



Beneficiary Newsletter

September, 2005 Volume 11

The Company You Keep®

Managing Your Inheritance

The period after the death of a loved one can be very trying. It's difficult enough to deal with the emotional strain of such a loss, but making funeral arrangements, coping with grief and finalizing the deceased's estate can take time and energy when you have little to spare. In the midst of this turmoil, you may also have to make decisions about a pending inheritance. This can be painful to even think about, but it is truly important. Your loved one cared enough to make provisions in the event that he or she could no longer be with you. It is necessary that you make choices that are in your best interest, both now and down the road.

Initially, some people choose to use a small part of their inheritance to treat themselves to something they might not otherwise be able to afford, or to pay off outstanding debts. It is likely, though, that in leaving you an inheritance, your loved one wanted you to have some measure of security for the future, as well. When you're ready to think about how to manage the bulk of your inheritance, it's a good idea to sit down with an advisor who can review your options with you.

Protecting Your Loved Ones

With the loss of your loved one, others may be even more dependent on you. You may decide that you'd like to use part of your inheritance to provide financial protection for

your own loved ones, in the same spirit that it was provided for you. That's where life insurance can play an important role. Since life insurance proceeds may not be subject to probate and can generally be received by the beneficiaries income-tax free, they can provide a lasting legacy and offer immediate protection against financial loss in the event of your death.

Permanent life insurance can also offer many living benefits, such as tax-deferred cash value accumulation, the ability to borrow from the cash value on a tax-free basis (although unpaid loans reduce the death benefit), and the eligibility to earn dividends (which are not guaranteed) as declared by the insurance company. If you don't already own life insurance, you may want to consider it for all these reasons.

Taking Care of Your Own Needs

When you're ready to manage the bulk of your inheritance, remember that there are many vehicles that can be used to meet both short-and long-term financial needs. You may require products that allow for frequent access to your money to handle day-to-day expenses, as well as vehicles that are aimed toward money you can set aside for the future. Many experts agree that the best overall money strategies usually combine some risk (and the potential for higher return) with a measure of safety.

Think About Fixed Annuities

With good reason, many people choose to place inheritance money in fixed annuities to grow long-term funds for the future. Fixed annuities are flexible, tax-deferred vehicles that can be used to help achieve long-term financial goals and provide a source of retirement income. Additionally, the money in a fixed annuity accumulates tax-deferred, which means you pay taxes on any earnings only when the money is withdrawn. (However, any withdrawals made prior to age 59½ may be subject to a 10% IRS penalty tax).

Fixed annuities also offer choices, depending on your individual needs and objectives. With some, you can "lock in" a guaranteed interest rate for a specified period of time. Ultimately, fixed annuities can help offer you protection against outliving your savings. Lifetime income fixed annuities are guaranteed to keep paying you for as long as you live. Lastly, a fixed annuity can provide the security of a guaranteed death benefit for the protection of your loved ones.

When the Time Is Right

If you are still struggling with the loss of a loved one, thinking about what to do with an inheritance may be the last thing on your mind. However, at some point it's important to consider your options regarding the legacy left to you by another. When you're ready to

manage the last gift from a loved one—your inheritance—it's a good idea to speak to a professional who can clearly explain the array of options available to you. New York Life and its agents do not provide tax or legal advice. Consult your own professional advisors for tax and legal advice.

** Loans accrue interest and reduce the death benefit.



New York Life Insurance Company

New York Life Insurance and Annuity Corporation (A Delaware Corporation)

51 Madison Avenue
New York, NY 10010

www.newyorklife.com

The Company You Keep®