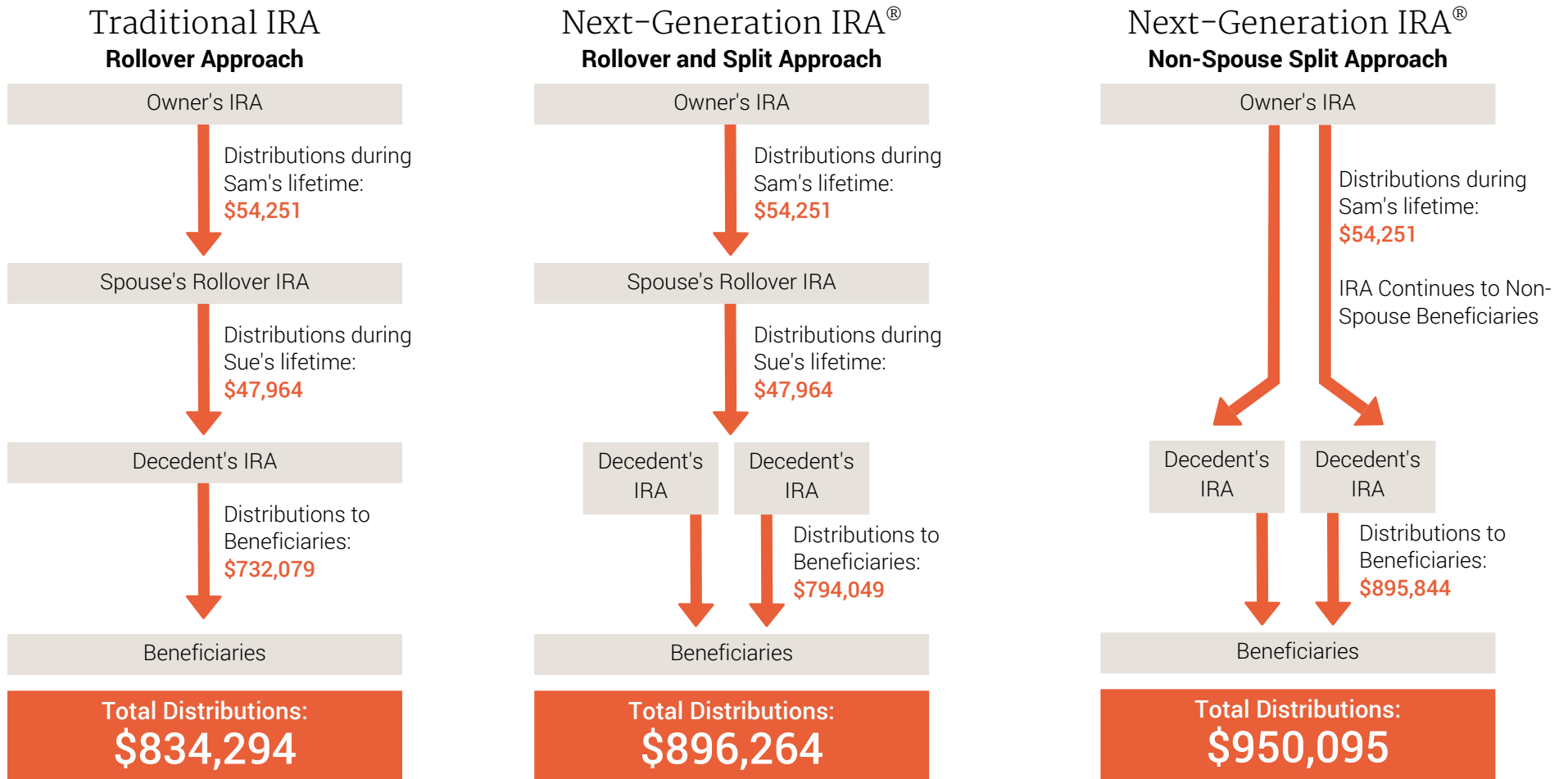
Distributions—determine when and how much to take from your IRA or Qualified Plan.

- When will you start distributions? At the Required Beginning Date or earlier?
- Uniform Lifetime Table or Joint Life Expectancy Table—Minimum distributions are based on life expectancy, which is determined annually using the Uniform Life Expectancy Table or Joint Life Expectancy Table (if your spouse is your beneficiary and is more than 10 years younger).

# Illustration of Multi-Generational Approaches

## Total Distributions Compared

**\$** Beginning Account Balance December 31, 2013: **\$200,000**



NOTE: The Multi-Generational Approaches illustrated in this presentation are designed for participants who will NOT need the funds for their own retirement needs. Other factors should also be considered, such as, possible tax law changes and the impact of inflation. See Comparing Multi-Generational Approaches for details.

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# Comparing Multi-Generational Approaches

## An Explanation of Different Techniques

### Traditional IRA Rollover Approach

Total Distributions: **\$834,294**

- You name Sue as your primary beneficiary for this IRA. You take minimum distributions using the Uniform Lifetime Table. Your lifetime distributions are \$54,251 at your death, at which time Sue does an IRA rollover.
- Sue names beneficiaries for the IRA. Minimum distributions are based on the Uniform Lifetime Table. Sue's lifetime distributions are \$47,964.
- At Sue's death, if the IRA does not split into separate shares, distributions continue to each beneficiary based on the oldest beneficiary's life expectancy. The distributions<sup>1</sup> to the beneficiaries are \$732,079.

### Next-Generation IRA® Rollover and Split Approach

Total Distributions: **\$896,264**

- You name Sue as your primary beneficiary for this IRA. You take minimum distributions using the Uniform Lifetime Table. Your lifetime distributions are \$54,251 at your death, at which time Sue does an IRA rollover.
- At your death, Sue rolls over the IRA and takes minimum distributions based on the Uniform Lifetime Table. Sue's lifetime distributions are \$47,964.
- At Sue's death, the IRA is split into separate IRAs with named beneficiaries. Distributions continue to each beneficiary based on his or her life expectancy. The distributions<sup>1</sup> to the beneficiaries are \$794,049.

### Next-Generation IRA® Non-Spouse Split Approach

Total Distributions: **\$950,095**

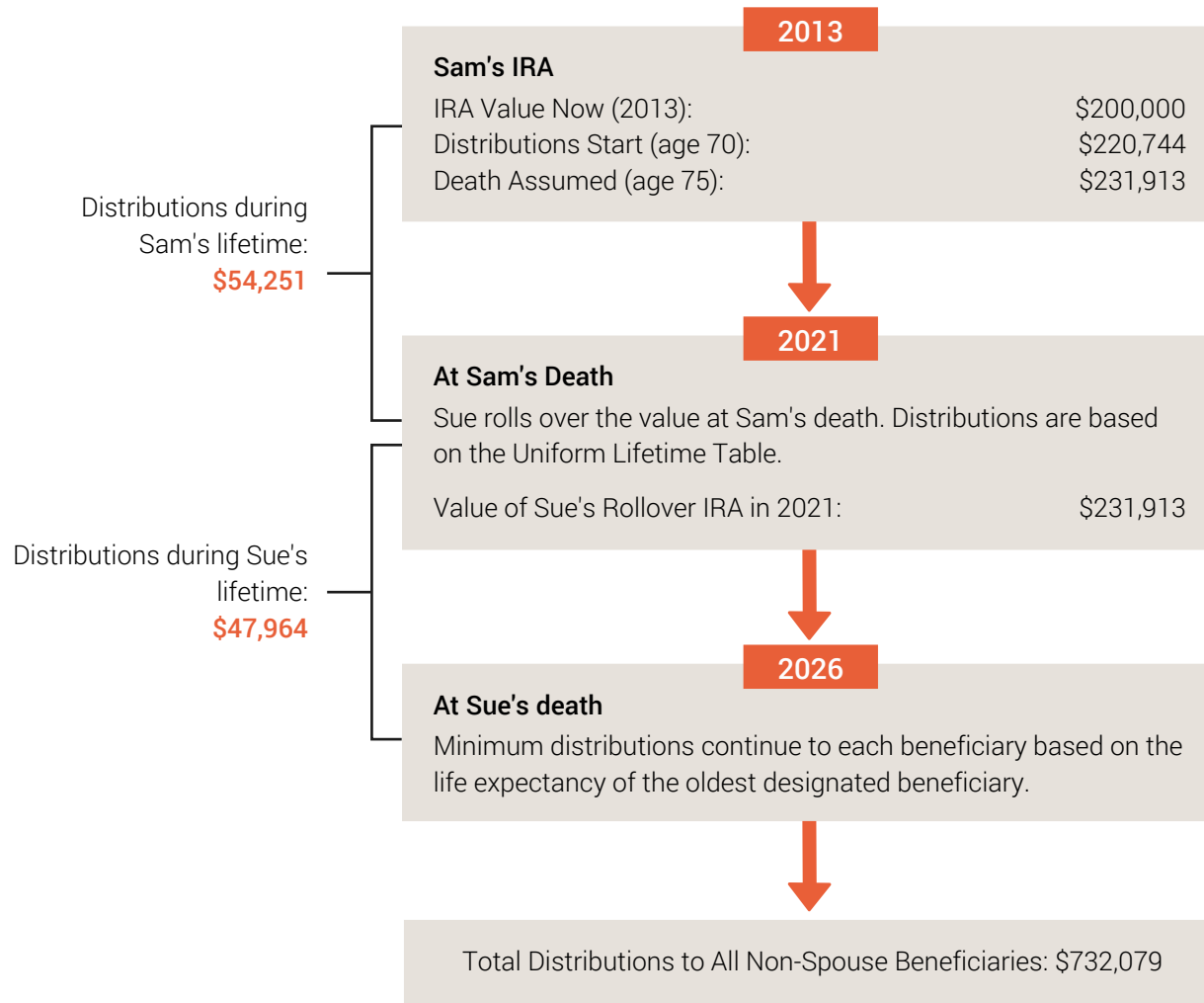
- You and Sue decide that you will not need the IRA as a source of income. You take minimum distributions using the Uniform Lifetime Table. Total distributions during Sam's lifetime are \$54,251.
- At your death, the IRA is split into separate IRAs with named beneficiaries. Distributions continue to each beneficiary based on his or her life expectancy. The distributions<sup>1</sup> to the beneficiaries are \$895,844.

