

How the stretch feature on inherited non-qualified annuities works for your clients

When planning a client's legacy, what if you could...

- Help avoid a large taxable event for your client's beneficiary, and even a successor beneficiary?
- Continue growing your client's money, compounded by tax deferral?
- Offer your client's beneficiary complete access to funds as needed?

The “stretch” option on our non-qualified annuities provides a number of advantages to your clients' beneficiaries (including non-spousal beneficiaries).

- Beneficiary only pays taxes each year on the amount of taxable gains distributed, instead of on a lump sum distribution. This could lower the total amount of income tax paid.
- The account remains invested, allowing for potential growth based on the allocations, underlying investment choices, or guaranteed rates the account offers.
- Continue benefiting from the tax-deferred status of the account — meaning the remaining account value benefits from compounded accumulation.

*Fixed and Fixed Index Annuities not available in the state of New York. The stretch features is available on inherited annuities not held in an IRA or other qualified retirement accounts, and where a guaranteed lifetime income rider has not been elected.

Hypothetical Scenario Linda and her daughter, Toni

Linda's Non-Qualified Annuity

Original Contract Purchase: \$150,000 | Value at Death: \$300,000 | Gains: \$150,000

Toni's age at Linda's death: 55 | Life Expectancy: 29.6 years

When Linda passes away, her daughter Toni has three options with her death benefit of \$300,000. The snapshot below shows how the stretch option could increase Toni's after-tax distributions by more than \$370,000 compared to a lump sum withdrawal.

LUMP SUM

5-YEAR DISTRIBUTION

STRETCH OPTION

Before Taxes: \$300,000

Before Taxes: \$338,226

Before Taxes: \$779,299

After-Tax: \$258,000

After-Tax: \$285,522

After-Tax: \$628,267

Assumptions:

For illustrative purposes only; does not reflect any specific annuity product. Distribution amounts assume an annual growth rate of 6%, and do not reflect any applicable annuity or underlying fund fees or charges during either the five-year or stretch period. 5-year option: Assuming an annual 0% rate of return, gross distributions would be \$300,000. Stretch Option: Assuming an annual 0% rate of return, gross distributions would be \$300,000, and do not reflect any applicable annuity fees or underlying fund or charges. 28% income tax rate assumed in the Lump Sum and Distribution over Five years example; a 24% tax rate assume in the Stretch Option, where smaller distributions could place Toni in a lower tax bracket. Keep in mind that investments within a variable annuity involve risk and the assumed rate of return is not guaranteed.

Use our client-approved brochure to help educate your clients on the benefits of the “stretch” option in their legacy planning.

[Download](#)

STRETCH FEATURE AVAILABLE ON:

- [Advanced Choice Annuity](#)
- [ClearLine Annuity](#)
- [EliteDesigns® Variable Annuity](#)
- [EliteDesigns® II Variable Annuity](#)
- [Foundations Annuity](#)
- [RateTrack® Annuity](#)
- [SecureDesigns® Variable Annuity](#)
- [Total Interest Annuity](#)
- [Variflex® Variable Annuity](#)

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Variable Annuities are long-term investments suitable for retirement investing. Product features, limitations, and availability vary by state.

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