Individual Life Insurance
Funding college with cash value

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

Rethink how you pay for college

Working together to protect your family

Life insurance plays an important role in many financial strategies. Policies from Minnesota Life Insurance Company and Securian Life Insurance Company are not only backed by experience and financial strength — but also by a company that values its policyholders.

We understand the importance of treating our loyal policyholders well, and demonstrate our commitment by offering new agreements and policy features whenever possible. Whether you're purchasing a new policy or making changes to one you currently own, choose a policy from a company that cares about you.

It’s time to start thinking about college

Someday soon your little one will be all grown up and preparing for a future after high school. Could that future include a college degree or some other post-secondary education? If so, now is the time to create a strategy to help fund your child’s dreams.

How will you pay for it?

You have several options for funding your child’s education, including:

- 529 savings plans
- Coverdell Education Savings Accounts
- Roth IRAs
- **Cash value life insurance**

Provide a lifetime of protection

A college funding strategy is only effective if you’re around to execute it. Life insurance can help ensure your family will have the money for future education if you die prematurely.[1] But there are living benefits as well.

Most types of life insurance will grow cash value tax-advantaged, making it a ready source of cash for emergencies or opportunities — like a college education. Using a combination of withdrawals or policy loans, you may access this money to help pay for college with no restrictions on how you spend it.

The rising cost of education

↑72%

From 2008 to 2021, in-state tuition prices among national universities grew by 72%.[2]

Your financial professional can assist with your life insurance strategy, coordinating it with other college funding vehicles and goals you may have.

How can I use life insurance to help pay for college?

The cash value in life insurance has the potential to be withdrawn tax free to pay for any college expenses.

Estimate your needs

The death benefit of your policy should cover your immediate and long-term debt, in addition to replacing lost income. Be sure to add the future cost of your children's education in case you're not around to complete the strategy.

Grow cash value

Cash value life insurance policies feature the potential for tax-advantaged cash buildup. This is essentially an overpayment of premiums in the early years. Combined with interest credited to the policy, your cash value will grow over time.

Pay for college

Once your child starts college, assess the cash value in your policy. To avoid taxation on the growth of your policy, it's important to withdraw only up to what you paid into the policy. Over this amount, you can take loans against the policy's cash value without paying taxes.[3] Your policy must remain in force to avoid a taxable event.

What if my child doesn't go to college?

Don't worry, if they change their mind your policy's cash value will remain for other uses.

Is cash value life insurance right for you?

There are several factors to consider when deciding whether to use cash value life insurance to help pay for college:

Benefits

- Few limits on contributions
- Tax-advantaged cash value growth
- Tax-free access to cash value through loans and withdrawals[3]
- No restrictions on what constitutes educational expenses
- Can have multiple beneficiaries
- Cash value can be used for more than just education expenses
- Cash value not considered in your assets when applying for financial aid
- Cash value protected from creditors

Considerations

- Life insurance is purchased first and foremost for the death benefit
- Expenses and mortality costs of the policy
- Growth of policy not guaranteed beyond contractual minimums
- One of several college funding vehicles
- Most appropriate for individuals in good health
- Depending upon actual policy experience, the owner may need to increase premium payments to keep the policy in force
- 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. Consult your tax advisor when considering taking a policy loan or withdrawal.

Learn more

How can you protect your family and use cash value insurance in your college funding plan?

Contact your financial professional today.

At Securian Financial, we're here for family. And we're here because of it.

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.

1. If owner/insured are different, the death benefit will be paid upon death of the insured.

2. Powell, Farran and Kerr, Emma. "What you need to know about college tuition costs." U.S. News & World Report, usnews.com/education/best-colleges/paying-for-college/articles/what-you-need-to-know-about-college-tuition-costs, September 17, 2020.

3. As long as the policy is not a modified endowment contract.

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 periods.

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

The Policy Design you choose may impact the tax status of your policy. If you pay too much premium your policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable and if the taxpayer is under the age of 59½ may also be subject to an additional 10% penalty tax.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

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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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