Term certain annuity

See your heirs benefit from your estate during your lifetime.

Meet Art and Roberta

Art, age 68, and his wife Roberta, age 67, are both retired professionals. They both receive good pensions, invest cautiously in the stock market and have built up their savings. Having recently paid off their mortgage, they're enjoying a comfortable retirement traveling, pursuing hobbies and visiting their adult daughter and her young family regularly.

THE CHALLENGE

Art and Roberta want to experience the joy of sharing their legacy with their daughter now, rather than leaving her what's left of their estate after their deaths. They'd like to create an annual, ongoing gift to their daughter during their lifetime. They're concerned about leaving her a large inheritance because she doesn't manage money very well. It's important to them to have some control over when and how often their daughter receives the money. They'd also like to reduce the probate and income tax fees on their final estate.

THE SOLUTION

By purchasing a term certain annuity, Art and Roberta can gradually transfer their estate to their daughter while they're still alive. They set up the annuity to pay their daughter every year on her birthday. The advantage for Art and Roberta is that they can see and enjoy the experience as their legacy is passed on to the next generation.

Here are some examples of the annual gift amounts and the related investment they could have chosen in a term certain annuity.

Estimated investment required			Annual gift amount
10 years	**15 years**	**20 years**	
$14,928	$20,420	$25,694	$1,500
$46,815	$64,559	$81,529	$5,000
$69,591	$96,087	$121,041	$7,500

Note: Income (annual gift) figures are pre-tax for non-registered term certain payout annuity illustrations as of August 24, 2018, based on a 28-year-old female.

THE RESULT

A term certain annuity ensures Art and Roberta can share in the pleasure of the ongoing gifts to their daughter in a manner they can control. The term certain annuity also allows them to reduce the future value of their estate after they die. This will lower the probate fees and income tax that would have otherwise been charged at that time.

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