<sup>1</sup> Although the intent is to show the beneficiaries stretching the distributions over as many years as possible, each beneficiary could elect to take his or her share in a lump sum. The estimated lump sum available at the spouse's death in the Traditional IRA Rollover Approach would be \$240,797 to be split among all named beneficiaries. The estimated lump sum available at the spouse's death in the Next-Generation IRA® Rollover and Split Approach would be \$240,797 to be split among all named beneficiaries. The estimated lump sum available at the owner's death in the Next-Generation IRA® Non-Spouse Split Approach would be \$231,913 to be split among all named beneficiaries.

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# Traditional Rollover Approach

## A Multi-Generational Approach for Continuing Distributions



**Total distributions during lives of Sam, Sue and beneficiaries: \$834,294**

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# Traditional Rollover Approach

## A Multi-Generational Approach for Continuing Distributions

**\$** Beginning Account Balance December 31, 2013: **\$200,000**

Year	Client Age	Spouse Age	Life Exp. <sup>1</sup>	Earnings & Contributions <sup>2</sup>	Actual Distributions <sup>3</sup>	ALLOCATION OF DISTRIBUTIONS				Total of All Other Assets <sup>6</sup>	Account Balance
						Income Taxes Paid <sup>4</sup>	Prem. & Non-Prem. Gifts	Spending	Reinvested Distributions <sup>5</sup>		
2015	69	64		10,512	0	0	0	0	0	2,023,146	220,744
2016	70	65	27.4	10,669	8,056	0	0	0	8,056	2,087,850	223,356
2017	71	66	26.5	10,782	8,429	2,417	0	0	6,012	2,152,321	225,710
2018	72	67	25.6	10,882	8,817	2,529	0	0	6,288	2,218,875	227,776
2019	73	68	24.7	10,967	9,222	2,645	0	0	6,577	2,287,580	229,521
2020	74	69	23.8	11,035	9,644	2,767	0	0	6,877	2,358,509	230,912
2021	75	70	22.9	11,084	10,083	2,893	0	0	7,190	2,431,738	231,913

**\$** Total distributions during Sam's lifetime are \$54,251.

Sam dies and Sue does an IRA rollover.

Year	Spouse Age	Life Exp. <sup>1</sup>	Earnings & Contributions <sup>2</sup>	Actual Distributions <sup>3</sup>	ALLOCATION OF DISTRIBUTIONS				Total of All Other Assets <sup>6</sup>	Account Balance
					Income Taxes Paid <sup>4</sup>	Prem. & Non-Prem. Gifts	Spending	Reinvested Distributions <sup>5</sup>		
2022	71	26.5	11,195	8,751	3,025	0	0	5,726	2,505,553	234,357
2023	72	25.6	11,299	9,155	2,625	0	0	6,529	2,582,238	236,501
2024	73	24.7	11,387	9,575	2,746	0	0	6,829	2,661,369	238,314
2025	74	23.8	11,458	10,013	2,872	0	0	7,141	2,743,028	239,758

<sup>1</sup> Sam takes distributions at age 70. Sam's death is assumed to occur in 2021. Sue is named beneficiary. For Traditional IRA, 403(b) or other Qualified Plans, Sam takes required minimum distributions (RMDs) at age 70½ and calculates life expectancy annually based on the Uniform Lifetime Table.

<sup>2</sup> Assumes qualified plan earns 5.000% interest. Also includes contributions, if any.

<sup>3</sup> For Traditional IRA, 403(b) or other Qualified Plans, Actual Distributions is the greater of distribution required to generate the Desired Distribution (see Assumptions pages) or RMD.

<sup>4</sup> Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability. Distributions from Traditional IRA, 403(b) or other Qualified Plans are taxable. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

<sup>5</sup> Actual Distributions less Taxes and Penalties, Premium and Non-Premium Gifts and Spending.

<sup>6</sup> All Other Assets and Cumulative Reinvested Distributions are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate. Does not include the death benefit of life insurance.

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ALLOCATION OF DISTRIBUTIONS

Year	Spouse Age	Life Exp. <sup>1</sup>	Earnings & Contributions <sup>2</sup>	Actual Distributions <sup>3</sup>	Income Taxes Paid <sup>4</sup>	Prem. & Non-Prem. Gifts	Spending	Reinvested Distributions <sup>5</sup>	Total of All Other Assets <sup>6</sup>	Account Balance
2026	75	22.9	11,509	10,470	6,145	0	0	4,325	2,824,167	240,797

**\$** Total distributions during Sue's lifetime are \$47,964.

At Sue's death, the IRA is distributed to the named beneficiaries. Estate taxes of \$0 will be due on these amounts.<sup>7</sup>

<sup>1</sup> Sam takes distributions at age 70. Sam's death is assumed to occur in 2021. Sue is named beneficiary. For Traditional IRA, 403(b) or other Qualified Plans, Sam takes required minimum distributions (RMDs) at age 70½ and calculates life expectancy annually based on the Uniform Lifetime Table.

<sup>2</sup> Assumes qualified plan earns 5.000% interest. Also includes contributions, if any.

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<sup>5</sup> Actual Distributions less Taxes and Penalties, Premium and Non-Premium Gifts and Spending.

<sup>6</sup> All Other Assets and Cumulative Reinvested Distributions are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate. Does not include the death benefit of life insurance.

