



## Tax Advantaged Income

What would your clients do with more money?

### The Clients: Bob and Cynthia, Retired, Age 66

**The Situation:** Bob and Cynthia visited with their agent, Joe, to do a review of their retirement income plan. Having just completed their income taxes, they are concerned about the amount they are paying on various sources of income. They receive combined Social Security benefits of \$24,000 per year, dividend income of \$6,000, pension benefits of \$21,000 and income from CDs of \$10,500 annually. They do not spend the income generated from their CDs and roll over the balances every year or so.

**The Strategy:** Joe recommended they speak with their tax advisor about moving some of their money from CDs into a fixed annuity. It could be an effective strategy to reduce their income taxes, he explained, because interest from CDs is included in the taxation calculation of Social Security benefits while interest from fixed annuities is deferred until withdrawn. It was likely that they were paying more in income taxes than necessary. Joe recommended moving the funds into a SecureLiving® SmartRate fixed annuity from the Genworth Financial insurance companies.

**The Solution:** After analyzing their taxes and income needs, their tax advisor verified that by moving their money

from CDs into a fixed annuity, Bob and Cynthia could decrease their current tax liability by approximately \$2,371.

- 59% of the tax reduction (\$1,399) is attributable to the tax-deferral effects of moving the CDs into a fixed annuity.
- 41% of the tax reduction (\$972) is attributable to the effect that the fixed annuity has in reducing taxable social security benefits in this case.

As an added benefit, by purchasing a fixed annuity and holding their money in it for a longer period of time, they might also enjoy higher interest crediting rates and stronger growth due to tax deferral than they could from other short-term financial products.

### Contact Your General Agent For More Information

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Fixed immediate & deferred annuities...  
your clients will thank you.



Fixed annuities can benefit your clients in a number of ways. Joe was able to help his clients by understanding how an annuity could fit into an overall retirement income plan. Be sure to think outside the box and deliver creative solutions that fit your client's needs. The Genworth Financial insurance companies' SecureLiving® fixed annuities — deferred and immediate — can be useful tools to help maximize after-tax income.

### **Questions to Begin the Conversation**

- Do you have any money in CDs you're not currently relying on for income?
- Would you be interested in creating lifetime income that is also tax-advantaged?
- Have you spoken with your tax advisor about ways annuities could help reduce your taxes?
- Would you be interested in discussing ways to reduce the taxable portion of your Social Security benefits?

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