



**Help Secure Your Retirement  
Funds From Higher Taxes  
with a Roth IRA**

# Help Secure Your Retirement Funds From Higher Taxes with a Roth IRA

Retirement, a time for new hobbies, travel, and quality family time, can also bring unexpected challenges. And with current tax cuts set to expire at the end of 2025, many people can expect increased taxes in retirement. These tax hikes can eat into your savings, reducing your spending power. A Roth IRA can avoid this financial hurdle. This financial tool can help you secure your retirement funds from higher taxes, ensuring you can enjoy your retirement fully.

**Tax increases and income fluctuations can often negatively impact retirement accounts. If you expect a significant change to your income in retirement, you may benefit from converting to a Roth IRA.**

Unlike a traditional 401(k), a Roth IRA is not taxed upon distribution but rather when the funds enter the Roth IRA account. This then allows all future withdrawals to be tax-free, as long as you're at least 59 ½ and have had the account a minimum of five years.

## Why convert to a Roth IRA?

- ***You want to avoid required minimum distributions (RMDs).*** Unlike traditional IRAs, which require you to withdraw money beginning at age 73, Roth IRAs don't require withdrawals at any time.
- ***You expect your tax rate will be higher in the future.*** If you expect to move up a tax bracket, you may benefit from paying taxes on contributions now to avoid paying higher taxes later.
- ***You want to reduce the taxes paid by your heirs.*** Because Roth IRA funds have already been taxed, placing your inheritance in a Roth account can reduce the taxes your heirs pay.\*
- ***You have a lower income this year.*** Because Roth IRA deposits are post-tax, beginning a Roth IRA conversion when you are in a lower tax bracket can potentially decrease the taxes paid on your retirement overall.

\*Some heirs, such as adult children and grandchildren, of Roth IRAs must follow distribution rules to avoid tax penalties.





## What is a Roth IRA?

A Roth IRA is an individual retirement account funded with after-tax dollars.

## What is a Roth IRA Conversion?

A Roth IRA Conversion is when you move funds from another retirement plan to a Roth IRA. You can't contribute to a Roth IRA if your modified adjusted gross income equals or exceeds specified limits, but a conversion allows you to convert funds regardless of income level.

## What are the benefits of converting funds to a Roth IRA?

Since you contribute after-tax dollars to a Roth IRA, your contributions and earnings on those contributions can grow tax-free and be withdrawn tax-free.\*

Although a Roth IRA offers considerable tax benefits, the amount converted to a Roth IRA is considered taxable income at the time of conversion. **To reduce negative tax impacts, GBU Life offers a partial conversion solution that allows your money to grow while avoiding an unexpected tax bill.**

\*Withdrawals made before age 59 ½ or on accounts opened less than five years ago may be subject to taxes and penalties.



# Asset Guard FIA to Future Flex FIA Roth IRA Conversion

## How it works:

Instead of converting all the funds into a Roth IRA, you'll split the funds between a non-Roth annuity account and a designated Roth IRA utilizing our fixed index annuity products. A fixed index annuity is an annuity account that earns interest tied to the performance of a stock market index while providing protection against stock market downturns. In this solution, the majority of the funds will first be deposited into an **Asset Guard Fixed Index Annuity (FIA)** account. This product offers a four-year participation rate guarantee and a four-year fixed interest rate option.

During the four-year contract period, you'll move a percentage of the funds from the Asset Guard FIA account into a **Future Flex Fixed Index Annuity (FIA)** account. By doing this slowly over several years, you'll likely pay fewer taxes and may prevent changing your tax income bracket.

For example, if you want to convert \$100,000 into a Roth IRA account, you'll initially deposit \$75,000 into the Asset Guard FIA account and \$25,000 into the Future Flex FIA account. After the first year, you'll incrementally move a percentage of funds to the Future Flex FIA account until all the funds have been converted into the Roth account. **Consult with your agent and tax consultant to ensure you transfer the most strategic amounts to minimize your tax burden.**

## Example of adjusted account balances over 4-year contract

END OF	YEAR 1	YEAR 2	YEAR 3	YEAR 4
<b>ASSET GUARD FIA</b>	\$75,000	\$50,000	\$25,000	\$0
<b>FUTURE FLEX FIA</b>	\$25,000	\$50,000	\$75,000	\$100,000

Table illustrates initial deposit only and not potential account growth.

<b>ASSET GUARD FIA</b>	<b>FUTURE FLEX FIA</b>
Four-year participation rate guarantee and four-year fixed interest rate option	Flexibility to make additional contributions throughout your contract
<b>BOTH</b>	
Highly competitive earning potential with downside protection	
Three top-performing Barclays indices available in annual and biennial strategy options	

## Who might benefit from a Roth conversion?



*Bill has a 401K and other investment accounts he has diligently contributed to and finally has his eyes set on retirement. But now, as he prepares to retire, he's concerned about how a higher income and the possibility of higher taxes will impact his funds in the future. He's unsure he can afford the increased Medicare premiums that come with a higher income. He wishes he could pay taxes on this income now so he won't have to worry about it in retirement. Converting to a Roth IRA would allow him to pay taxes on his retirement now and potentially save him money in the long term.*



