YOUR GUIDE TO

Stretch IRAs

Security Benefit®
TO AND THROUGH RETIREMENT

SECURITY BENEFIT LIFE INSURANCE COMPANY

FIRST SECURITY BENEFIT LIFE INSURANCE AND ANNUITY COMPANY OF NEW YORK

Building a Strong Financial Legacy is as Easy as 1, 2, 3

1. Carefully plan and indicate your beneficiaries and contingent beneficiaries.

2. If your spouse is your primary beneficiary, he or she can simply re-register your IRA in his or her name upon your death and continue distributions based on his or her life expectancy (according to IRS tables).

3. When your spouse dies, his or her primary beneficiary has to deplete the account by the end of the 10th year following the year of death. In the case of death after the Required Beginning Date (RBD), distributions must continue over the life expectancy of the designated beneficiary and the account must be fully depleted by the end of the 10th year following the year of death.

This is a story showing how Ed, Mary, and Jim stretch Ed's IRA to provide $2,042,899 — benefiting three generations.

Ed has a $300,000 IRA. He has designated his wife, Mary, as his primary beneficiary and their son, Jim, as his contingent beneficiary. Ed retires at age 60 and lets his IRA grow until he reaches age 72 when he begins taking a Required Minimum Distribution (RMD).

Ed

Original IRA Owner

- Has $603,659 in his IRA at age 72
- Takes RMDs for 14 years
- Receives a total of $445,970
- Earns $531,463 on his account during RMD years

Mary (spouse)

Ed's Primary Beneficiary

- Inherits $689,152 IRA from Ed
- Takes RMDs for 12 years based on her IRS life expectancy factor
- Receives a total of $468,455 from the IRA
- Earns $491,603 on her account during RMD years

Jim (son)

Mary's Primary Beneficiary

- Inherits $712,301 IRA from Mary
- Stretches the IRA for the remaining 10 years and his RMDs are based on his life expectancy (Note: this account will need to be depleted by the end of the 10th year, following the year of Mary's death)
- Receives a total of $1,128,475 from the IRA
- Earns $416,174 on his account during RMD years

By stretching the IRA and taking advantage of tax-deferred, compounded savings, the IRA yields a total of $2,042,899 over 47 years for three people.

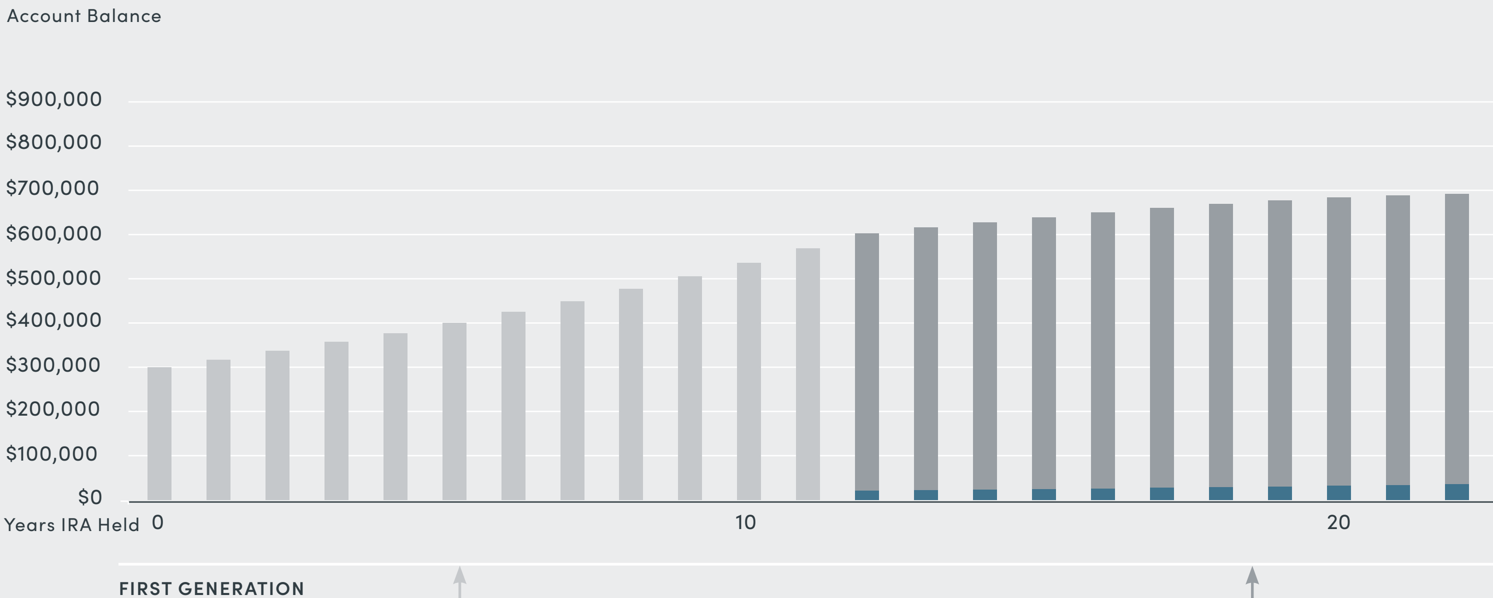
Example assumes a 6% return and a combined tax rate of 24%. RMD amount calculated is pretax.

The Power of a Stretch IRA: Hypothetical Example

This example assumes a hypothetical rate of 6% net of fees and expenses throughout the life of the IRA and a combined income tax rate of 24%. There is no guarantee the 6% return shown in this chart can be achieved. Because there will likely be differences between the actual rate of return and this hypothetical example, differences between the hypothetical results and the actual required distributions are also likely.

