

Leave Your Heirs More Money (with Less Taxes)

Understanding Tax-Efficient Wealth Transfer

If you have retirement accounts that you may not need, you should consider the tax impact of leaving this money to your heirs. There is a way to plan ahead, leave your heirs more and pay the IRS less.

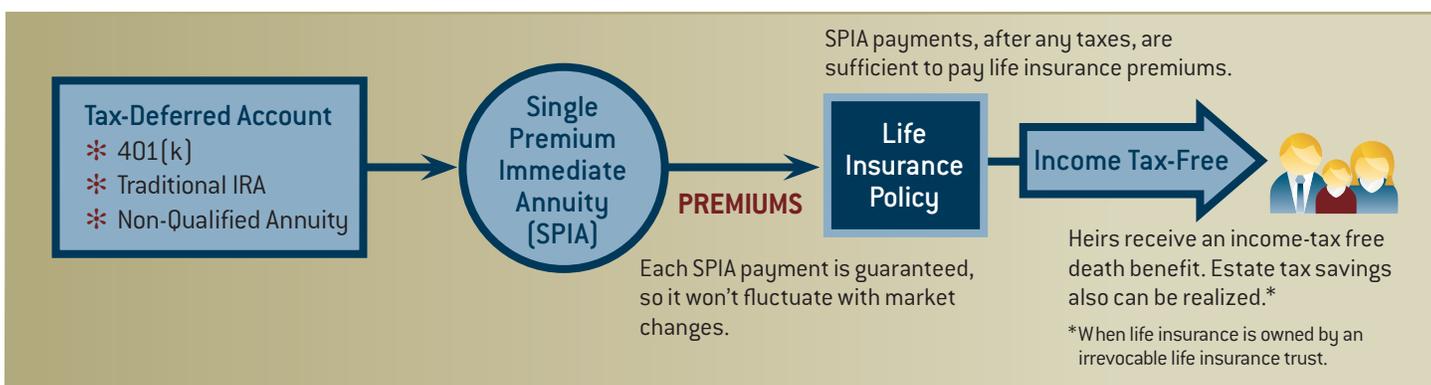
Did You Know?

- * Tax-deferred accounts, such as 401(k) plans, IRAs and non-qualified annuities, can be heavily taxed when they are left to heirs, sometimes by more than 60%.
- * If you own a Traditional IRA, you will be required to take distributions when you reach age 70^{1/2}, whether you need the income or not. These required payments can reduce the value of your IRA, leaving less for your beneficiaries.*

Fortunately, there is a proven way to leave your heirs a legacy income-tax free.

Funding Life Insurance with an Immediate Annuity

A Single Premium Immediate Annuity (SPIA) is a convenient way to take lump payments and fund a life insurance policy. Transfers or 1035 exchanges can be made to the SPIA. The SPIA then provides steady, guaranteed payments that, after any taxes, can be designed specifically to pay life insurance premiums, as shown below. All guarantees are based on the claims-paying ability of the issuer.



Benefits of This Strategy

- * **Less Tax = More Money for Heirs.**
- * **No investment risk.** SPIA payments are guaranteed, so you know exactly how much life insurance can be purchased.
- * **Access to cash values.** With this approach, you may have access to your life insurance policy's cash values, for extra liquidity.
(Accessing cash values may result in surrender fees and charges, may require additional premium payments to maintain coverage, and will reduce the benefit and policy values.)

Do You Want Your Heirs to Receive Tax Bills or Income-Tax Free Assets?

Now is the time to evaluate alternatives for tax-deferred accounts that you may not need in your own lifetime. You may be able to achieve more with this money than you think.

*Required minimum distributions are suspended for 2009 only.

This information has been prepared based on Penn Mutual's current understanding of tax laws. Any changes in these laws may result in a conclusion different than what is represented. Please note that a trust is a legal arrangement that may result in the inability to change the trust in the future, requires relinquishing control over the trust assets, must be properly administered, and has other significant consequences. Before implementing any plans based on your specific circumstances and objectives, you should consult with your personal legal, tax, and financial advisors.



Products and/or features may not be available in all states. SPIA policy form numbers: A-80, A-81, A-82, A-83, A-84 and AC80. (Policy form numbers may vary by state.)

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