



Charitable Case Study

The Client:

Bill, age 82, is a retired executive and large donor to his alma mater. He has recently established a gifting program in which he will give \$1m over the next 6 years to the University and \$9m at his death. The initial \$1m will be given according to the following schedule: \$500,000 year one, \$100,000 annually years 2-6. It's also worth noting that Bill has significant liquidity and income from other substantial assets. He has also recently applied for life insurance and was declined by two separate carriers.

The Concern:

Bill is concerned that with an unstable economy coupled with a volatile stock market, it will end up costing him more than the \$9m present value to fund his gift at death. Therefore, he would like to investigate options that will accomplish the following:

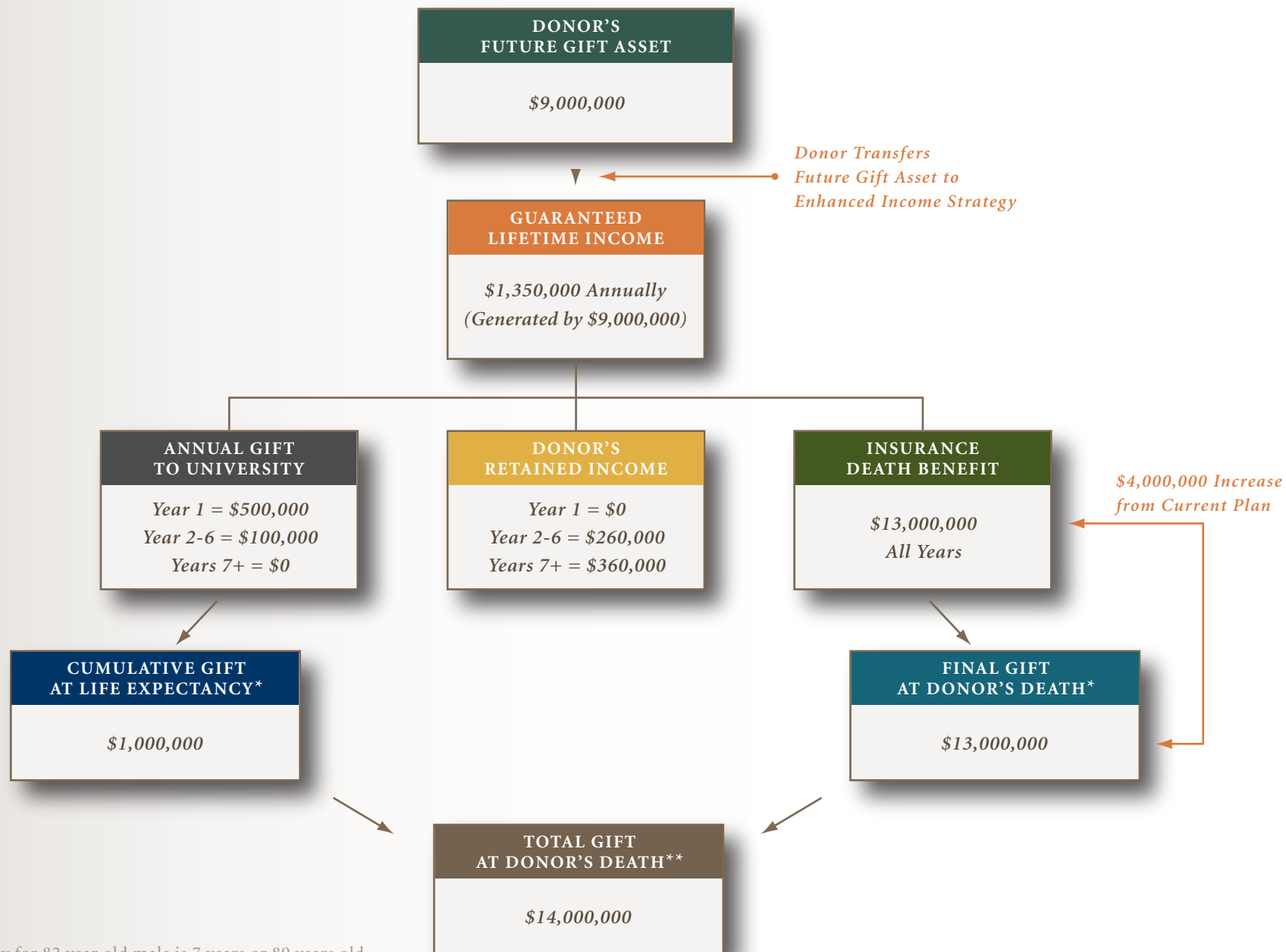
- Guarantee that it will cost no more than \$9m (present day value) to fund his gift at death
- Allow him to take income off of the asset during lifetime equal to 4% after tax (of which he will use a portion of to make the initial \$1m gift)
- Allow him to enhance future value of gift if possible

The Solution:

Crescent Wealth Management utilized a unique strategy that coupled the use of a rated, lifetime Single Premium Immediate Annuity ("SPIA") with a No Lapse Guarantee Universal Life insurance policy. We were able to create significant arbitrage by obtaining a favorable offer on the life insurance. The result was that we were able to structure a plan that provided Bill with enough guaranteed lifetime income to:

- Pay his 4% net income
- Pay premium on a \$13,000,000 guaranteed life insurance policy
- Use additional income to pay the \$1,000,000 of gifts over the next 6 years

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*Life expectancy for 82 year old male is 7 years or 89 years old

**Based on life expectancy

Please see disclosure page for complete disclosure information.



C R E S C E N T W E A L T H M A N A G E M E N T



Charitable Case Study Disclosure

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Single Premium Immediate Annuities make fixed payments for a contracted time frame. Payments, which consist of principal and interest, are typically not adjusted for inflation so the buying power of the payments issued may erode over time. Please note the decision to annuitize is irrevocable, and principal cannot be withdrawn at a rate greater than the contracted payout rate. For illustrative purposes only. Guarantees subject to the claims paying ability of the issuing insurance company.