



WHEN SHOULD I USE A PRIVATE ANNUITY?

This technique is a bit of a gamble as the tax benefits of the technique are maximized if the transferee dies before life expectancy. If the transferor survives beyond his or her life expectancy, the transferee may repay an amount in excess of the value of the asset transferred, and potentially increase the value of the transferor's estate more than if the transfer had never occurred. This risk is minimized where the asset grows substantially in value while in the hands of the transferee. Private annuities work best for those who are ailing, but not someone who is terminally ill.