<sup>7</sup> 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 \$69,574 at Sam's death, and \$72,239 at Sue's death. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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# Traditional Rollover Approach

## Next Generation after Sue's Death

\$ Beneficiary Considered: **All Non-Spouse Beneficiaries**
\$ Account Balance: **\$240,797**
\$ Share of Allowable Deductions: **\$0**

Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	INCOME TAXATION				
					Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2027	46	37.9	246,484	6,353	0	6,353	1,906	4,448	0
2028	47	36.9	252,128	6,680	0	6,680	2,004	4,676	0
2029	48	35.9	257,711	7,023	0	7,023	2,107	4,916	0
2030	49	34.9	263,213	7,384	0	7,384	2,215	5,169	0
2031	50	33.9	268,609	7,764	0	7,764	2,329	5,435	0
2032	51	32.9	273,875	8,164	0	8,164	2,449	5,715	0
2033	52	31.9	278,983	8,585	0	8,585	2,576	6,010	0
2034	53	30.9	283,904	9,029	0	9,029	2,709	6,320	0
2035	54	29.9	288,604	9,495	0	9,495	2,848	6,647	0
2036	55	28.9	293,048	9,986	0	9,986	2,996	6,990	0
2037	56	27.9	297,197	10,504	0	10,504	3,151	7,352	0
2038	57	26.9	301,008	11,048	0	11,048	3,314	7,734	0
2039	58	25.9	304,437	11,622	0	11,622	3,487	8,135	0
2040	59	24.9	307,432	12,226	0	12,226	3,668	8,559	0
2041	60	23.9	309,941	12,863	0	12,863	3,859	9,004	0
2042	61	22.9	311,903	13,535	0	13,535	4,060	9,474	0
2043	62	21.9	313,256	14,242	0	14,242	4,273	9,970	0
2044	63	20.9	313,931	14,988	0	14,988	4,496	10,492	0
2045	64	19.9	313,852	15,775	0	15,775	4,732	11,043	0
2046	65	18.9	312,939	16,606	0	16,606	4,982	11,624	0

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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INCOME TAXATION									
Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2047	66	17.9	311,103	17,483	0	17,483	5,245	12,238	0
2048	67	16.9	308,250	18,408	0	18,408	5,522	12,886	0
2049	68	15.9	304,275	19,387	0	19,387	5,816	13,571	0
2050	69	14.9	299,068	20,421	0	20,421	6,126	14,295	0
2051	70	13.9	292,506	21,516	0	21,516	6,455	15,061	0
2052	71	12.9	284,456	22,675	0	22,675	6,802	15,872	0
2053	72	11.9	274,775	23,904	0	23,904	7,171	16,733	0
2054	73	10.9	263,305	25,209	0	25,209	7,563	17,646	0
2055	74	9.9	249,874	26,596	0	26,596	7,979	18,618	0
2056	75	8.9	234,292	28,076	0	28,076	8,423	19,653	0
2057	76	7.9	216,349	29,657	0	29,657	8,897	20,760	0
2058	77	6.9	195,812	31,355	0	31,355	9,406	21,948	0
2059	78	5.9	172,414	33,188	0	33,188	9,956	23,232	0
2060	79	4.9	145,848	35,186	0	35,186	10,556	24,631	0
2061	80	3.9	115,743	37,397	0	37,397	11,219	26,178	0
2062	81	2.9	81,619	39,912	0	39,912	11,974	27,938	0
2063	82	1.9	42,743	42,957	0	42,957	12,887	30,070	0
2064	83	1.0	0	44,880	0	44,880	13,464	31,416	0
<b>Total Distributions:</b>				<b>\$732,079</b>					

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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# Traditional Rollover Approach

## Wealth Transfer Costs

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

**\$** Beginning Account Balance December 31, 2013: \$200,000

Year	Client Age	Spouse Age	Account Balance	Other Assets <sup>1</sup>
2015	69	64	220,744	2,023,146
2016	70	65	223,356	2,087,850
2017	71	66	225,710	2,152,321
2018	72	67	227,776	2,218,875
2019	73	68	229,521	2,287,580
2020	74	69	230,912	2,358,509
2021	75	70	231,913	2,431,738

**Sue rolls over the IRA at Sam's death in 2021 and continues taking distributions.**

Year	Spouse Age	Account Balance	Other Assets <sup>1</sup>
2022	71	234,357	2,505,553
2023	72	236,501	2,582,238
2024	73	238,314	2,661,369
2025	74	239,758	2,743,028
2026	75	240,797	2,824,167

**At Sue's death, the IRA is distributed to the named beneficiaries. Estate taxes of \$0 will be due on these amounts.<sup>3,4</sup>**

### Sam's Death Occurs in Year 2021

Total of Other Assets <sup>1</sup>	\$2,431,738
Life insurance on Sam inside of estate <sup>2</sup>	\$0
Estimated Account Balance	\$231,913
Estimated share of estate taxes <sup>3,4</sup>	\$0
<b>Liquidity needed to continue this approach</b>	<b>\$0</b>
Existing life insurance on Sam outside of estate <sup>5</sup>	\$0
Proposed new life insurance outside of estate <sup>5</sup>	\$0

### Sue's Death Occurs in Year 2026

Total of Other Assets <sup>1</sup>	\$2,824,167
Life insurance on Sue inside of estate <sup>2</sup>	\$0
Estimated Account Balance	\$240,797
Estimated share of estate taxes <sup>3,4</sup>	\$0
<b>Liquidity needed to continue this approach</b>	<b>\$0</b>
Existing life insurance on Sue outside of estate <sup>5</sup>	\$0

<sup>1</sup> Other Assets are assumed to be inherited by the surviving spouse and to qualify for the marital deduction. Other Assets are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate.

<sup>2</sup> Life insurance included in the deceased's estate is assumed to be added to Other Assets.

<sup>3</sup> Estate tax calculations are based on the total of the 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 Account Balance bears to the Total Estate. See the Assumptions pages for additional information.

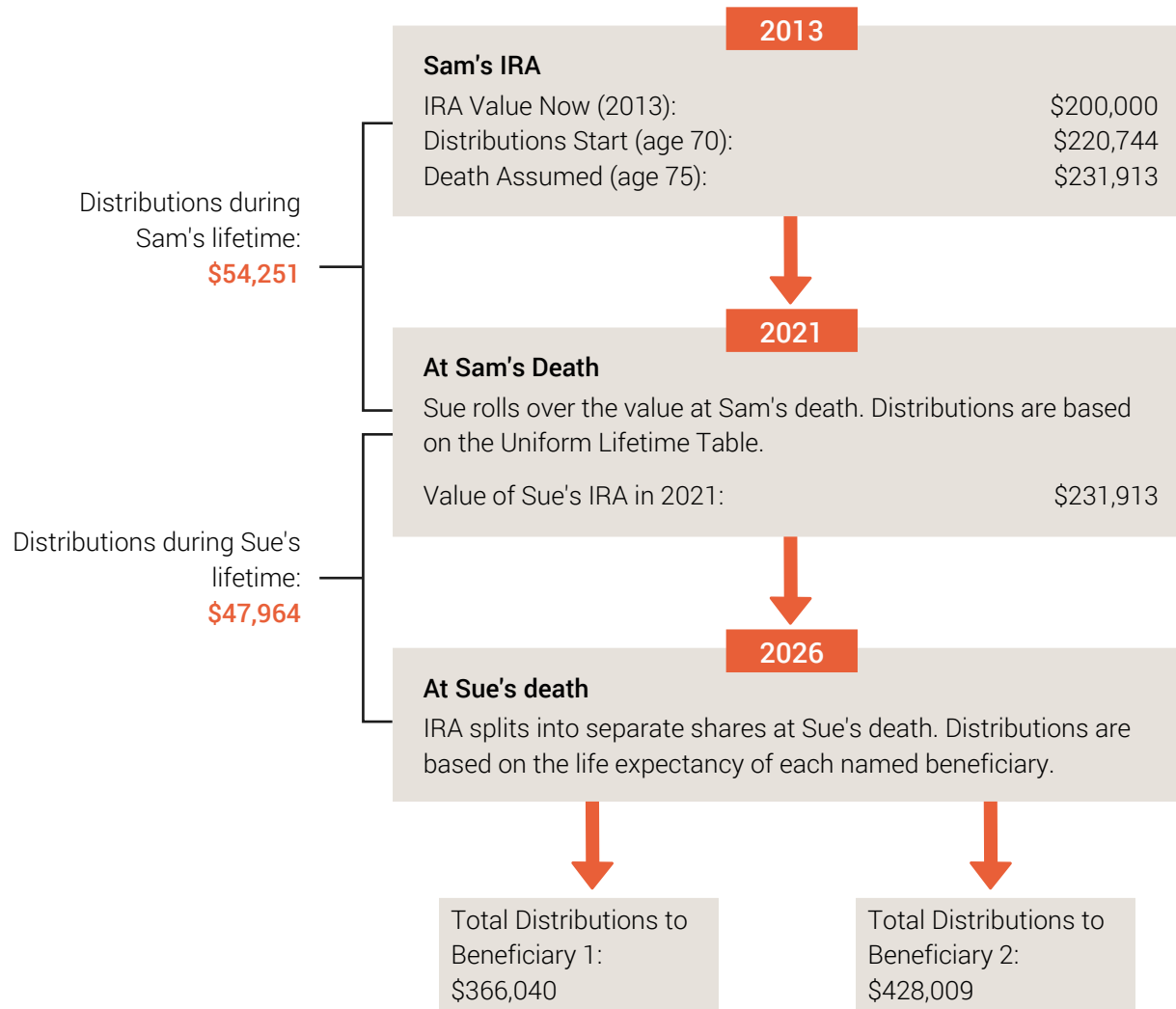
<sup>4</sup> Income in Respect of Decedent (IRD) is taxed as distributions are received. If the Account Balance is taken as a lump sum, the income tax on the IRD would be \$69,574 at Sam's death, and \$72,239 at Sue's death. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

<sup>5</sup> 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.

