Stretch your assets

Building family wealth while retaining some control

Create a lasting legacy

by “stretching” your IRA or Non-Qualified Annuity

Presented by: <Name>

Important disclosures

- Fixed index annuities are insurance contracts that, depending on the contract, may offer a guaranteed annual interest rate and earnings potential that is linked to participation in the increase, if any, of an index or benchmark.
- Fixed index annuities are issued by Voya Insurance and Annuity Company, (Des Moines, IA), member of the Voya™ family of companies. All guarantees are based upon the financial strength and claims-paying ability of the issuing company, which is solely responsible for all obligations under its contracts.
- IRAs and other qualified plans already provide tax-deferral like that provided by an annuity. Additional features and benefits such as contract guarantees, death benefits and the ability to receive a lifetime income are contained within the annuity for a cost. Please be sure the features and costs of the annuity are right for you when considering the purchase of the annuity.

Important disclosures

- Withdrawals may be subject to Federal/State income tax and, if taken prior to age 59½, an additional 10% Federal penalty tax, unless an exception applies. Withdrawals do not participate in credits of benchmark, index, or interest.
- Neither Voya nor its affiliated companies or representatives offer legal or tax advice. Consult with your tax and legal advisors regarding your individual situation.
- All guarantees are based on the financial strength and claims paying ability of Voya Insurance and Annuity Company, who is solely responsible for all obligations under its policies.
- Carefully consider the provisions of your current retirement plan and the new product for differences in cost, benefits, surrender charges or other important features before transferring assets. Consult your own legal and tax advisors regarding your situation.
- Structuring an involuntary stretch strategy for your beneficiaries may not be available for all annuity contract carriers, or for IRA plans funded with products other than annuities.

What is a "Stretch Strategy?"

A Stretch strategy is an estate planning option designed to:

- Continue your asset allocation strategy for the next generation.
- Extend the tax-deferred earning power of your IRA or non-qualified annuity.
- Produce a lifetime income stream and possibly spread out tax liability for your beneficiaries.

What is a “Stretch Strategy?”

With careful planning, a Stretch strategy may help extend and enhance the value of your IRA or non-qualified annuity to more than one generation.

You can maximize your legacy by limiting your distributions from these assets.	When you pass away, the IRA or non-qualified annuity may be continued by your spouse (if applicable) so the assets can continue to accumulate.
When your spouse passes away, the account is passed on to the beneficiaries who can choose to Stretch the IRA or non-qualified annuity.	Stretch produces income in the form of minimum distributions based on the beneficiary’s life expectancy. Unless you or your spouse restricts the payout to your beneficiary, they can access more than the minimum distribution at any time.

First – Let's talk about you

Over the years, you've worked hard to save for retirement.

- You sacrificed.
- You made difficult decisions.
- You hoped and dreamed.

Most of all, you carefully planned for the long run and watched your retirement nest egg grow.

First – Let's talk about you

- Are you concerned about the rate at which your beneficiary or beneficiaries will spend the legacy you left behind for them?
- Would you like to leave more money to your beneficiaries?
- Are you interested in minimizing tax liability?

Now – Let's talk about your legacy

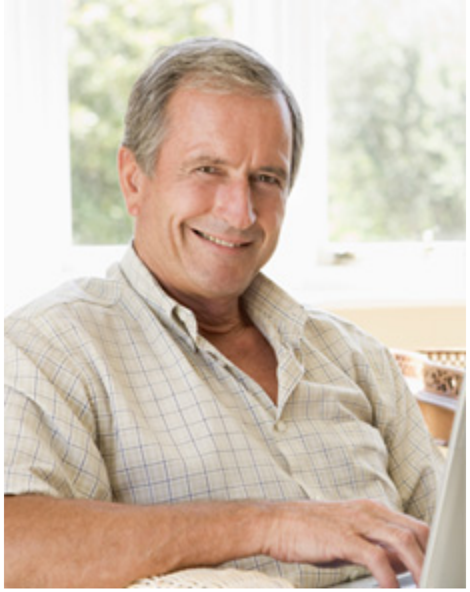
When you think about your legacy wishes, what is important to you? Start by answering the following questions:

- What assets do you plan on leaving to your children or grandchildren?
- What strategy do you have in place that will allow you to leave your beneficiaries with a steady stream of income?
- How do you plan on keeping your beneficiaries from quickly spending their inheritance?

