



Advanced Planning

Annuities Are Meant to Be Spent

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Title

Name

Title

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4 tax planning strategies using annuities

**Liquidating nonqualified annuities
with substantial gains**

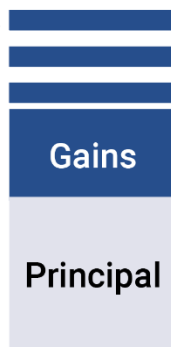
**Gifting annuities without triggering
an income tax liability**

**Minimizing taxes to beneficiaries
of nonqualified annuities**

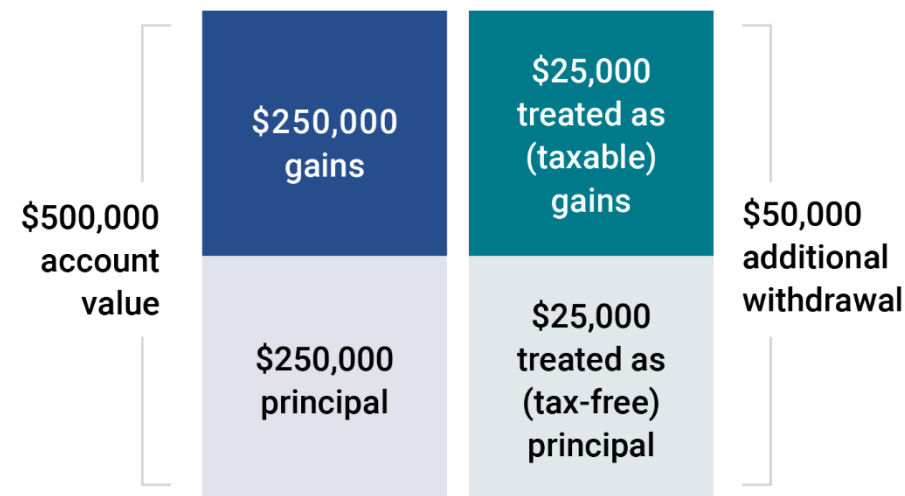
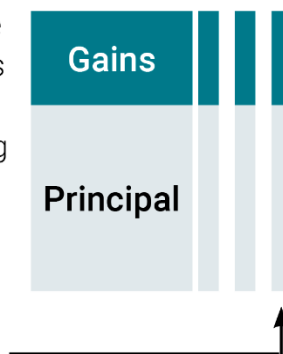
**Aligning annuities to support the
tax planning needs of a trust**

Liquidating nonqualified annuities with substantial gains

If there are gains in the contract, **last in, first out (LIFO)** will apply to **systematic withdrawals**, which means **the entire tax hit is up front.**



If there are gains in the contract, **iALIFE®** offers a **tax exclusion ratio** for payments, returning a portion of principal with each payment.¹ This helps **mitigate the tax burden by spreading it out.**



¹The exclusion ratio only applies until the cost basis has been returned, and then the payments are fully taxable. Additional withdrawals are subject to ordinary income tax to the extent of the gain. Withdrawals will reduce the account value, death benefit, GIB amount (if elected) and income payments proportionally. For illustrative purposes only. The taxable and tax-free amounts will be based on contract-specific values at the time of withdrawal.



Gifting annuities without triggering an income tax liability



Lincoln variable annuity with *i4LIFE*[®] Advantage



i4LIFE payments begin



Maggie gives the annuity to Rob



Rob receives income for life

Minimizing taxes to beneficiaries of nonqualified annuities

You have three death claim options:

Lump sum

All your taxes are due at once, which can result in a substantial tax burden.

Five-year deferral

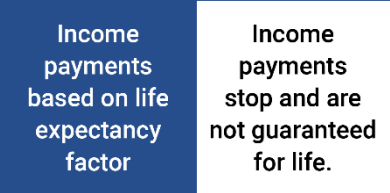
All your taxes are due within five years, which moderates the tax blow somewhat.

Nonqualified stretch

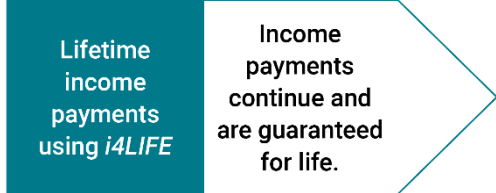
You can take payments over your life expectancy, which spreads out the tax impact over many years. This offers some substantial benefits, discussed on the right.

Lincoln’s tax-savvy solution for a nonqualified stretch:

Systematic withdrawals
(may run out)



i4LIFE® payments (allow you to create an income stream that stretches beyond your life expectancy)



Note: If you need a minimum amount of guaranteed income, which will never fall and has growth potential, you can elect the Guaranteed Income Benefit (GIB) if you are age 70 or younger.¹

¹ i4LIFE® Advantage Select GIB (1.55% single, 1.75% joint, max. 2.75% at GIB reset) and i4LIFE® Advantage GIB Managed Risk (1.35% single, 1.55% joint, max. 2.25% single, max. 2.45% joint at GIB reset) are optional features available for an additional annual charge above standard contract expenses. No minimum issue age for nonqualified, minimum issue age of 59½ for qualified.

Aligning annuities to support the tax planning needs of a trust

Here's how they set up their contract:



Trust

Evelyn and Phillip establish a trust for Charlotte. When they pass away, their assets will move from their estate to the trust.



Trust



Annuity

Lincoln variable annuity with *i4LIFE* Advantage

The trust purchases a Lincoln variable annuity with *i4LIFE* Advantage to provide Charlotte with an immediate stream of income without giving her control of the assets.

- Owner: Trust
- Beneficiary: Trust
- Annuitant: Charlotte



Trust



Charlotte receives steady income for the rest of her life.

Summary of 4 strategies

Liquidating nonqualified annuities with substantial gains

If annuity income can be tax-advantaged, shouldn't you take advantage of it?

Gifting annuities without triggering an income tax liability

Lifetime exemption is at all-time high.

Minimizing taxes to beneficiaries of nonqualified annuities

You have solutions to help retain assets when clients pass with annuities.

Aligning annuities to support the tax planning needs of a trust

Reviewing annuities held by trust can be of utmost importance.

Questions?

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Variable products are sold by prospectuses, which contain the investment objectives, risks, and charges and expenses of the variable product and its underlying investment options. Read carefully before investing.

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Thank you.