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# The Next-Generation IRA®—Rollover to Spouse and Split Approach

## A Multi-Generational Approach for Continuing Distributions



**Total distributions during lives of Sam, Sue and beneficiaries: \$896,264**

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# The Next-Generation IRA<sup>®</sup>—Rollover to Spouse and Split

## A Multi-Generational Approach for Continuing Distributions

**\$** Beginning Account Balance December 31, 2013: **\$200,000**

Year	Client Age	Spouse Age	Life Exp. <sup>1</sup>	Earnings & Contributions <sup>2</sup>	Actual Distributions <sup>3</sup>	ALLOCATION OF DISTRIBUTIONS				Total of All Other Assets <sup>6</sup>	Account Balance
						Income Taxes Paid <sup>4</sup>	Prem. & Non-Prem. Gifts	Spending	Reinvested Distributions <sup>5</sup>		
2015	69	64		10,512	0	0	0	0	0	2,023,146	220,744
2016	70	65	27.4	10,669	8,056	0	0	0	8,056	2,087,850	223,356
2017	71	66	26.5	10,782	8,429	2,417	0	0	6,012	2,152,321	225,710
2018	72	67	25.6	10,882	8,817	2,529	0	0	6,288	2,218,875	227,776
2019	73	68	24.7	10,967	9,222	2,645	0	0	6,577	2,287,580	229,521
2020	74	69	23.8	11,035	9,644	2,767	0	0	6,877	2,358,509	230,912
2021	75	70	22.9	11,084	10,083	2,893	0	0	7,190	2,431,738	231,913

**\$** Total distributions during Sam's lifetime are \$54,251.

Sam dies and Sue does an IRA rollover.

Year	Spouse Age	Life Exp. <sup>1</sup>	Earnings & Contributions <sup>2</sup>	Actual Distributions <sup>3</sup>	ALLOCATION OF DISTRIBUTIONS				Total of All Other Assets <sup>6</sup>	Account Balance
					Income Taxes Paid <sup>4</sup>	Prem. & Non-Prem. Gifts	Spending	Reinvested Distributions <sup>5</sup>		
2022	71	26.5	11,195	8,751	3,025	0	0	5,726	2,505,553	234,357
2023	72	25.6	11,299	9,155	2,625	0	0	6,529	2,582,238	236,501
2024	73	24.7	11,387	9,575	2,746	0	0	6,829	2,661,369	238,314
2025	74	23.8	11,458	10,013	2,872	0	0	7,141	2,743,028	239,758

<sup>1</sup> Sam takes distributions at age 70. Sam's death is assumed to occur in 2021. Sue is named beneficiary. For Traditional IRA, 403(b) or other Qualified Plans, Sam takes required minimum distributions (RMDs) at age 70½ and calculates life expectancy annually based on the Uniform Lifetime Table.

<sup>2</sup> Assumes qualified plan earns 5.000% interest. Also includes contributions, if any.

<sup>3</sup> For Traditional IRA, 403(b) or other Qualified Plans, Actual Distributions is the greater of distribution required to generate the Desired Distribution (see Assumptions pages) or RMD.

<sup>4</sup> Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability. Distributions from Traditional IRA, 403(b) or other Qualified Plans are taxable. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

<sup>5</sup> Actual Distributions less Taxes and Penalties, Premium and Non-Premium Gifts and Spending.

<sup>6</sup> All Other Assets and Cumulative Reinvested Distributions are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate. Does not include the death benefit of life insurance.

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ALLOCATION OF DISTRIBUTIONS

Year	Spouse Age	Life Exp. <sup>1</sup>	Earnings & Contributions <sup>2</sup>	Actual Distributions <sup>3</sup>	Income Taxes Paid <sup>4</sup>	Prem. & Non-Prem. Gifts	Spending	Reinvested Distributions <sup>5</sup>	Total of All Other Assets <sup>6</sup>	Account Balance
2026	75	22.9	11,509	10,470	6,145	0	0	4,325	2,824,167	240,797

**\$** Total distributions during Sue's lifetime are \$47,964.

At Sue's death, the IRA is distributed to the named beneficiaries. Estate taxes of \$0 will be due on these amounts.<sup>7</sup>

<sup>1</sup> Sam takes distributions at age 70. Sam's death is assumed to occur in 2021. Sue is named beneficiary. For Traditional IRA, 403(b) or other Qualified Plans, Sam takes required minimum distributions (RMDs) at age 70½ and calculates life expectancy annually based on the Uniform Lifetime Table.

<sup>2</sup> Assumes qualified plan earns 5.000% interest. Also includes contributions, if any.

<sup>3</sup> For Traditional IRA, 403(b) or other Qualified Plans, Actual Distributions is the greater of distribution required to generate the Desired Distribution (see Assumptions pages) or RMD.

<sup>4</sup> Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability. Distributions from Traditional IRA, 403(b) or other Qualified Plans are taxable. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

<sup>5</sup> Actual Distributions less Taxes and Penalties, Premium and Non-Premium Gifts and Spending.

<sup>6</sup> All Other Assets and Cumulative Reinvested Distributions are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate. Does not include the death benefit of life insurance.

<sup>7</sup> 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 \$69,574 at Sam's death, and \$72,239 at Sue's death. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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# The Next-Generation IRA®—Rollover to Spouse and Split Approach

## Next Generation after Sue's Death - Beneficiary 1's Remaining Lifetime

\$ Beneficiary Considered: **Beneficiary 1**
\$ Account Balance: **\$120,399**
\$ Share of Allowable Deductions: **\$0**

Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	INCOME TAXATION				
					Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2027	46	37.9	123,242	3,177	0	3,177	953	2,224	0
2028	47	36.9	126,064	3,340	0	3,340	1,002	2,338	0
2029	48	35.9	128,856	3,512	0	3,512	1,054	2,458	0
2030	49	34.9	131,606	3,692	0	3,692	1,108	2,585	0
2031	50	33.9	134,304	3,882	0	3,882	1,165	2,718	0
2032	51	32.9	136,938	4,082	0	4,082	1,225	2,858	0
2033	52	31.9	139,492	4,293	0	4,293	1,288	3,005	0
2034	53	30.9	141,952	4,514	0	4,514	1,354	3,160	0
2035	54	29.9	144,302	4,748	0	4,748	1,424	3,323	0
2036	55	28.9	146,524	4,993	0	4,993	1,498	3,495	0
2037	56	27.9	148,598	5,252	0	5,252	1,576	3,676	0
2038	57	26.9	150,504	5,524	0	5,524	1,657	3,867	0
2039	58	25.9	152,218	5,811	0	5,811	1,743	4,068	0
2040	59	24.9	153,716	6,113	0	6,113	1,834	4,279	0
2041	60	23.9	154,970	6,432	0	6,432	1,930	4,502	0
2042	61	22.9	155,952	6,767	0	6,767	2,030	4,737	0
2043	62	21.9	156,628	7,121	0	7,121	2,136	4,985	0
2044	63	20.9	156,965	7,494	0	7,494	2,248	5,246	0
2045	64	19.9	156,926	7,888	0	7,888	2,366	5,521	0
2046	65	18.9	156,469	8,303	0	8,303	2,491	5,812	0

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

Past performance is not an indication of future results. Projections are based on assumptions that are believed to be reasonable. Actual results may vary, perhaps to a material degree.

This presentation is not a financial plan.

