



A lasting legacy

Wealth transfer using nonqualified annuities



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Your legacy isn't built in a day, but it can last a lifetime. That's why we try our best to ensure everything you've worked so hard for continues to help the ones you love for years to come.

Ensure your legacy has as much strength as it took to create

Understanding available options for nonqualified annuity death benefit distribution is the first step. These options will help increase your legacy, avoid costly mistakes, and address specific concerns you may have about passing assets to your heirs. By conducting a beneficiary designation review, we can help you build an effective strategy for transferring wealth to your beneficiaries.

Transamerica offers a broad range of flexible death distribution options, including the use of "stretch" systematic payouts. The "stretch" option offers beneficiaries who inherit a nonqualified annuity greater flexibility and control by featuring:

Tax control: Stretching can help beneficiaries control the taxation by allowing them to pay taxes only when they take their voluntary and required distributions.

Growth potential: By stretching the distributions, your beneficiaries can keep assets invested on a tax-deferred basis to the extent permitted by law, giving the money more time to potentially grow.¹

Flexibility: Unless restricted, beneficiaries can withdraw additional amounts beyond the required minimum distribution (RMD) in any year.

Control of your legacy: Contract owners may restrict death benefit distribution options, which can be particularly advantageous when beneficiaries have limited or no financial experience. Owners can force the beneficiaries to stretch the payments by using the Restricted Beneficiary Payout form.

Restricted payout options² Simple and effective, without the costs of drafting a formal will or trust, a restricted beneficiary feature can control the flow of distributions in several ways:

- Systematic payments based on the beneficiary's life expectancy (stretch)
- Systematic payments for a period of years not to exceed the beneficiary's life expectancy
- Annuitization:
 - Lifetime only
 - Life with a period certain (5–30 years) not to exceed the beneficiary's life expectancy
 - Period certain (5–30 years) not to exceed the beneficiary's life expectancy

Individuals can elect a full restriction or restrict only a portion of the assets for a specific beneficiary.

69%

of Americans find estate planning at least somewhat important, but only 26% have an estate plan.³ Naming beneficiaries is an important aspect of an estate plan.

¹ The investment is subject to market conditions and the loss of principal

² Transamerica reserves the right to modify the restricted payout method elected and/or the payments made in order to comply with IRS requirements.

³ "A Look at Americans' Views of Estate Planning and How it Fits into Overall Financial Planning, Giving Intentions," PR Newswire, April 23, 2024

Annuities issued in all states except New York by Transamerica Life Insurance Company, Cedar Rapids, Iowa, and in New York by Transamerica Financial Life Insurance Company, Harrison, New York. Annuities are underwritten and distributed by Transamerica Capital, LLC. References to Transamerica may pertain to one or all of these companies.

Nonqualified annuity option for death benefit distribution

Every legacy is unique and one option does not fit all. Transamerica can help you understand which death benefit option is right for you, as some may not be available in all situations.

Spousal continuation

If the surviving spouse is the sole beneficiary, the spouse may elect to continue the contract and exercise many of the rights of the original owner.

Lump sum

Beneficiaries can elect to receive the entire death benefit immediately.

Payment within five years

For nonqualified annuities, beneficiaries can liquidate the annuity within five years of the owner's death.

Lifetime income

Beneficiaries can elect annuity payments guaranteed for life. This must be exercised within one year of the date of death with nonqualified annuities.

The specified time period in which the beneficiary must elect to begin taking annuity payments

Beneficiaries can elect an annuity payable for any period between five to 30 years, provided the period does not exceed the beneficiary's life expectancy at time of election and complies with tax laws.

Systematic payouts (Stretch)

Beneficiaries can stretch distributions by taking systematic payouts over a period not to exceed their life expectancy. Although the stretch election has a required minimum distribution (RMD) each year, it gives beneficiaries greater control over the taxation of their inherited assets. For nonqualified contracts, payments must start within 12 months from the date of death.

