

# Satisfy the Need for Accumulation and Protection



Income Advantage<sup>SM</sup> IUL can provide your clients with valuable life insurance protection. It also offers the opportunity to accumulate cash value<sup>1</sup> for future needs, such as supplementing the client's retirement income. Teaming an Income Advantage policy up with a Term Life Answers<sup>®</sup> policy may be an ideal solution for clients who want to plan ahead for retirement, but also have a larger temporary life insurance need.

## Case Study:

Chris is currently contributing to his employer-sponsored retirement savings accounts up to the 4% his company matches. He is also contributing to his Roth IRA up to the maximum contribution amount. He wants to live a comfortable retirement and would like to retire early, so he is saving as much as he can now and is looking for opportunities to maximize his retirement income potential.

### Chris's Life Insurance Needs:

Chris is a 40-year-old father of three who is currently in good health. In addition to his need for supplemental retirement savings, he also has a need for life insurance coverage to protect his children and spouse in case something should happen to him.

### Key facts and considerations:

- After his agent conducted a needs-analysis, he determined that Chris has a need for \$1 million in life insurance coverage, with the majority of his coverage being needed over the next 20 years while his income is still being used to support his family

- He has an additional \$500 a month of disposable income. Chris wants to use this money to provide his family with life insurance protection and to increase his future retirement income potential. He also wants to minimize the amount of his future income that will be taxable<sup>2,3</sup>
- Chris wants as much of his premium as possible to go toward building his policy's accumulation value so that he can access the policy's cash value<sup>1</sup> down the road to supplement his retirement income

To accomplish his goals, he looks at a combination of temporary and permanent life insurance solutions.

### He chooses to:

- Purchase an \$800,000 20-year Term Life Answers policy for \$56.29 per month
- Contribute the remaining \$450 toward a \$200,000 Income Advantage IUL policy with an increasing death benefit

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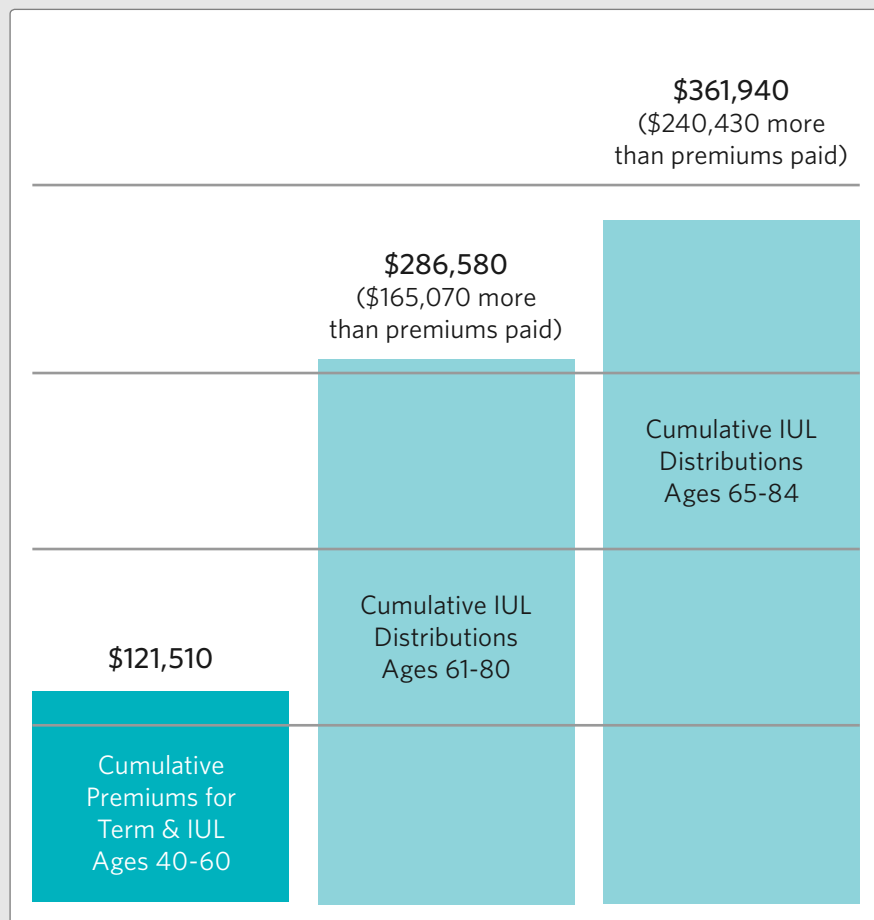
## When Chris Retires

After 20 years, Chris' kids are grown up and on their own, so he lets his term policy expire. Based on a 6% projected crediting rate, after 20 years, Chris' IUL policy is projected to have a death benefit of \$374,290 and a cash value of \$174,290.

Chris decides to retire at age 60. Based on his projected cash value, Chris is able to start taking level distributions from his IUL policy in the amount of \$14,329 per year for the next 20 years. This income stream will be income tax free (as long as the policy stays in force).<sup>2,3</sup> If he waits to start taking his income until age 65 (still stopping premiums at age 60), his projected distribution amount increases from \$14,329 to \$18,097 for 20 years.

## An Added Benefit

By purchasing an Income Advantage IUL policy, the client also receives an additional benefit. All policies come with Accelerated Death Benefit Riders for Terminal and Chronic Illness - included at no additional cost and with no additional underwriting. For Chronic Illness, the client can receive a benefit of up to \$1,000,000 or 80% of the specified face amount (whichever is less).



<sup>1</sup> Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

<sup>2</sup> For federal income tax purposes, tax-free income assumes (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); and (2) the policy does not become a modified endowment contract. See IRC §72, 7702(f)(7)(B), 7702A. This information should not be construed as tax or legal advice. Consult with your tax or legal professional for details and guidelines specific to your situation.

<sup>3</sup> The amount that may be available through loans and withdrawals, as defined in the contract.