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Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	INCOME TAXATION				
					Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2047	66	17.9	155,551	8,741	0	8,741	2,622	6,119	0
2048	67	16.9	154,125	9,204	0	9,204	2,761	6,443	0
2049	68	15.9	152,138	9,693	0	9,693	2,908	6,785	0
2050	69	14.9	149,534	10,211	0	10,211	3,063	7,147	0
2051	70	13.9	146,253	10,758	0	10,758	3,227	7,530	0
2052	71	12.9	142,228	11,337	0	11,337	3,401	7,936	0
2053	72	11.9	137,387	11,952	0	11,952	3,586	8,366	0
2054	73	10.9	131,652	12,604	0	12,604	3,781	8,823	0
2055	74	9.9	124,937	13,298	0	13,298	3,989	9,309	0
2056	75	8.9	117,146	14,038	0	14,038	4,211	9,826	0
2057	76	7.9	108,175	14,829	0	14,829	4,449	10,380	0
2058	77	6.9	97,906	15,677	0	15,677	4,703	10,974	0
2059	78	5.9	86,207	16,594	0	16,594	4,978	11,616	0
2060	79	4.9	72,924	17,593	0	17,593	5,278	12,315	0
2061	80	3.9	57,872	18,698	0	18,698	5,609	13,089	0
2062	81	2.9	40,810	19,956	0	19,956	5,987	13,969	0
2063	82	1.9	21,371	21,479	0	21,479	6,444	15,035	0
2064	83	1.0	0	22,440	0	22,440	6,732	15,708	0
<b>Total Distributions:</b>				<b>\$366,040</b>					

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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Presented by: John Q. Smith

Thrivent Financial

# The Next-Generation IRA<sup>®</sup>—Rollover to Spouse and Split Approach

## Next Generation after Sue's Death - Beneficiary 2's Remaining Lifetime

\$ Beneficiary Considered: **Beneficiary 2**
\$ Account Balance: **\$120,399**
\$ Share of Allowable Deductions: **\$0**

Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	INCOME TAXATION				
					Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2027	41	42.7	123,599	2,820	0	2,820	846	1,974	0
2028	42	41.7	126,815	2,964	0	2,964	889	2,075	0
2029	43	40.7	130,040	3,116	0	3,116	935	2,181	0
2030	44	39.7	133,266	3,276	0	3,276	983	2,293	0
2031	45	38.7	136,486	3,444	0	3,444	1,033	2,410	0
2032	46	37.7	139,690	3,620	0	3,620	1,086	2,534	0
2033	47	36.7	142,868	3,806	0	3,806	1,142	2,664	0
2034	48	35.7	146,010	4,002	0	4,002	1,201	2,801	0
2035	49	34.7	149,102	4,208	0	4,208	1,262	2,945	0
2036	50	33.7	152,133	4,424	0	4,424	1,327	3,097	0
2037	51	32.7	155,087	4,652	0	4,652	1,396	3,257	0
2038	52	31.7	157,949	4,892	0	4,892	1,468	3,425	0
2039	53	30.7	160,702	5,145	0	5,145	1,544	3,601	0
2040	54	29.7	163,326	5,411	0	5,411	1,623	3,788	0
2041	55	28.7	165,802	5,691	0	5,691	1,707	3,984	0
2042	56	27.7	168,106	5,986	0	5,986	1,796	4,190	0
2043	57	26.7	170,215	6,296	0	6,296	1,889	4,407	0
2044	58	25.7	172,103	6,623	0	6,623	1,987	4,636	0
2045	59	24.7	173,740	6,968	0	6,968	2,090	4,877	0
2046	60	23.7	175,097	7,331	0	7,331	2,199	5,132	0

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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INCOME TAXATION									
Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2047	61	22.7	176,138	7,714	0	7,714	2,314	5,399	0
2048	62	21.7	176,828	8,117	0	8,117	2,435	5,682	0
2049	63	20.7	177,127	8,542	0	8,542	2,563	5,980	0
2050	64	19.7	176,992	8,991	0	8,991	2,697	6,294	0
2051	65	18.7	176,377	9,465	0	9,465	2,840	6,625	0
2052	66	17.7	175,231	9,965	0	9,965	2,990	6,975	0
2053	67	16.7	173,499	10,493	0	10,493	3,148	7,345	0
2054	68	15.7	171,124	11,051	0	11,051	3,315	7,736	0
2055	69	14.7	168,039	11,641	0	11,641	3,492	8,149	0
2056	70	13.7	164,175	12,266	0	12,266	3,680	8,586	0
2057	71	12.7	159,457	12,927	0	12,927	3,878	9,049	0
2058	72	11.7	153,801	13,629	0	13,629	4,089	9,540	0
2059	73	10.7	147,117	14,374	0	14,374	4,312	10,062	0
2060	74	9.7	139,306	15,167	0	15,167	4,550	10,617	0
2061	75	8.7	130,259	16,012	0	16,012	4,804	11,209	0
2062	76	7.7	119,855	16,917	0	16,917	5,075	11,842	0
2063	77	6.7	107,959	17,889	0	17,889	5,367	12,522	0
2064	78	5.7	94,417	18,940	0	18,940	5,682	13,258	0
2065	79	4.7	79,049	20,089	0	20,089	6,027	14,062	0
2066	80	3.7	61,637	21,365	0	21,365	6,410	14,955	0
2067	81	2.7	41,890	22,828	0	22,828	6,848	15,980	0
2068	82	1.7	19,343	24,641	0	24,641	7,392	17,249	0
2069	83	1.0	0	20,311	0	20,311	6,093	14,217	0
<b>Total Distributions:</b>				<b>\$428,009</b>					

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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Presented by: John Q. Smith

Thrivent Financial

# The Next-Generation IRA<sup>®</sup>—Rollover to Spouse and Split Approach

## Wealth Transfer Costs

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

**\$** Beginning Account Balance December 31, 2013: \$200,000

Year	Client Age	Spouse Age	Account Balance	Other Assets <sup>1</sup>
2015	69	64	220,744	2,023,146
2016	70	65	223,356	2,087,850
2017	71	66	225,710	2,152,321
2018	72	67	227,776	2,218,875
2019	73	68	229,521	2,287,580
2020	74	69	230,912	2,358,509
2021	75	70	231,913	2,431,738

**Sue rolls over the IRA at Sam's death in 2021 and continues taking distributions.**

Year	Spouse Age	Account Balance	Other Assets <sup>1</sup>
2022	71	234,357	2,505,553
2023	72	236,501	2,582,238
2024	73	238,314	2,661,369
2025	74	239,758	2,743,028
2026	75	240,797	2,824,167

**At Sue's death, the IRA is distributed to the named beneficiaries. Estate taxes of \$0 will be due on these amounts.<sup>3,4</sup>**

### Sam's Death Occurs in Year 2021

Total of Other Assets <sup>1</sup>	\$2,431,738
Life insurance on Sam inside of estate <sup>2</sup>	\$0
Estimated Account Balance	\$231,913
Estimated share of estate taxes <sup>3,4</sup>	\$0
<b>Liquidity needed to continue this approach</b>	<b>\$0</b>
Existing life insurance on Sam outside of estate <sup>5</sup>	\$0
Proposed new life insurance outside of estate <sup>5</sup>	\$0

### Sue's Death Occurs in Year 2026

Total of Other Assets <sup>1</sup>	\$2,824,167
Life insurance on Sue inside of estate <sup>2</sup>	\$0
Estimated Account Balance	\$240,797
Estimated share of estate taxes <sup>3,4</sup>	\$0
<b>Liquidity needed to continue this approach</b>	<b>\$0</b>
Existing life insurance on Sue outside of estate <sup>5</sup>	\$0

<sup>1</sup> Other Assets are assumed to be inherited by the surviving spouse and to qualify for the marital deduction. Other Assets are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate.

<sup>2</sup> Life insurance included in the deceased's estate is assumed to be added to Other Assets.

<sup>3</sup> Estate tax calculations are based on the total of the 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 Account Balance bears to the Total Estate. See the Assumptions pages for additional information.

