SFG BROKERAGE

Our Team

The culture at SFG Brokerage is one that puts community, collaboration, and connection first. We work with professionals across the country committed to serving the needs of your clients.

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Sun-kissed days, sandy beaches, and strategic gifting for your clients this Summer!

Partnering with you to help your clients plan with flexibility!
~ Tim, Mark, and Gayle

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Growth, Income and Stability

SFG BROKERAGE

Not every conservative savings product is the same. Multi-Year Guarantee Annuities (also called MYGAs), offer many of the same features that make other conservative products so popular. In addition, annuities offer other unique features that may be beneficial to your clients.

WHAT IS A MULTI-YEAR GUARANTEE ANNUITY?

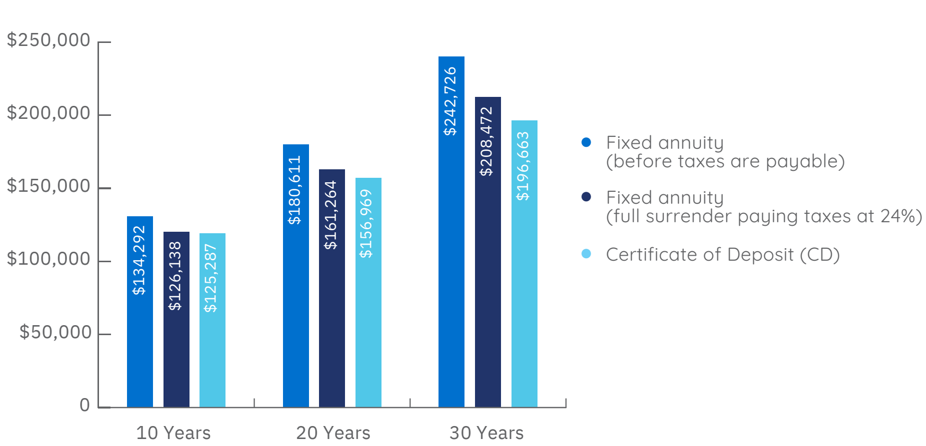
Multi-Year Guarantee Annuities are a type of fixed annuity (typically single premium) that provides a predetermined and contractually guaranteed interest rate for a specified period of time.

As an annuity, they offer the ability to have a guaranteed stream of income at a future point in time – like when your clients retire.

Because MYGA's offer multiple guarantee periods, they are often compared to other conservative savings products, like Certificates of Deposits or CDs. Which high-quality product is right for your clients depends on their own personal situation and goals.

TAX-DEFERRED VS. CURRENTLY TAXABLE

Assumptions:	Assumed initial purchase payment:	Assumed annual rate of return:	Assumed tax rate:
Assumed initial purchase payment: $100,000	$100,000	3%	24%



A COMPARISON OF MYGAs AND CDs

	Multi-Year Guarantee Annuities	Certificates of Deposit
Guaranteed interest[1]	Yes	Yes
FDIC-insured	No • Backed by the claim-paying ability of the insurer that issues the fixed annuity (see MassMutual's financial strength ratings at https://www.massmutual.com/about-us/MassMutual-financial-summary)	Yes • Insured only up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA)
Withdrawals Allowed[2]	Usually Permitted • Many allow withdrawals of a certain percentage of contract value each year, typically around 10% or accumulated interest, free of any annuity surrender charges • Excess withdrawals are usually subject to surrender charges and/or market value adjustments (MVAs) • Surrender charges generally decline each contract year and expire at the end of a specified number of years • MVAs may result in a positive or negative adjustment	Usually Not Permitted • Generally charge a penalty if funds are withdrawn prior to maturity • Some CDs may offer the ability to withdraw interest • No-Penalty CDs usually refer to CDs that allow you to withdraw only if you commit to another higher rate CD
Guaranteed Term Periods	Yes • Typically will offer multiple guaranteed periods to select from, ranging from 1 to 10 years • Some MYGAs may allow you to renew into different periods without having to terminate the contract	Yes • Guaranteed rate term choices can range from 90 days to multiple year guarantees, however, they usually are not greater than 5 years at most banks
Provide lifetime income	Yes • All types of annuities offer lifetime income options[1]	No • Some CDs may allow the systematic withdrawal of interest and may be used as income upon maturity but none can guarantee an income for life
Tax deferral[2]	Yes • Earnings on individually owned annuities are generally tax deferred until they are withdrawn, allowing your money to take full advantage of compounding interest • Qualified plans, like IRAs, already provide tax deferral so annuities do not provide any additional tax advantage when used to fund a qualified plan	No • Earned interest is taxable for the current year on an annual basis

1 Any guarantees explicitly referenced herein are based on the claims-paying ability of the issuing insurance company.

2 Liquidated earnings are subject to ordinary income tax and may be subject to a surrender charge and/or MVA. If taken prior to age 59½, an additional 10% federal income tax may apply.