Are you a potential candidate for Legacy Planning?

With careful planning, a Stretch Strategy may help you extend and enhance the value of your IRA or non-qualified annuity to more than one generation. You might be a candidate for this strategy, if:

- You don't plan on needing this money, but it's there if necessary.
- You want to protect what you have – with guarantees.



All guarantees are based on the financial strength and claims paying ability of the issuing insurance company.

Are you a potential candidate for Legacy Planning?

- You've worked hard to accumulate a nest egg and want to ensure it lasts for many more years.
- You're motivated to reduce upfront taxes at your death…and have them paid over time by your beneficiaries.
- You wish to control how your beneficiaries receive their inheritance.

An important question is…

Q: Why would the beneficiary want to stretch?

A: They probably **don't** – even though they can!

Talk to your beneficiary

It's important that you talk with your beneficiaries to let them know how and why you are helping to plan for **their** future.

- You sacrificed and worked hard to build a secure future for you and your beneficiary. Don't let them spend it too quickly!
- Let your beneficiaries know how you want to provide funding for their potential goals: college funding for children and grandchildren; a down payment for a home; a steady stream of income…or something else you view as important.
- You want this to be a legacy – your footprint for when you're gone. It's not a winning lottery ticket for beneficiaries to splurge.

Structuring income for your beneficiary

A Stretch Strategy can be either voluntary or involuntary.

Voluntary

- Allows your beneficiary to decide whether or not to Stretch the amount as one of their death benefit options.

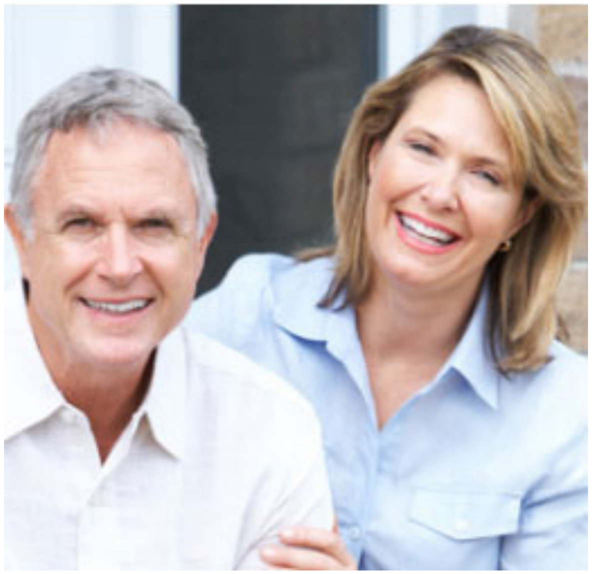
Involuntary

- If you have concerns that your beneficiaries won't Stretch, Voya Insurance and Annuity Company has a form that structures the Stretch ahead of time.

Structuring income for your beneficiary

The Voya Beneficiary Designation with Restricted Payout (BDRP) form allows you to direct the frequency and duration of all or a portion of your annuity's distributions (within IRS guidelines) which may:

- Help minimize the risk that your beneficiaries will spend the death benefit proceeds too quickly.
- Help provide funds for your children's or grandchildren's education.
- Give your beneficiary a steady stream of income.



The Stretch Beneficiary Form

Voya Insurance and Annuity Company gives you the ability to make 1 of 3 choices:

- Full restriction
- Partial restriction
- No restriction

2 BENEFICIARY #1

Name (Last, First, Middle Initial) | Date of Birth (mm/dd/yyyy) | SSN | Relationship

Address (Number & Street, City/Town, State, Zip Code)

RESTRICTION

☐ Full Restriction
☐ Partial Restriction
☐ No Restriction

If partial restriction is selected, complete the following:
_________% Percentage limit for lump sum payment.
$_________ Dollar amount for lump sum payment.

PAYOUT ELECTION *(Must be completed unless "No Restriction" is selected above.)*

Duration
☐ Life Only
☐ Period Certain for (5-20) Years
☐ Life with (5-20) Years Period Certain
☐ Amortize (stretch) the death benefit over the Beneficiary's life expectancy

Frequency
☐ Monthly (default) ☐ Semi-Annually
☐ Quarterly ☐ Annually

(Subject to the provisions of the contract.)

Flexibility of a Stretch

Annuitization

- Annuitization over an individual's life can be used, but period certain payments must not exceed the beneficiary's life expectancy.

