

Generation Legacy[®]



Leave behind more than memories

Like many people your age, you've spent your life working hard, paying your mortgage, raising your children and saving for retirement. It's time to look back with pride on all you've accomplished. And it's only natural to think about the future of the loved ones you'll leave behind.

While you look for ways to make the most out of the money you have, you're also thinking about the best way to leave something behind for your children, grandchildren or your favorite charity. This can be a difficult task when you consider tax consequences and the costs of probate.

Generation Legacy[®], from The Baltimore Life Insurance Company, can be an ideal solution for your situation. This innovative concept combines a life insurance policy and an annuity contract to provide a perfect option for people like you...mature individuals who want to create a brighter future for those who mean the most to you.

How does it work?

When you purchase Generation Legacy, you are issued two separate contracts:

- A single premium immediate annuity and
- A limited premium payment whole life policy

Payouts from the annuity are directed to pay the premiums for the life insurance policy. For ages 60 to 74, the annuity payouts and whole life policy premium payments are made for 10 years. At this point, the life insurance policy is paid in full and the annuity payments cease. For ages 75 to 80, the payment period lasts seven years.

Typically, Generation Legacy can be purchased with transfers from either a non-qualified deferred annuity or with a rollover or direct transfer from qualified funds. Money from a certificate of deposit, money market account or other after-tax cash funds can also be used as premium.

If you don't need money from these existing funds for current or future daily living expenses, Generation Legacy could be an easy, tax-efficient way to pass a significantly larger gift from these proceeds to your heirs.

Here's an example:

Barbara, age 65, a non-tobacco user, is in the 24 percent tax bracket and wants to leave her estate to her granddaughter. She has \$50,000 in a non-qualified annuity (\$20,000 of which is gain) and \$200,000 in CDs and money market funds. She receives a Form 1099 each year for the taxable income from her CDs and money market funds only.

Interest is accumulating tax-deferred in Barbara's annuity. When Barbara dies, her granddaughter will likely have to pay income tax on the portion of Barbara's annuity that is considered gain (\$20,000), depending on the payout option. This could even force Barbara's granddaughter into a higher tax bracket in the year she receives the funds. If Barbara surrenders her annuity for a lump sum today, her tax on the \$20,000 gain would be about \$5,000.



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Barbara decided to transfer the \$50,000 from her annuity to Generation Legacy, naming her granddaughter as beneficiary, and keep the CDs and money market funds available for other uses during retirement. By doing this, she purchased \$94,002 in life insurance. This significantly increased the size of Barbara's gift to her granddaughter, and since Generation Legacy is life insurance, the benefit will pass to her granddaughter income tax-free at Barbara's death (under current tax law).

| CURRENT ESTATE | | CURRENT ESTATE with Generation Legacy® | |
|------------------------------|------------------|---|------------------|
| Non-Qualified Annuity | \$50,000 | Life Insurance | \$94,002 |
| CDs & Money Market Funds | \$200,000 | CDs & Money Market Funds | \$200,000 |
| TOTAL ESTATE AT DEATH | \$250,000 | TOTAL ESTATE AT DEATH | \$294,002 |

Over the next 10 years, Barbara will receive a Form 1099 as the annual payouts from Generation Legacy's annuity are directed into a 10-pay life insurance policy. Instead of paying \$5,000 in tax at once (as she would if she cashed in the annuity), she will only be required to pay tax on a portion of the gain each year for the first 10 years.

If Barbara dies before the end of the 10-year annuity period, her granddaughter will receive the income tax-free life insurance benefit of \$94,002 and unpaid payments from the immediate annuity*, rather than the smaller taxable annuity benefit. If she dies after the 10-year annuity period, her granddaughter will receive the income tax-free benefit of \$94,002 from the paid-up life insurance policy.

Living benefits

Generation Legacy can also provide valuable protection you need today. Adding the optional Accelerated Death Benefit Riders allows you to receive a portion of the policy's death benefit if you are diagnosed with a catastrophic illness as defined in the riders. As explained in the policy, you can receive this living benefit if any of the following occur:

- Terminal illness
- Permanent confinement to a nursing home
- Extended home health care
- Care from a licensed or certified adult day care center

Eligibility and other features

- Ages 60-80 are eligible
- Loans and withdrawals are available under the life insurance policy. Refer to the policy for details.

Create a lasting legacy

You've provided love, support and guidance to those you care about for many years. Now, take the next step to help ensure their financial future...talk to your Baltimore Life agent about Generation Legacy.



**Benefits are subject to terms and conditions of the policy and vary by age. The portion of the immediate annuity payouts that exceed the amount that has been previously taxed are subject to taxation. Our agents do not provide tax advice. Please consult with your tax advisor about the product and your personal situation.*

Comments contained in this brochure reflect our understanding of the current tax law treatment of this type of product. However, the laws are subject to different interpretations and changes. Our agents do not provide tax advice. Please consult with your tax advisor about this product and your personal situation.

This brochure is not a contract and descriptions of policy provisions are only partial. Refer to the policy for complete terms and conditions. In the event of a conflict, the terms of the policy will govern. Generation Legacy® is underwritten and issued by The Baltimore Life Insurance Company, Owings Mills, Maryland. Life insurance is not FDIC insured. For use with Baltimore Life Policy Form ICC18-8243 and 8244; rider forms 8245 and 8247, or state-specific variation, where applicable. Product and/or riders not available in all states. All guarantees are based on the claims-paying ability of the issuing company.

