

SPIA SOLUTIONS

FROM *Qualified Annuity Services, Inc.*

Single Premium Immediate Annuities

PLANNING ISSUE: Enhance Key-Employee Retirement Package Annuity	
CLIENT BACKGROUND:	
Applicant & Owner of Policy:	Corporation
Annuitant's Gender and Age:	Male, Age 55
State of Residence:	Georgia
Amount of Funds Available for Consideration:	\$1,000,000

THE PROCESS:

1. A corporation wants to provide income of \$75,000 per year for 20 years to a key employee.
2. The corporation stipulates that in the event the employee dies during the 20 year period, a reduced amount of \$50,000 will be paid to the spouse for the duration of the term.
3. The employer wants to ensure that the spouse does not receive any excess income to which they feel she is not entitled upon the employee's death.

QAS' SOLUTION:

Product:	2 Single Premium Immediate Annuities
Policy Owner:	Corporation
Annuitant:	Employee
Beneficiary:	Employee's Spouse
Monthly Income:	\$6,250
Option:	SPIA #1: Temporary life annuity paying \$2,083.34 per month (\$25,000 annually) for life or 20 years, whichever is shorter SPIA #2: 20 Year Period Certain annuity paying \$4,166.67 per month (\$50,000 annually), that stops making payments at the end of 20 years
Value of the SPIA:	SPIA #1: \$277,352.27 premium SPIA #2: \$589,748.36 premium Cost to Corporation: \$867,100.63

BENEFITS TO THE CLIENT:

- ✓ The infrequently used Temporary Life annuity (SPIA #1) is the solution to the employer's primary stipulation that a portion of payments stop upon the employee's death.
- ✓ The Period Certain annuity (SPIA #2) guarantees that payments will be made for no longer than twenty years.
- ✓ The employer owns both annuities, thus the employee avoids constructive receipt of the policy and undesirable tax consequences.
- ✓ Structuring one income stream through two separate annuities is a unique approach to satisfying the corporation's objectives.

Qualified Annuity Services does not give tax or legal advice. Any such information in this case study is merely our understanding of current interpretations of various tax laws and regulations. If you have any questions, we suggest you consult a professional tax advisor.