Legacy Enhancement Strategy

The Legacy Enhancement strategy is designed using a life insurance policy to better leverage earnings from your IRA, helping to enhance the amount your beneficiary inherits. This is done by reallocating the after-tax excess earnings from the IRA into a life insurance policy that can potentially increase the overall inheritance.

HOW IT WORKS

1. Withdraw the annual earnings from your IRA. The annual earnings from the IRA, which typically exceeds the distribution amount at younger ages, is withdrawn annually and taxes are paid on the amount taken.
2. Use the after-tax withdrawal amount to purchase a life insurance policy and pay the annual premiums each year. After you pay taxes on the withdrawal amount, the net proceeds should be used to purchase the largest possible guaranteed* death benefit on a life insurance policy.
3. Name your beneficiary for both the life insurance policy and the IRA.

Meet John: **Age:** 65 | **IRA Balance:** $1,000,000, **Life Insurance Premium:** $35,000

John has an IRA that he wants to leave for his daughter, Jane, but he would also like to leave her more than just the IRA. He doesn't want to rely on his other assets for the extra inheritance. He would rather allocate distributions from the IRA since he doesn't need those for his retirement income. He wants a solution that will help him leave the largest possible inheritance for his daughter using his IRA.

Assumptions	Legacy Enhancement Strategy	Results
JOHN Age 65 (Survives to Age 90) **JANE** Age 40 **$1,000,000** IRA Balance **$35,000** Insurance Premium **5%** IRA Annual Return **30%** Income Tax Rate [1]**39%** tax rate	**$50,000** IRA Annual Earnings + **$1,225,556** Life Insurance Policy	**$450,369** With an assumed age of death at 90; income taxes will be incurred on the inherited IRA. **$1,225,556** Inherited Death Benefit **$1,675,925** Total Inheritance

With John reallocating his IRA annual earnings to purchase a life insurance policy, he was able to maximize Jane's total inheritance.

*All payments and guarantees are subject to the claims-paying ability of the issuing company.

[1]39% tax rate includes State Tax.

Subject to full medical and financial underwriting. Maximum face amount may be limited.

Case studies and benefit values represented as part of this presentation are based on hypothetical client age, gender, underwriting classification, premium and interest rate assumptions and are solely intended to introduce IRA Maximization concepts using life insurance contracts. Life insurance death benefits and cash values will always vary based on a variety of factors including age, gender, health, and other underwriting factors. Consumers should consult specific information regarding the products they are considering.

Additional information on next page.

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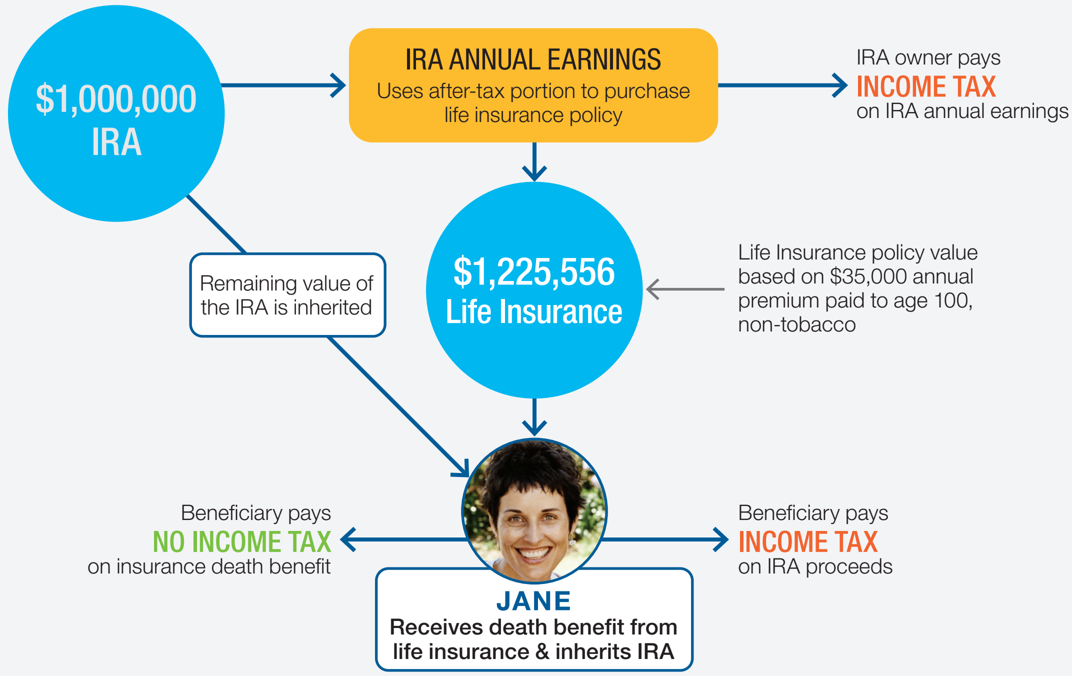
LEGACY ENHANCEMENT STRATEGY PROCESS:



IRA Maximization is a wealth transfer strategy that allows you to transfer the value of an IRA into a more cost-effective tax arrangement. Also, the strategy can help increase or keep the value of the IRA when transferred to your beneficiaries.

Who can benefit from using the IRA Maximization strategy?

- Someone who doesn't need their IRA assets for their retirement income needs.
- Someone more interested in transferring their assets than generating income.
- Someone wanting to provide a legacy of lifetime income for their loved ones

For more information, contact your Financial Representative.

This material contains statements regarding the tax treatment of certain financial assets and transactions. These statements represent only our current understanding of the law in general and are not to be considered legal or tax advice by purchasers. The tax treatment of life insurance and Individual Retirement Accounts (IRAs) are subject to change. Income, estate, gift, and generation skipping tax rules are subject to change at any time. Neither Protective Life nor its representatives offer legal or tax advice. Purchasers should consult with their legal or tax advisor regarding their individual situations before making any tax-related decisions.

The income tax on an IRA is not due until each distribution is taken. If an individual made non-deductible contributions to the IRA, a portion of the IRA proceeds may be an income tax-free of basis.

While these strategies may help reduce or eliminate income taxes, they may cause an equal or greater amount of estate taxes, depending on an individual's situation.

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