Life Expectancy Method

- Continues with tax-deferred growth potential.
- Withdrawals must be taken each year, based on beneficiary life expectancy found in IRS Publication 590.
  - After life expectancy is originally determined, it reduces by 1 every year.

Stretching IRAs and Non-qualified Annuities

- First distribution to beneficiary must occur by:
  - First anniversary of date of death for a non-qualified annuity.
  - By 12/31 of the year following the date of death for an IRA.
- Gains are distributed first and are taxable to beneficiary.
- Cost basis is taken last and is not taxed.

Lump Sum vs. Stretch

Lump Sum Distribution

- A single, 40 year old individual inherits a $500,000 contract.
- If it had $350,000 of cost basis (which is not stepped up at death) he/she would have $150,000 of income, if surrendered completely in a lump sum.
- That amount alone would instantly put them in the 28% Federal Tax Bracket, and any income above that amount would be taxed at that rate.

Stretch Distribution

- Let's suppose that same individual inherited a $500,000 contract.
- If that same amount was **stretched** over the beneficiary's lifetime, they could receive a steady income stream for the next 30+ years.
- Plus, it would allow them to keep more of their inheritance over time – and may keep them in a lower tax bracket.

The Stretch Option

Let's take a look at a Stretch scenario, with the following assumptions:

- You believe the account can continue to earn 3% annually.
- Beneficiaries don't need a lump sum.
- Annuity owners set up an Voya Beneficiary Designation with Restricted Payout.
- When the owners pass away (John and Joan), the $500,000 contract is stretched over the life expectancy of the beneficiary (Peter), who is 41 years old.

Putting a Stretch into action – A hypothetical scenario

John has an annuity contract, with his wife Joan named as beneficiary.

- When John passes away, Joan treats the contract as her own, and uses it as needed.
- Joan then names her son Peter as beneficiary. After Joan passes away, Peter stretches the $500,000.
- Peter receives payments over his life expectancy, while the remaining assets continue to grow tax-deferred.

Putting a Stretch into action – A hypothetical scenario

- Peter names his young daughter Amy as beneficiary, then passes away at age 45.
- Amy – the daughter of Peter, and the grandchild of John and Joan – will continue to receive payments for the remainder of her father Peter's original schedule.

The hypothetical investment results are for illustrative purposes only and should not be deemed a representation of past or future results. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments.

Putting a Stretch into action – A hypothetical scenario

Distributions over Peter's life expectancy. Distributions would continue to Amy as scheduled, after Peter's death.

Year	Age	Life Expectancy[1]	Distributions	Balance
2013	41	42.7	$11,885	$510,490
2014	42	41.7	12,242	513,197
2015	43	40.7	12,609	515,606
2016	44	39.7	12,988	517,698
2015	45	38.7	13,377	519,452
2053	81	2.7	38,780	67,907
2054	82	1.7	39,945	28,804
2055	83	0.7	28,804	0
Total			$1,003,777	

Assumptions

1. Life Expectancy based on the table within IRS Publication 590 table for distribution to beneficiary
2. Owner (Joan) dies on 06/30/2012
3. Beneficiary (Peter) turns age 41 during calendar year 2013
4. Remaining balance grows at a rate of 3%
5. All payments taken on January 1 in each year

Important points to consider with a Stretch Strategy

- An annuity stretch assumes that the contract has cash value to support withdrawals. Also, all guarantees, including payments, are subject to the claims-paying ability of the insurer.

Legacy Planning

If your beneficiary stretches their death benefit amount, they will receive:

- Continued tax-deferral.
- A non-qualified annuity that remains in force.

Distributions create a potential lifetime income stream for your beneficiaries…and potentially your beneficiary's beneficiaries.

Important points to consider with a Stretch Strategy

- IRA's and other qualified plans already provide tax deferral, like that provided by an annuity.
- For an additional cost, an annuity provides additional features and benefits, and the ability to receive a lifetime income. If other options are available, you should not purchase a qualified annuity unless you want these additional features and benefits, taking into account their cost.
- Future tax law changes may potentially alter the tax-deferred benefits of beneficiaries spreading payments through a Stretch strategy.
- Structuring an involuntary stretch strategy for your beneficiaries may not be available for all annuity contract carriers.

Thank you for attending!

Do you have any questions?

If I can help you with any additional information, please contact me:

Firstname Lastname
Agency
Address Line 1
Address Line 2
City, State Zip Code
Telephone Number