Embrace the Transamerica advantage

Transferring wealth is an important consideration for anyone. One of the first steps in effective wealth transfer planning is knowing the capabilities of the companies you work with. Transamerica provides the options and capabilities that empower you to address your wealth transfer needs.

Stretch: Available for any living beneficiary on nonqualified annuities.

Restricted beneficiary option: Allows you to customize how and when your beneficiaries can access their inheritance (death benefit). These restricted options must comply with tax laws.

Irrevocable beneficiary option: An irrevocable beneficiary must sign off on any changes to the beneficiary designation while the owner is alive.

Per stirpes designations: Allows the owner to customize the beneficiary designation in case a primary beneficiary dies before the annuitant/owner.

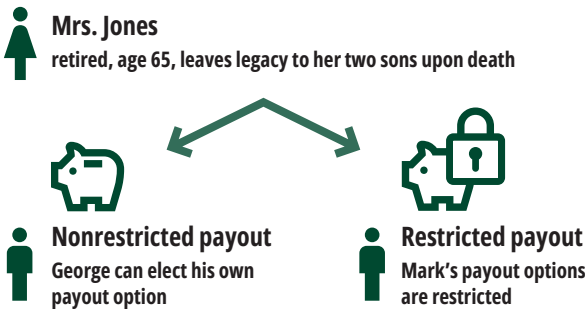
All guarantees, including optional benefits, are based on the claims-paying ability of the issuing insurance company. Note some of these death benefit distributions options may not be available in all situations

Restricted payout option example

Mrs. Jones, age 65, is a retired widow with two adult children, George and Mark. While George is a successful businessman who is financially savvy, Mark is not very good at handling money. Mrs. Jones is concerned about leaving a lump sum of money to Mark when she passes away, but she's reluctant to incur the expense of setting up a trust.

By using Transamerica's restricted payout option, Mrs. Jones is able to accomplish two goals:

1. Leave a legacy to George, without restrictions, allowing him to elect his own death benefit payout option.
2. Leave a legacy to Mark that is restricted, limiting his access to his inheritance instead of having him receive a lump-sum payout.



The restricted beneficiary feature can be useful if you:

- Want to maintain control over your bequest to one or more beneficiaries
- Want to leave a structured legacy without the expense of setting up a trust
- Would like to limit access to the inheritances for a period of time for one or more beneficiaries.

And can be good for beneficiaries who:

- Have limited financial experience
- Have spendthrift tendencies
- Have special needs
- Are minors

Helps preserve, protect, and plan

A restricted beneficiary election not only helps as a safeguard for individuals with beneficiaries that have unique circumstances, it can also be a simple and effective estate planning tool. Regardless of the situation, the restricted beneficiary designation can help preserve the wealth you have worked so hard to accumulate, and help you create a controlled legacy for your loved ones.

Questions to consider

- Have you done any beneficiary planning?
- Are you concerned about how one or more of your beneficiaries will handle their inheritance?
- Are your beneficiaries aware of the tax consequences associated with inheriting your nonqualified annuity?
- Have you spoken with your beneficiaries to ensure they understand the options available to them?

Questions	Nonqualified stretch
When should the first stretch distribution begin?	Within one year of the date of death
Is there a 10% penalty on distributions under age 59½?	No
Can the beneficiary take more than the required minimum stretch?	Yes, unless the original owner limits distributions to stretch only
Is this option available for a trust designated as beneficiary?	No
Does Transamerica accept this type of account as new business?	Yes, assuming the originating company will accommodate a post-death 1035 exchange
Can a beneficiary send Transamerica a check?	No, direct transfer via 1035 exchange only

Neither Transamerica nor its agents or representatives may provide tax or legal advice. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely on their own independent tax and legal professionals regarding their particular situation and the concepts presented herein.

Withdrawals of taxable amounts are subject to ordinary income tax and if taken prior to age 59½, a 10% federal tax penalty may apply.