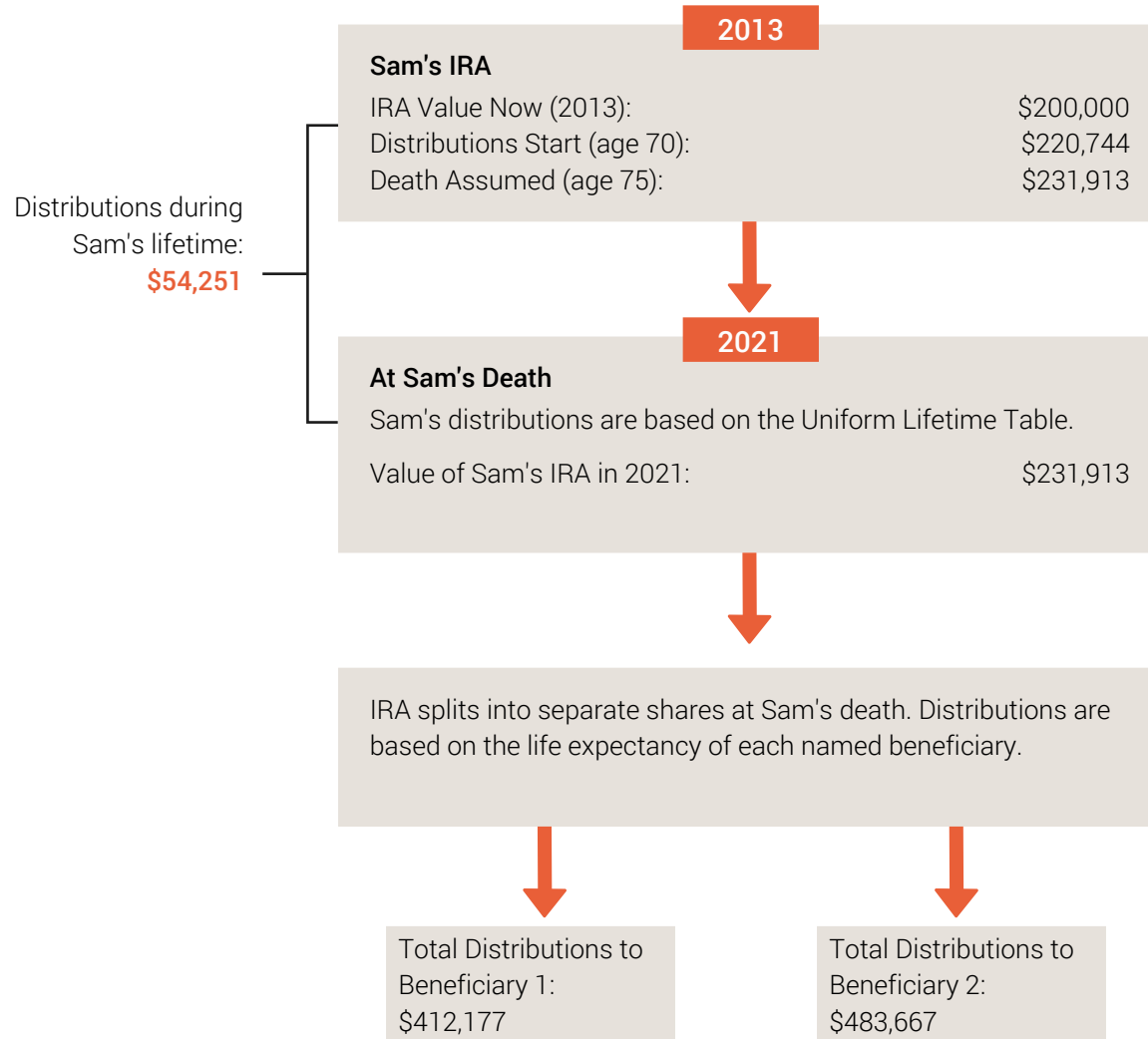
<sup>4</sup> Income in Respect of Decedent (IRD) is taxed as distributions are received. If the Account Balance is taken as a lump sum, the income tax on the IRD would be \$69,574 at Sam's death, and \$72,239 at Sue's death. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

<sup>5</sup> 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.

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# The Next-Generation IRA<sup>®</sup>—Non-Spouse Beneficiary Approach

## A Multi-Generational Approach for Continuing Distributions (with a Non-Spouse Beneficiary)



**Total distributions during lives of Sam and beneficiaries: \$950,095**

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This presentation is not a financial plan.

Presented by: John Q. Smith

Thrivent Financial

August 20, 2015

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# The Next-Generation IRA<sup>®</sup>—Non-Spouse Beneficiary Approach

## A Multi-Generational Approach for Continuing Distributions

**\$** Beginning Account Balance December 31, 2013: **\$200,000**

Year	Client Age	Life Exp. <sup>1</sup>	Earnings & Contributions <sup>2</sup>	Actual Distributions <sup>3</sup>	ALLOCATION OF DISTRIBUTIONS				Total of All Other Assets <sup>6</sup>	Account Balance
					Income Taxes Paid <sup>4</sup>	Prem. & Non-Prem. Gifts	Spending	Reinvested Distributions <sup>5</sup>		
2015	69		10,512	0	0	0	0	0	2,023,146	220,744
2016	70	27.4	10,669	8,056	0	0	0	8,056	2,087,850	223,356
2017	71	26.5	10,782	8,429	2,417	0	0	6,012	2,152,321	225,710
2018	72	25.6	10,882	8,817	2,529	0	0	6,288	2,218,875	227,776
2019	73	24.7	10,967	9,222	2,645	0	0	6,577	2,287,580	229,521
2020	74	23.8	11,035	9,644	2,767	0	0	6,877	2,358,509	230,912
2021	75	22.9	11,084	10,083	5,918	0	0	4,165	2,428,713	231,913

**\$** Total distributions during Sam's lifetime are \$54,251.

Estate taxes of \$0 attributable to the account balance will be due at Sam's death.<sup>7</sup>

<sup>1</sup> Sam takes distributions at age 70. Sam's death is assumed to occur in 2021. Each beneficiary continues to receive a distribution based on his or her life expectancy. For Traditional IRA, 403(b) or other Qualified Plans, Sam takes required minimum distributions (RMDs) at age 70½ and calculates life expectancy annually based on the Uniform Lifetime Table.

<sup>2</sup> Assumes qualified plan earns 5.000% interest. Also includes contributions, if any.

<sup>3</sup> For Traditional IRA, 403(b) or other Qualified Plans, Actual Distributions is the greater of distribution required to generate the Desired Distribution (see Assumptions pages) or RMD.

<sup>4</sup> Taxes and any applicable penalties are paid at the start of the calendar year following the tax liability. Distributions from Traditional IRA, 403(b) or other Qualified Plans are taxable. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

<sup>5</sup> Actual Distributions less Taxes and Penalties, Premium and Non-Premium Gifts and Spending.

<sup>6</sup> All Other Assets and Cumulative Reinvested Distributions are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate. Does not include the death benefit of life insurance.

<sup>7</sup> 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 \$69,574 at Sam's death. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

Past performance is not an indication of future results. Projections are based on assumptions that are believed to be reasonable. Actual results may vary, perhaps to a material degree.

# The Next-Generation IRA<sup>®</sup>—Non-Spouse Beneficiary Approach

## Next Generation after Sam's Death - Beneficiary 1's Remaining Lifetime

\$ Beneficiary Considered: **Beneficiary 1**
\$ Account Balance: **\$115,956**
\$ Share of Allowable Deductions: **\$0**

Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	INCOME TAXATION				
					Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2022	41	42.7	119,039	2,716	0	2,716	815	1,901	0
2023	42	41.7	122,136	2,855	0	2,855	856	1,998	0
2024	43	40.7	125,242	3,001	0	3,001	900	2,101	0
2025	44	39.7	128,349	3,155	0	3,155	946	2,208	0
2026	45	38.7	131,437	3,317	0	3,317	995	2,321	0
2027	46	37.7	134,522	3,486	0	3,486	1,046	2,441	0
2028	47	36.7	137,583	3,665	0	3,665	1,100	2,566	0
2029	48	35.7	140,608	3,854	0	3,854	1,156	2,698	0
2030	49	34.7	143,586	4,052	0	4,052	1,216	2,837	0
2031	50	33.7	146,505	4,261	0	4,261	1,278	2,982	0
2032	51	32.7	149,350	4,480	0	4,480	1,344	3,136	0
2033	52	31.7	152,106	4,711	0	4,711	1,413	3,298	0
2034	53	30.7	154,757	4,955	0	4,955	1,486	3,468	0
2035	54	29.7	157,284	5,211	0	5,211	1,563	3,647	0
2036	55	28.7	159,668	5,480	0	5,480	1,644	3,836	0
2037	56	27.7	161,887	5,764	0	5,764	1,729	4,035	0
2038	57	26.7	163,918	6,063	0	6,063	1,819	4,244	0
2039	58	25.7	165,736	6,378	0	6,378	1,913	4,465	0
2040	59	24.7	167,313	6,710	0	6,710	2,013	4,697	0
2041	60	23.7	168,619	7,060	0	7,060	2,118	4,942	0

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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This presentation is not a financial plan.

