

The Insured Asset Conversion Trust

By

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Do You Have A Client Or Prospect

- ✦ Has their safe money such as:
 - CD's
 - Treasury's
 - Bonds (Government ,Corporate, Muni)
- ✦ Is concerned about return of their money more then return on their money



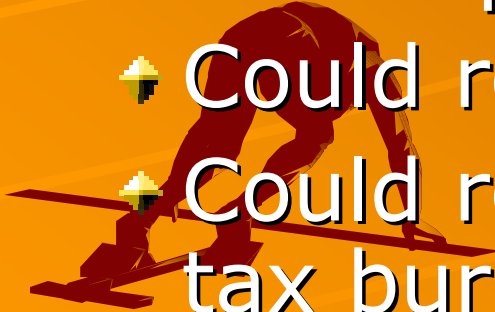
Further Attributes Of Client

- ✦ Could be single or married
- ✦ Is not necessarily concerned about estate planning
- ✦ If they had a choice and didn't effect their cash flow would rather leave money to heirs then the government



The Insured Asset Conversion Trust

- ✦ Could improve their yield on safe money
- ✦ Could pass on more to their heirs than the government (proactive estate planning)
- ✦ Could reduce their taxable estate
- ✦ Could reduce their overall income tax burden
- ✦ Could insulate some assets from Long Term Care Providers



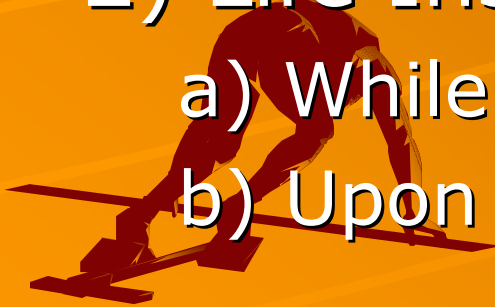
How is the Insured Asset Conversion Trust Taxed

1) An Immediate Annuity

- a) While the insured is living
- b) Upon death

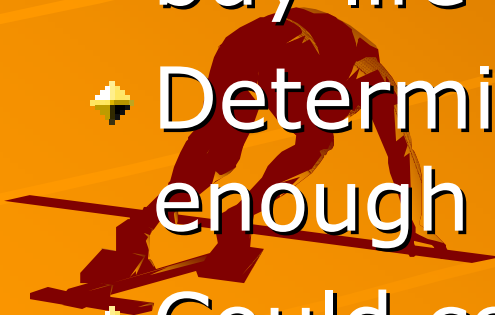
2) Life Insurance

- a) While the insured is living
- b) Upon death



Here is How It Works

- ✦ Buy a single premium immediate annuity
- ✦ Use some of the increased income to buy life insurance
- ✦ Determine if the estate is large enough for ILIT and other planning
- ✦ Could combine LTC or even life with LTC rider



The Effects

- ✦ Won't outlast the money
- ✦ Improve yields on safe assets
- ✦ Pass on more to desired heirs
- ✦ Could lower the taxable wage base
 - Less taxes
 - Maybe make social security not taxed
 - Could take out more qualified assets

Other Ways of Setting Up IACT

- ◆ Joint & Survivor SPIA combined with SUL
- ◆ Affording LTC rider or separate policy
- ◆ Using Impaired Risk SPIA (Underwritten)

