

Live Better, Leave More



MetLife®

Does this scenario sound familiar? You have a respectable portfolio of assets that's generating income for you. These assets have performed well over the years. The income that it generates might even make up a portion of your current living expenses. Or, perhaps, you are reinvesting some or all of the income.

Even though this strategy works for you today, is this the best long-term strategy to provide for your heirs? Keep in mind:

- Your investment portfolio will fluctuate in value. Depending on your portfolio, it may not maintain the current income level.
- If you have an estate tax liability, these assets may be reduced by this tax.
- Your portfolio of assets currently generates taxable income for you.

Will your income continue after your death, or will it be subject to fluctuations in the market? Can you be sure that your heirs will manage these assets as well as you have? Is there a way to shift the risk from your portfolio to another asset? If these assets face estate taxes, what will be left for your beneficiaries? (The top marginal federal estate tax bracket is 46% in 2006 and 45% in 2007.) If you wish to pass a significant portion of your portfolio to your beneficiaries, there may be an alternative.

The Live Better, Leave More approach

This strategy helps you to reposition your portfolio to increase your current income and pass on more assets to beneficiaries. It works as follows:

1. Sell your underperforming assets.
2. Use a portion of the after-tax dollars from the sale to buy a single premium immediate annuity (the annuity is purchased in a lump sum). Payments begin shortly after the



Have you planned for how your family will manage your assets after your death?

- purchase of the annuity, and are payable until the 'annuitant's' death. (The 'annuitant' is the person who receives the annuity payments.)
3. The annuity replaces your current income on an after-tax basis.¹
4. The remaining proceeds of the sale can be gifted out of your estate to an irrevocable trust.
5. The trustee purchases life insurance in order to replace, for the beneficiaries, the value of the sale.
6. At your death, the annuity disappears, removing the asset from your estate. The life insurance death benefit replaces the assets for your beneficiaries.

Advantages of the Live Better, Leave More Concept

- You can replace the income that you currently receive from your investments, with payments from the annuity.
- The annuity issuer accepts the risk of maintaining a certain income level, instead of your portfolio.
- Gifts to an irrevocable life insurance trust can be used to buy life insurance to replace assets for your heirs free of income taxes and possibly free of estate taxes.

¹ The payments from the annuity may or may not sufficiently replace the income you receive from your current assets. The payments may also be greater or less than the amounts you currently receive.

The Best of Both Worlds

The Live Better, Leave More concept works best when both a life insurance policy and an annuity are purchased. The annuity is used to replace, and potentially boost income over that offered by your current assets. Keep in mind, however, that when you shift the risk from your current assets to the annuity company, some of the asset values may be consumed by taxes due on the conversion.

That is where the life insurance comes into play. By taking a portion of the sale proceeds to pay for life insurance premiums, you can purchase a death benefit that will replace some or all of your portfolio. By using both an annuity and a life insurance contract together, you potentially have the best of both worlds – increased income and the assurance that your family does not lose the value of your assets after death. ■

This document is designed to provide introductory information on the subject matter. MetLife Investors does not provide tax and legal advice.

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MetLife Investors variable life insurance has limitations. There is no guarantee that any of the variable investment options in this product will meet their stated goals or objectives. The account value is subject to market fluctuations so that, when withdrawn or annuitized, it may be worth more or less than its original value. All product guarantees are based on the claims-paying ability of the issuing insurance company.

For a non-MEC policy, income taxes are due upon withdrawal, only to the extent that they exceed basis. For a MEC policy, income taxes are due upon withdrawal and if withdrawn before age 59½, a 10% penalty tax may apply. Loaned amounts are generally not subject to income taxation.

Loans or withdrawals will decrease the cash value and death benefit.

Life insurance is medically underwritten, so all candidates should be in reasonably good health. You should not cancel your current coverage until your new coverage is in force. Surrender charges may be due on an exchange of one contract for another. A change in policy may require an examination. Surrenders may be taxable. There may be partial and/or full surrender charges for early withdrawal from life insurance.

- Not A Deposit • Not FDIC-Insured • Not Insured By Any Federal Government Agency
- Not Guaranteed By Any Bank Or Credit Union • May Go Down In Value

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