Presented by: John Q. Smith

Thrivent Financial

August 20, 2015

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INCOME TAXATION									
Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2042	61	22.7	169,622	7,428	0	7,428	2,228	5,200	0
2043	62	21.7	170,286	7,817	0	7,817	2,345	5,472	0
2044	63	20.7	170,574	8,226	0	8,226	2,468	5,759	0
2045	64	19.7	170,444	8,659	0	8,659	2,598	6,061	0
2046	65	18.7	169,852	9,115	0	9,115	2,734	6,380	0
2047	66	17.7	168,748	9,596	0	9,596	2,879	6,717	0
2048	67	16.7	167,081	10,105	0	10,105	3,032	7,073	0
2049	68	15.7	164,793	10,642	0	10,642	3,193	7,449	0
2050	69	14.7	161,822	11,210	0	11,210	3,363	7,847	0
2051	70	13.7	158,101	11,812	0	11,812	3,544	8,268	0
2052	71	12.7	153,558	12,449	0	12,449	3,735	8,714	0
2053	72	11.7	148,111	13,125	0	13,125	3,938	9,187	0
2054	73	10.7	141,674	13,842	0	13,842	4,153	9,690	0
2055	74	9.7	134,152	14,606	0	14,606	4,382	10,224	0
2056	75	8.7	125,440	15,420	0	15,420	4,626	10,794	0
2057	76	7.7	115,421	16,291	0	16,291	4,887	11,404	0
2058	77	6.7	103,965	17,227	0	17,227	5,168	12,059	0
2059	78	5.7	90,924	18,240	0	18,240	5,472	12,768	0
2060	79	4.7	76,125	19,346	0	19,346	5,804	13,542	0
2061	80	3.7	59,357	20,574	0	20,574	6,172	14,402	0
2062	81	2.7	40,341	21,984	0	21,984	6,595	15,389	0
2063	82	1.7	18,628	23,730	0	23,730	7,119	16,611	0
2064	83	1.0	0	19,559	0	19,559	5,868	13,692	0
<b>Total Distributions:</b>				<b>\$412,177</b>					

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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Presented by: John Q. Smith

Thrivent Financial

# The Next-Generation IRA<sup>®</sup>—Non-Spouse Beneficiary Approach

Next Generation after Sam's Death - Beneficiary 2's Remaining Lifetime

\$ Beneficiary Considered: **Beneficiary 2**
\$ Account Balance: **\$115,956**
\$ Share of Allowable Deductions: **\$0**

Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	INCOME TAXATION				
					Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2022	36	47.5	119,313	2,441	0	2,441	732	1,709	0
2023	37	46.5	122,713	2,566	0	2,566	770	1,796	0
2024	38	45.5	126,152	2,697	0	2,697	809	1,888	0
2025	39	44.5	129,624	2,835	0	2,835	850	1,984	0
2026	40	43.5	133,113	2,980	0	2,980	894	2,086	0
2027	41	42.5	136,637	3,132	0	3,132	940	2,192	0
2028	42	41.5	140,176	3,292	0	3,292	988	2,305	0
2029	43	40.5	143,724	3,461	0	3,461	1,038	2,423	0
2030	44	39.5	147,272	3,639	0	3,639	1,092	2,547	0
2031	45	38.5	150,810	3,825	0	3,825	1,148	2,678	0
2032	46	37.5	154,329	4,022	0	4,022	1,207	2,815	0
2033	47	36.5	157,817	4,228	0	4,228	1,268	2,960	0
2034	48	35.5	161,263	4,446	0	4,446	1,334	3,112	0
2035	49	34.5	164,651	4,674	0	4,674	1,402	3,272	0
2036	50	33.5	167,969	4,915	0	4,915	1,474	3,440	0
2037	51	32.5	171,199	5,168	0	5,168	1,550	3,618	0
2038	52	31.5	174,324	5,435	0	5,435	1,630	3,804	0
2039	53	30.5	177,325	5,716	0	5,716	1,715	4,001	0
2040	54	29.5	180,180	6,011	0	6,011	1,803	4,208	0
2041	55	28.5	182,867	6,322	0	6,322	1,897	4,426	0

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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Presented by: John Q. Smith

Thrivent Financial

August 20, 2015

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INCOME TAXATION									
Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2042	56	27.5	185,361	6,650	0	6,650	1,995	4,655	0
2043	57	26.5	187,634	6,995	0	6,995	2,098	4,896	0
2044	58	25.5	189,657	7,358	0	7,358	2,207	5,151	0
2045	59	24.5	191,399	7,741	0	7,741	2,322	5,419	0
2046	60	23.5	192,825	8,145	0	8,145	2,444	5,701	0
2047	61	22.5	193,896	8,570	0	8,570	2,571	5,999	0
2048	62	21.5	194,572	9,018	0	9,018	2,705	6,313	0
2049	63	20.5	194,809	9,491	0	9,491	2,847	6,644	0
2050	64	19.5	194,560	9,990	0	9,990	2,997	6,993	0
2051	65	18.5	193,771	10,517	0	10,517	3,155	7,362	0
2052	66	17.5	192,387	11,073	0	11,073	3,322	7,751	0
2053	67	16.5	190,346	11,660	0	11,660	3,498	8,162	0
2054	68	15.5	187,583	12,280	0	12,280	3,684	8,596	0
2055	69	14.5	184,026	12,937	0	12,937	3,881	9,056	0
2056	70	13.5	179,595	13,632	0	13,632	4,090	9,542	0
2057	71	12.5	174,208	14,368	0	14,368	4,310	10,057	0
2058	72	11.5	167,769	15,148	0	15,148	4,544	10,604	0
2059	73	10.5	160,180	15,978	0	15,978	4,793	11,185	0
2060	74	9.5	151,328	16,861	0	16,861	5,058	11,803	0
2061	75	8.5	141,091	17,803	0	17,803	5,341	12,462	0
2062	76	7.5	129,333	18,812	0	18,812	5,644	13,169	0
2063	77	6.5	115,903	19,897	0	19,897	5,969	13,928	0
2064	78	5.5	100,625	21,073	0	21,073	6,322	14,751	0
2065	79	4.5	83,295	22,361	0	22,361	6,708	15,653	0
2066	80	3.5	63,661	23,799	0	23,799	7,140	16,659	0

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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Year	Age	Life Exp. <sup>1</sup>	Account Balance <sup>2</sup>	Actual Distributions	INCOME TAXATION				
					Deduction Applied <sup>3</sup>	Taxable Amount	Income Tax Paid <sup>4</sup>	After Tax Distribution	Carryover Deduction
2067	81	2.5	41,380	25,464	0	25,464	7,639	17,825	0
2068	82	1.5	15,862	27,586	0	27,586	8,276	19,311	0
2069	83	1.0	0	16,655	0	16,655	4,996	11,659	0
<b>Total Distributions:</b>				<b>\$483,667</b>					

<sup>1</sup> Calculated on December 31 of the year following death and reduced by one each year thereafter.

<sup>2</sup> Assumes qualified plan earns 5.000% interest.

<sup>3</sup> Represents the allowable deduction applied to offset taxable income, if available.

<sup>4</sup> Taxable distributions are taxed at an assumed rate of 30.00%. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

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Thrivent Financial

# The Next-Generation IRA<sup>®</sup>—Non-Spouse Beneficiary Approach

## Wealth Transfer Costs

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

**\$** Beginning Account Balance December 31, 2013: \$200,000

Year	Client Age	Spouse Age	Account Balance	Other Assets <sup>1</sup>
2015	69	64	220,744	2,023,146
2016	70	65	223,356	2,087,850
2017	71	66	225,710	2,152,321
2018	72	67	227,776	2,218,875
2019	73	68	229,521	2,287,580
2020	74	69	230,912	2,358,509
2021	75	70	231,913	2,428,713

**At Sam's death, the IRA is distributed to the named beneficiaries.  
Estate taxes of \$0 will be due on these amounts.**

### Sam's Death Occurs in Year 2021

Total of Other Assets <sup>1</sup>	\$2,428,713
Life insurance on Sam inside of estate <sup>2</sup>	\$0
Estimated Account Balance	\$231,913
Estimated share of estate taxes <sup>3,4</sup>	\$0
<b>Liquidity needed to continue this approach</b>	<b>\$0</b>
Existing life insurance on Sam outside of estate <sup>5</sup>	\$0
Proposed new life insurance outside of estate <sup>5</sup>	\$0

### Sue's Death Occurs in Year 2026

Total of Other Assets <sup>1</sup>	\$2,788,314
Life insurance on Sue inside of estate <sup>2</sup>	\$0
Estimated Account Balance	\$0
Estimated share of estate taxes <sup>3,4</sup>	\$0
<b>Liquidity needed to continue this approach</b>	<b>\$0</b>
Existing life insurance on Sue outside of estate <sup>5</sup>	\$0

<sup>1</sup> Other Assets are assumed to be inherited by the surviving spouse and to qualify for the marital deduction. Other Assets are assumed to earn 4.000% interest and are taxed at a 30.00% income tax rate.

