

Think about this: “Split Annuity 101”

A “split annuity” is a combination of two annuity products – a single premium immediate annuity and a single-premium tax deferred annuity. It is structured to provide an immediate guaranteed income for a period of time (generally 7 to 10 years) and to guarantee the preservation of the client’s original principal at the end of that time period. The amount of the income will depend upon the amount of money paid into each product, the terms of the contracts, and the current rates.

Benefit of the “Split Annuity” concept to your client:

A. Guaranteed Income – Immediate annuity portion

- Safe, Predictable and Guaranteed cash flow
- Tax-Advantaged
- Flexible

B. Guaranteed Principal Preservation – Deferred annuity portion

- Growth of principal due to competitive interest rate.
- Accessibility to principal, if needed.
- Guaranteed
- Tax-Advantaged

Example: You have a conservative client whose retirement objective is dependable source of income, principal preservation and death benefit protection. Here’s how \$100,000 would perform in a F&G Life Split Annuity:

Start with \$100,000 Premium

A. SPIA Premium

\$33,086.98

Guaranteed

Monthly Income

for 10 years of

\$330.38

– \$19.66 in taxes

(assuming 35% tax bracket
and 83% exclusion factor)

= \$310.72/month.

B. SPDA Premium

\$66,913.02

Guaranteed

10 Years Tax Deferred

Accumulation will grow back

to **\$100,000**

(5% in year 1; 4% years 2-10)

**Please note each annuity is subject to its own rules under current tax law and regulation. Contact a tax advisor for details. This is a sales concept and might not be suitable for all clients.

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Page 1

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