

# PARTIAL TAX CONVERSION THROUGH EQUITRUST



## HELP CLIENTS MINIMIZE TAXES IN RETIREMENT

When you're working with clients to create and manage a successful retirement strategy, taxes need to be part of the big picture. That's where a Partial Tax Conversion (PTC) through EquiTrust comes in.

**Consider the clients you serve. How many of them have:**



Traditional, SEP or SIMPLE IRAs they're looking to move to a Roth IRA for tax reasons?

**OR**



Ineligible beneficiaries with Inherited IRA money they'll have to pay taxes on in 10 years?

### Flexible conversions for both scenarios

With a PTC through EquiTrust, your clients can:

- Systematically transfer money over time from:
  - Their original EquiTrust Traditional, SEP or SIMPLE IRA into a Roth IRA contract
  - An Inherited IRA into a Non-Qualified contract<sup>1</sup>
- Pay lesser taxes on the partial conversion amounts vs. paying income taxes when they use the money for retirement income

**PTC is available on any Qualified, inforce EquiTrust deferred annuity.**

Bottom line — clients have more control over when they pay taxes and can potentially avoid higher taxes down the road.

### The when and how

With a PTC, the Owner determines when they'll convert money and how they'll convert — subject to no more than one partial conversion per contract year. They can set up the conversion on an annual systematic schedule, and can stop and start when it works for them.

## Three ways an EquiTrust PTC can be structured

One-time partial conversion

Systematic partial conversion of a specified dollar amount

Systematic conversion over a number of years

Paying taxes now on partial conversion amounts — while the Owner may be in a lower tax bracket — may offer tax advantages. And it's possible that income tax rates could increase in the future, making a PTC over time a good option for many clients.

### Creating a mirrored contract

The new Roth or Non-Qualified contract mirrors the original contract, with the same:

- Effective date
- Account allocations
- Client roles
- Credited rates
- Agent
- Riders

### EquiTrust makes it easy!

We'll do the tax withholding at the time of conversion, generating the Form 1099R for your client — including any withholding they request.

Money is converted from the original contract (Qualified) to the mirrored contract (Roth/Non-Qualified), with only these two contracts active at any time. When the value of the original contract is depleted, it will be closed.

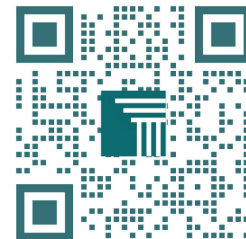


### What are the tax implications?

The PTC will generate tax reporting:

- 1099 - IRA distribution
  - PTC transaction captured
  - Shows the amount of taxes withheld, if applicable
- 5498 - For Roth portion<sup>2</sup>
  - Shows the actual amount moving into the Roth contract after taxes are withheld

Start the process with the PTC form.



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1. Future gain will be taxed on this type of conversion.

2. The Owner is required to wait five years and until age 59½ before distributions are tax-free. Distributions are reportable, but not taxable, assuming all IRS rules have been met.