<sup>2</sup> Life insurance included in the deceased's estate is assumed to be added to Other Assets.

<sup>3</sup> Estate tax calculations are based on the total of the 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 Account Balance bears to the Total Estate. See the Assumptions pages for additional information.

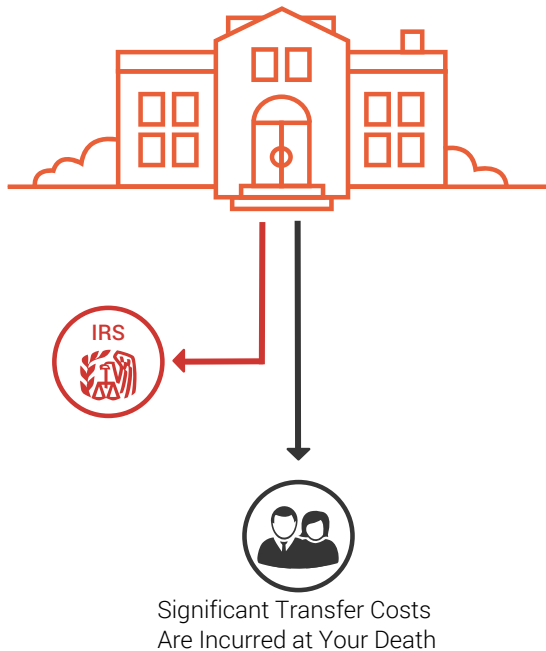
<sup>4</sup> Income in Respect of Decedent (IRD) is taxed as distributions are received. If the Account Balance is taken as a lump sum, the income tax on the IRD would be \$69,574 at Sam's death. See the Assumptions pages for information on distributions from a Traditional IRA with an original after-tax amount of \$0.

<sup>5</sup> 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.

Past performance is not an indication of future results. Projections are based on assumptions that are believed to be reasonable. Actual results may vary, perhaps to a material degree.

# The Key to Maximizing Distributions

## Keeping Your Plan Intact



The key to maximizing income tax deferral and stretching out distributions to your heirs is to keep the IRA 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 IRA not only accelerates income taxes on these funds 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 IRA transfer using life insurance owned by an irrevocable life insurance trust

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

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# Sources of Liquidity

## Ways to Pay Wealth Transfer Costs

### 1 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

### 3 Borrow the Money

#### Advantages

- No immediate outlay
- Use other people's money
- Single Sum Transfer

#### Concerns

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

### 2 Liquidating Assets

#### Advantages

- No need to save during life
- No interest costs

#### Concerns

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

### 4 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)

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# Assumptions

## General Assumptions

Sam's DOB: April 5, 1946

Sue's DOB: March 28, 1951

Contact Information:

112 Rose St

San Diego, California 88510

Home Phone: 905-555-8989

Business Phone: 905-555-7878

Email Address: ssstratford@adelphia.com

Calculations assume that the value of All Other Assets (excluding life insurance) is equal to \$2,000,000. These assets are assumed to earn 4.000% interest. Hypothetical rates of return illustrated are not associated with any particular investment product.

Calculations assume an ordinary income tax rate of 30.00%.

The Account Balance and Other Assets are grown pro-rata based on the date entered.

## 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%.

## Traditional IRA/Qualified Plan Assumptions

Current Traditional IRA/Qualified Plan amount is \$200,000, which includes the original after-tax amount of \$0, and assumes a growth rate of 5.000%. Calculations assume all non-deductible and after-tax contributions (also known as basis, investment in the contract, and non-taxable portion) are included in the original after-tax amount of \$0. Hypothetical rates of return illustrated are not associated with any particular investment product.

A portion of the distributions from the Traditional IRA/Qualified Plan that includes any after-tax amount may not be taxable. These illustrations assume there are no other Traditional IRA/Qualified Plan account balances for calculations that include any after-tax amount.

Elections: Distributions are at least the Required Minimum Distribution using the Uniform Lifetime Table.

## Beneficiary Information

<b>Beneficiary Name</b>	<b>Date of Birth</b>	<b>Percentage Split</b>
Beneficiary 1	June 30, 1981	50.00%
Beneficiary 2	August 15, 1986	50.00%

Distributions to non-spouse beneficiaries are taxed using an assumed ordinary income tax rate of 30.00%.

## Traditional IRA

Contributions may be tax deductible and earnings are tax-deferred. Annual contribution amounts are limited, and deductibility of contributions is based on modified adjusted gross income (MAGI), and not being a participant in an employer-sponsored retirement plan. Consult your tax advisor to determine the maximum tax-deductible contribution amount allowed annually. Contributions may also be non-deductible (after-tax), but earnings are tax deferred. These illustrations assume there are no other Traditional IRA/Qualified Plan account balances for calculations that include any after-tax amount. Required minimum distributions must begin by age 70½.

## Final Regulations

Required Minimum Distributions are calculated based on the Uniform Lifetime Table. If your beneficiary is your spouse (who is more than 10 years younger than you) distributions during your life may be calculated using the Joint and Last Survivor Table.

## Traditional IRA Rollover Assumptions

Sam takes distributions at age 70 and recalculates life expectancy annually based on the Uniform Lifetime Table. Sue is named beneficiary.

Each non-spouse beneficiary takes distributions based on the single life expectancy of the oldest beneficiary, minus one each year, if the beneficiaries failed to split the IRA into separate accounts by December 31 of the year following the year of your death.

## Next-Generation IRA<sup>®</sup>-Rollover and Split Assumptions

Sam takes distributions at age 70 and recalculates life expectancy annually based on the Uniform Lifetime Table. Sue is named beneficiary.

After your death Sue rolls over the balance and continues distributions based on his/her own life expectancy according to the Uniform Lifetime Table.

At Sue's death, the IRA is split into separate IRAs with named beneficiaries.

Distributions continue to each beneficiary at Sue's death calculated on the named beneficiary's life expectancy as of 12/31 in the year following Sue's death.

Sue's estate is assumed to have cash liquidity to fund estate taxes outside of IRAs for this analysis.

## Next-Generation IRA<sup>®</sup>-Non-Spouse Beneficiary Assumptions

Sam takes distributions at age 70 and recalculates life expectancy annually based on the Uniform Lifetime Table. At Sam's death, the qualified plan values are split into IRAs for each non-spouse beneficiary.

Sam's death is assumed in year 2021. Your estate is assumed to have enough cash liquidity outside of IRAs in this analysis.

Each non-spouse beneficiary continues taking distributions based on his or her life expectancy and is assumed to live to the life expectancy used in the illustration.

Distributions continue to each beneficiary at Sam's death calculated on the named beneficiary's life expectancy as of 12/31 in the year following Sam's death.

## Distribution Assumptions

Distributions from the Traditional IRA/Qualified Plan that does not include any after-tax amount are taxable. A portion of the distributions from the Traditional IRA/Qualified Plan that includes any after tax amount is not taxable. The non-taxable portion is the amount of the distribution that bears the same ratio to the total amount of the distribution received as the total remaining after-tax amount bears to the Traditional IRA/Qualified Plan account balance at the end of the year.

Early retirement distributions are not exempt from the IRC Section 72(t) penalty.

Desired distributions from the qualified plan for premiums, expenses, or gifts are deducted from the Account Balance of the owner and/or spouse. If the Account Balance is not sufficient, the payments will still be assumed made from other assets of the owner or spouse and will be deducted from any "Other Assets" shown.

Distribution method illustrated is equal to spending, but not less than Required Minimum Distribution. Distribution calculations do not use a joint beneficiary. Required Minimum Distributions are based on the Uniform Lifetime Table.

## Compliance with Revenue Ruling 2002-62

Section 72(t) distributions are in compliance with the calculation methods stated in Revenue Ruling 2002-62. The following calculation methods may be illustrated under this ruling: 1) Extension of the existing Uniform Lifetime Table for use with the Life Expectancy Method. 2) Addition of annuity factor table for use with the Annuity Method. 3) Addition of interest rate (not more than 120% of the federal mid-term rate) for use with the Amortization and Annuity Methods.