*Tom's retirement planning includes designating an inheritance for his children. While he's happy to leave something behind for his loved ones, he doesn't want to leave a big tax bill behind, too. Converting the inheritance to a Roth IRA will allow him to pay taxes on the funds now and his children to withdraw the money tax-free (as long as the account has been established for at least five years).*



*While caring for her elderly parents, Karen has seen first-hand the impact required minimum distribution can have on medicare costs and one's finances. Now planning for her own retirement, she's determined to avoid the financial effects of an RMD. Because a Roth IRA does not require an RMD during the owner's lifetime, converting to a Roth can remove this financial burden later in life.*

## How to Get Started & What to Expect

- The first step of any Roth IRA conversion is to contact your current plan administrator and obtain the necessary forms to transfer the funds.
- You'll work with an agent to submit two applications: Asset Guard FIA and Future Flex FIA, which will be the designated Roth IRA account.
- Once your annuity applications have been accepted and the new accounts established, you'll submit the forms supplied by your current plan administrator to request a direct rollover.
- When you wish to transfer additional funds from your non-Roth account into your Roth IRA account, you'll complete a Roth IRA Conversion Form and submit it to GBU Life's Home Office.
- We recommend that you consult your agent and tax advisor to determine the best timeline and amounts to convert for your unique situation.



### GBU Disclosure:

Interest rates and participation rates are determined at the date of funds receipt. Rates are subject to change without notice. Optional booster fees/contract fees increase the participation rate and are deducted from the index strategy value at the beginning of the index term. Increased participation rates can result in greater interest credited. Benefits may be taxable. During the surrender charge period, withdrawals exceeding 10% will be subject to a surrender charge that may be higher than fees associated with other types of financial products and may reduce principal. Interest compounds daily over the specified term. **GBU Life is the marketing name for GBU Financial Life.** Annuities are not short-term products and are issued by GBU Financial Life (GBU), Pittsburgh, PA. Products and features may vary by state. **Withdrawals prior to 59½ may be subject to IRS penalties. This is a summary of the contract provisions. Please refer to the contract for details of surrender charge schedule, benefits and exclusions.** No statement contained herein shall constitute tax, legal or investment advice. You should consult with a legal or tax professional for any such matters. NOT A DEPOSIT OF A BANK-MAY LOSE VALUE NOT BANK GUARANTEED. Contract Form Numbers: ICC23\_FPDA\_IA\_CON\_(01-23), FPDA\_IA\_CON\_FL\_(07-23), FPDA\_IA\_CON\_(07-23), ICC23\_SPDA\_IA\_CON\_(01-23), SPDA\_IA\_CON\_FL\_(07-23), SPDA\_IA\_CON\_(07-23).



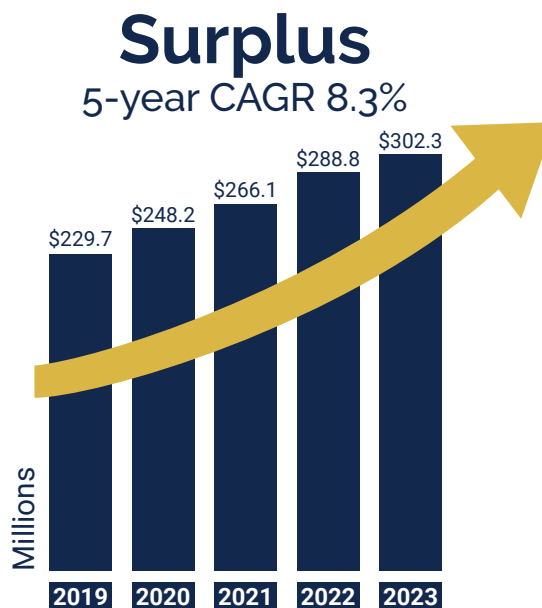
## Why GBU Life?

GBU Financial Life (GBU) is a member-owned, not-for-profit insurance company that has been offering financial solutions in the form of life insurance and annuity products since 1892. As a GBU policyholder, you become an owner and a member of GBU Life.

As a member-owned company, we keep our operating costs low. That translates into competitively priced life insurance, generous annuity rates, and stable investment returns members can count on. Day-to-day and long-term, our focus remains squarely on maintaining the exceptional financial health that inspires trust and confidence among our members.

Throughout our over 132-year history of navigating challenging events and volatile markets, GBU has continued to fulfill its commitments to its members and ensure financial security for years to come.

- Member policies are backed by GBU Life's consistently growing asset portfolio of \$4.4 billion.
- Our record \$302 million surplus, the amount we hold over and above our member benefit re-serves, helps to provide even more security.
- Standing behind every \$100 of GBU Life policy obligations is \$107 in assets. This solvency ratio of 107 percent means GBU Life can more than meet our commitments.



CAGR is Compound Annual Growth Rate of surplus or assets, as applicable, and was calculated for the period 12/31/18 through 12/31/23. Assets and surplus for each year is as of 12/31.

Asset portfolio, surplus and solvency ratio information is as of 12/31/23.

Discover the **GBU Life** difference.  
Visit **GBU.org** or call us at **800-765-4428**.



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