

# Exclusion Ratio

**\$150,000**

5% interest on payout

**Age 65**

Life Expectancy

**Age 85**

**\$10,000 Per year**

## Exclusion ratio:

The amount invested divided by the expected return

\$150,000 Divided by  
\$200,000

The \$200,000 is the expected return. \$10,000 per year for 20 years.

$\$150,000 \text{ divided by } \$200,000 = 75\%$

75% of the \$10,000 (\$7500) would be EXCLUDED from taxes.

The rest is taxable