Think about this: "Do you have a client who is no longer dependent on a deferred annuity that he/she purchased some time back? Is the client now worried about possible estate tax problems?"

You can suggest **"Annuity Maximization"** as a solution.

This is a sales strategy that will allow your client to help maximize the amount of money they pass on to their beneficiaries.

An annuity may

- be subject to a 10% penalty if distributions are taken before age 591/2 and
- may have a limit on withdrawals during the accumulation period.
- be subject to both income and estate taxes upon death.

Depending on the annuity premium amount, account value/charges, **the client has 2 options:**

- ⇨ Convert the deferred annuity into an immediate annuity and use the annuity payment/s to fund a life policy inside of an irrevocable life insurance trust (ILIT). The premium payments can be gifted to the ILIT via annual exclusion gifts or

- ⇨ Take a tax favored withdrawal/s from the deferred annuity to fund the life policy inside of an ILIT.

A life insurance policy has the benefits of tax-deferred cash value accumulation during the client's lifetime and an income tax-free death benefit to heirs.

An annuity is double taxed at death and by using the annuity maximization strategy; the client can make sure that heirs are well provided for many years.

***Please note* that the above is a sales concept and financial advisors are not tax experts. Please advise your client/s to consult a tax advisor to understand the implications of implementing this concept.**