Securian Financial®

Individual Life Insurance

Insurance products issued by:
Minnesota Life Insurance Company

How to leverage life insurance as a financial tool

Are your clients "investment rich" but still don't own life insurance? When capital gains taxes are low, it might be a good time to help them reallocate some of their wealth into a life insurance policy for their family. The policy's death benefit is income-tax free to beneficiaries and the policy's cash values can grow tax-advantaged.

How it works:

Clients who own a large amount of one stock can sell a portion and use their proceeds to purchase a cash value life insurance policy. By doing this, clients can:

- Provide a life insurance benefit to their family that is tax-free
- Lower their exposure to market fluctuation
- Build cash value and take advantage of tax-advantaged benefits

Example: A couple in their 50s planning for the future

A few years back, Mark and Laurie purchased stock in Newstart Technologies. The value of their stock has increased significantly and now it accounts for 35 percent of their portfolio. At ages 50 and 51, they're starting to think about life insurance, funding their retirement and leaving a legacy for their family.

As they're reviewing their finances, they realize they'd like to diversify their portfolio and purchase additional life insurance coverage. They decide to:

- Sell $500,000 of their stock, for which they pay a little over $88,500 in capital gains tax[1]
- Purchase an Eclipse Survivor II Indexed Universal Life (IUL) insurance policy with the remaining funds

Depending on their needs, there are two paths Mark and Laurie can take to help diversify their risk concentration – and put them in an asset class with tax-advantaged benefits.

Learn more

Contact our Life Sales Support Team:

1-**877-696-6654**
(Securian Financial and broker-dealer)

1-888-413-7860, option 1
(Independent brokerage)

1

Accumulating funds for retirement

To ensure they have enough funds during retirement, Mark and Laurie purchase a policy that provides an initial death benefit of $1,120.553.

They decide to use our Premium Deposit Account (PDA) agreement to pay their annual premium of $61,873 for the next 10 years. Once they reach retirement age, they can take annual distributions of $62,697 for 20 years to help supplement their retirement income.

By selecting the PDA agreement, Mark and Laurie earn an additional $21,717 in interest that's applied to their life insurance policy.

2

Buiding a legacy

After discussing their options, Mark and Laurie feel their highest priority is having death benefit protection and leaving a legacy to their loved ones. So they purchase a life insurance policy with a guaranteed death benefit of $2,453,549 to age 120.

They use our PDA agreement to pay their annual premium of $105,539 for 5 years, so they can enjoy their retirement and worry less about paying a life insurance premium.

An additional $10,766 in interest is earned from the PDA agreement and applied to their life insurance policy.

Have clients that fit this Profile?

Our Eclipse Survivor II IUL can help clients diversify their portfolio and provide them tax-advantaged benefits.

1. Capital gains calculated using **https://smartasset.com/investing/capital-gains-tax-calculator#ByM3ivN4oX.**

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender charges. One could lose money in this product.

Additional agreements may be available. Agreements may be subject to additional costs and restrictions. Agreements may not be available in all states, may exist under a different name in various states and may not be available in combination with other agreements.

The Premium Deposit Account Agreement has restrictions that may result in termination of the agreement prior to the payment of all of the planned premiums and may result in the loss of expected interest. Interest credited when used to pay policy premiums will be reported as taxable income to the policy owner.

Interest may vary by state. PDA interest is dependent on the number of annual planned premium payments paid from the PDA. The same interest rate is applied for all payments. If paying 11 premiums, one premium must be paid at issue; therefore, a maximum of 10 years of additional premiums may be deposited into the PDA.

Policy loans and withdrawals may create an adverse tax result in the event of a lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first 15 years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

The Indexed Universal Life Series is designed first and foremost to provide life insurance protection. While the index crediting options are attractive for cash accumulation, the product should always be promoted to first meet the death benefit needs of families and businesses with cash accumulation as a secondary benefit.

Guarantees are based on the claims-paying ability of the issuing insurance company.

This material may contain a general analysis of federal tax issues. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. This information is provided to support the promotion or marketing of ideas that may benefit a taxpayer. Taxpayers should seek the advice of their own tax and legal advisors regarding any tax and legal issues applicable to their specific circumstances.

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Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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400 Robert Street North, St. Paul, MN 55101-2098

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