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STRATEGY SNAPSHOT:

Lifetime Annual Gifting to an ILIT with a Twist

CASE SCENARIO

Married couple, Don and Barb are both in their 70s and have a growing estate. Although their estate will not be subject to estate taxes under current law, it may be at risk in the future as the value of their estate increases and estate tax laws change. Don and Barb have three adult children who have families of their own, including four adult grandchildren. Although their children have jobs and a stable income, Don and Barb would like to help them out financially. They would like to see their children and grandchildren enjoy the money, so they prefer a lifetime strategy over one that solely depends on their passing.

Planned gifting may help your clients see and enjoy the results for their children and grandchildren.

THEIR GOALS

- Don and Barb want to make gifts to their children and grandchildren in a responsible manner.
- They want to see their children and grandchildren enjoy the gifts.
- They prefer solutions that will be sensitive to their possible future estate tax concerns.

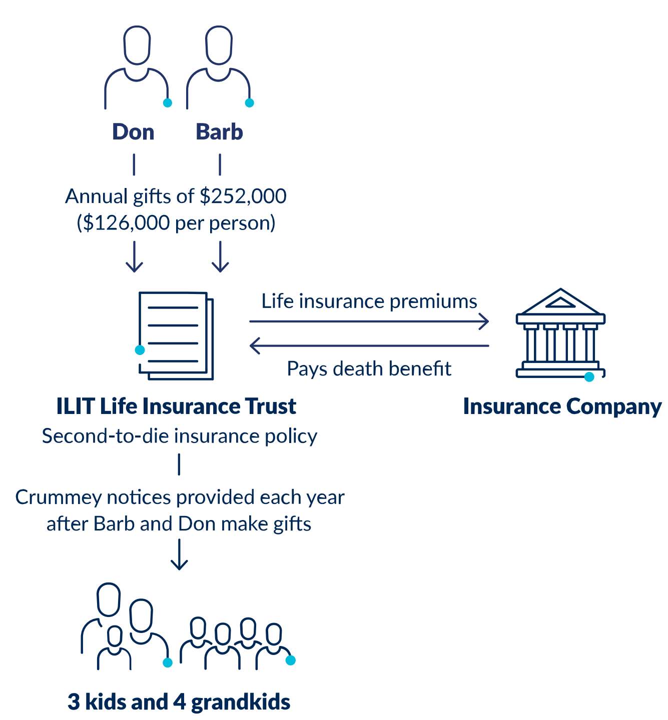
A POSSIBLE SOLUTION

Don and Barb create an irrevocable life insurance trust (ILIT). The ILIT provides instructions to the trustee as to how Don and Barb would like the money distributed to their children and grandchildren. It has provisions to protect the assets inside the trust from future potential creditors,[1] but allows the trustee to distribute money for certain purposes not only after Don and Barb have passed, but also while they are still alive.

When Don and Barb make a gift to the trust, it qualifies for the annual gift tax exclusion (limit $18,000 in 2024) as a present-interest gift because each one of the beneficiaries has a right to withdraw a portion of the given amount for a limited period. In other words, even though the kids do not have immediate use of that gift, the right to withdraw makes it a present-interest gift. As part of the process, the the trustee must send a letter to each beneficiary to inform them of the gift. This "Crummey notice" typically gives the beneficiaries a set period of time (such as 30 days) to withdraw their portion of the gift.

Don and Barb make annual gifts to the trust of $18,000 per beneficiary of the trust ($18,000 x 3 kids and 4 grandkids = $126,000 each x 2 =$252,000 per year). Their financial and legal professionals have discussed that, over time, these gifts can help keep their net worth from growing too large, which would then subject them to estate tax in the future, depending on future tax law changes.

The trustee decides to use some of the gift each year to buy a second-to-die life insurance policy on Don and Barb. The ILIT will be the owner and beneficiary of the policy. The trustee will have access to cash values[2] (if necessary) while the insureds are alive. At Don and Barb's death, the trustee may purchase assets from the estate with the death benefit to provide some liquidity to pay expenses and estate taxes while keeping the estate's assets intact. The trust will continue after their passing so that it can distribute assets to the children and grandchildren for years into the future.



1 You should consult with your own legal counsel to determine whether the laws in your state exempt personal and/or business assets from the claims of creditors.

2 Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

Any examples provided are hypothetical and for illustrative purposes only. Examples include fictitious names and do not represent any particular person or entity.

Participating whole life insurance policies are issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001.

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