

# Using life insurance for annuity maximization

## Agent worksheet

In order to build a case that meets the client's needs, consider how taxes, the client's objective, and moving funds may affect the case design. Use this checklist to find facts about your client's needs.

### Initial Considerations

- Taxes<sup>1</sup>** – Annuities are potentially income and estate taxable at death. In addition to federal taxes, some jurisdictions will apply a state income and an estate tax, as well. Make sure your clients consult a legal or tax advisor for tax regulations that may apply. Be aware of these possible tax implications when planning.
- Client's objective** – There are typically two possible objectives in an annuity max sale:
  - **Maximize the death benefit** – For this objective, a client needs a low-cost, guaranteed death benefit<sup>2</sup> product. Consider North American's Custom Guarantee<sup>®</sup> universal life insurance product.
  - **Access to cash value** – In this situation, both death benefit and cash accumulation are desirable. Smart Builder IUL is an indexed universal life insurance product with an available waiver of surrender charge option rider.<sup>3</sup> When this option is selected at time of issue, it can provide additional access to the potential cash value because there are no surrender charges in the policy.

### Moving Funds

Determining how to purchase the life insurance should be done on a case-by-case basis. Options for purchasing the life insurance include a lump sum, annuitization payments, or penalty-free withdrawals from the annuity. Is your client better off rolling over the surrender value with a 1035 exchange into a Single Premium Immediate Annuity (SPIA)? Consider multiple funding options and use the one that best meets your client's objective.

Client contact information	
Name	
Address	
Phone	
Email	
Accountant name/phone	
Attorney name/phone	

Client objective	Yes/No
Maximize death benefit	
Access cash value	

Intended beneficiary	Yes/No
Heirs	
Charity	

Tax information		
Income tax rate	State	
	Federal	
Assumed estate tax rate		
Gift tax rate		
Heirs' assumed income tax rate		

Tax absorption	Yes/No
Cost basis	
Client pays out of pocket	
Use annuity funds for taxes	

Withdrawal type	Amount	Years
Equal to premium		
Specified amount		

**Talk to your MGA to discover more ways**  
to use North American products for annuity maximization!

1. Neither North American Company for Life and Health Insurance nor any of its agents, employees or representatives are authorized to give tax or legal advice. Please advise customers to consult with or contact and rely on their own independent qualified tax or legal advisor before entering into or paying additional premiums with respect to such arrangements or commencing any charitable giving plan.

2. Subject to premium payment requirements.

3. Available for an additional charge per \$1,000 per month, depending on issue age and underwriting class. Surrender charges will be waived upon a full surrender or partial surrender. Surrender charges will not be waived if the policy is surrendered under a 1035 Exchange (except in Florida). A decrease charge will be assessed if a reduction in the policy face amount is requested during the Waiver of Surrender Charge Period. For Smart Builder IUL, if a partial withdrawal results in a reduction of the face amount, the withdrawal charge is waived.

Indexed Universal Life insurance products are not an investment in the market or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Custom Guarantee UL (policy form series LS185) and Smart Builder IUL (policy form series LS187) or state variation, including all applicable riders and endorsements, are issued by North American Company for Life and Health Insurance, Administrative Office, Sioux Falls, SD 57193. Products, features, issue ages, endorsements or riders may not be available in all jurisdictions. Limitations or restrictions may apply.

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