

Think about this: “Talk to your clients about Capital Transfer”

Very simply put, Capital transfer refers to moving funds from a tax inefficient vehicle to a tax efficient vehicle.

Tax inefficient vehicles such as CDs, traditional IRAs, annuities, mutual funds, government bonds, etc involve low interest yields at present and income taxation at death to beneficiaries.

A tax efficient vehicle is a properly structured life insurance policy that can pass on greater wealth to heirs/beneficiaries income tax free. Structuring a life insurance policy properly can also help with reducing probate costs and taxes.

The key question is “Is capital transfer for all clients?” The answer is simply “NO”. Your target clients:

- 1. Aged between 60 to 80**
- 2. Retired**
- 3. Have income from assets that they do not need for living expenses and a desire to pass on their wealth to the next generation/loved ones.**
- 4. To qualify for life insurance, the client should be insurable.**

Case study: Ms. Mary Happyface is a widow, aged 65 years. She wants to leave a single large sum of money to her only daughter, Brenda on her death. She is receiving \$3,000 every month from various investments. She does not need the money as she has other resources for that. She also has to pay income taxes on this amount every year based on current tax bracket. Using the capital transfer strategy, she could decide to take a lump sum from all her current investments after taxes and purchase a single premium life insurance policy. Assuming she has \$75,000 after taxes to purchase a life insurance policy and qualifies as a standard risk, the guaranteed death benefit will be \$275,000* that will pass on tax free to her daughter, Brenda.

Tax-deferred investments offer an attractive way to accumulate money for income needs, but they can be an inefficient vehicle for passing assets to loved ones. In most cases, moving funds from a tax deferred investment into a life insurance policy, will produce a significantly better financial result for your client/s.

*UL product guaranteed to age 100 offered by A+ rated insurance carrier.

**Please note that this is a sales concept and might not be suitable for all clients.

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