This example reflects current tax laws. Tax laws frequently change, which could affect the amount a beneficiary receives over an extended period of time. Estate taxes may also be assessed upon death. This example assumes the estate has sufficient assets to pay these taxes without invading the IRA. If taxes must be withdrawn from the IRA, the combined income and estate taxes can reduce the IRA by as much as 75% (assumed income and estate tax rates).

The Power of a Stretch IRA



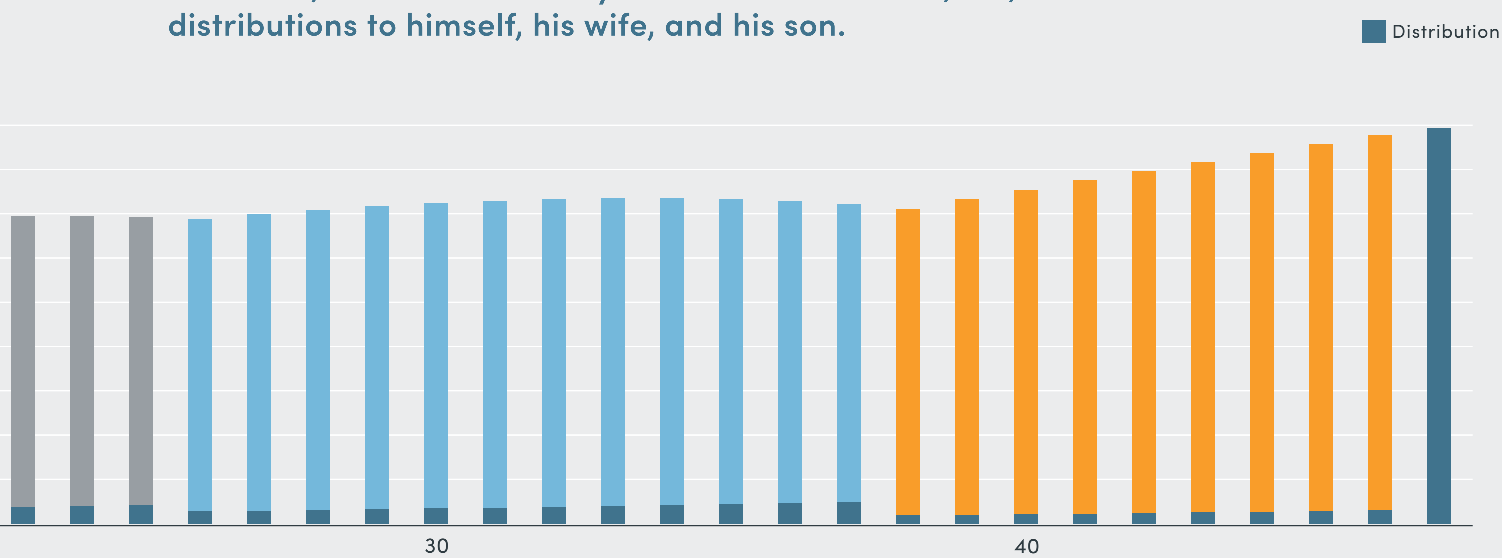
Ed, 60,
has a $300,000 IRA. His wife, Mary, 50, is his sole beneficiary. Their son, Jim, is the contingent beneficiary. Ed retires at age 60 and lets his IRA grow.

Ed, now 72,
begins taking Required Minimum Distributions (RMDs). He receives a total of $445,970 over 14 years. Ed dies at age 85 after taking his RMD for the year.

	RMD Years	RMDs Before Taxes	RMDs After Taxes (assuming 24% tax rate)
Ed	14	$445,970	$338,937
Mary	12	$468,455	$356,026
Jim	10	$1,128,475	$857,641
Total RMDs	36	$2,042,899	$1,552,603

In most cases, Required Minimum Distributions are calculated using the Uniform Lifetime Table while the IRA account owner is alive. For inherited IRAs, the Single Life Table is used. RMDs are calculated based on the fair market value as of December 31 of the previous year and divided by the factor found in the appropriate table. The factor is based on your age as of December 31 of the current year.

Ed's $300,000 IRA lasted 47 years and delivered $2,042,899 in distributions to himself, his wife, and his son.



SECOND GENERATION

Mary, now 76,
re-registers Ed's IRA in her name. She names her son, Jim, 39, as her primary beneficiary. Mary begins taking RMDs over her life expectancy.

Mary receives $468,455 in RMDs over the next 12 years. Mary dies at age 87 after taking her RMD for the year. Throughout the 12-year period, Mary could have taken a lump sum of the entire IRA or accelerated the distributions over a shorter time frame. The law requires that she only take the RMDs; she can always take more if needed.

Jim, now 51,
registers the IRA as a "beneficiary/ inherited" IRA.

Jim could take a lump sum. Instead, he decides to also stretch the IRA for the remaining 10 years over his life expectancy, but the account must be fully depleted by the end of the 10th year following the year of Mary's death. Jim receives distributions for 10 years, totaling $1,128,475.

A Stretch IRA is simply an IRA where a primary beneficiary and a contingent beneficiary have been properly designated to take ownership of your IRA upon your death.

Through careful planning, your retirement assets can benefit two generations without burdening your heirs with an excessive tax bill. Stretching your IRA allows them the flexibility to choose how and when to use these assets or even to let them grow.

You chose an IRA to save and grow your assets for a secure retirement. But what happens if you don't use all your IRA funds during your lifetime?

You can shelter that money from estate and income taxes for your spouse and heir(s) with a Stretch IRA.

Your path *To and Through Retirement*® begins here.

Talk to your financial professional to see whether a Stretch IRA can complement your retirement portfolio or contact us at 800.888.2461.

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