

# MORTGAGE PROTECTION AND ACCELERATION



You protect your home with homeowners insurance, flood insurance, wind damage insurance, and possibly earthquake insurance, but what happens if the death, disability, or unemployment of a breadwinner occurs? Will there be sufficient funds to pay off the home or make house payments? If you make it to retirement, will you have sufficient income to pay your mortgage?

Every homeowner should be concerned that if something happens to them their family will have the means to be able to stay in the family home; for the kids to be able to stay in the neighborhood they are familiar with. Upon the death of the breadwinner, no one wants to make these difficult decisions when they are in the middle of the grieving process.

## Mortgage Plans Using Life Insurance

### Mortgage Protection Using Term Life Insurance

### Mortgage Acceleration Using Permanent Life Insurance

#### How it Works

Mortgage protection using a term life insurance policy involves insuring your life for the amount of your mortgage, and running that policy for the length of your mortgage loan. The term insurance will not only pay off your mortgage for your family if you die prematurely, but may provide other features as well.

The term of the policy should be equal to or exceed the term of the loan. In this way, the home is protected in the event of the breadwinner's early death. Since this is a temporary need, a term life insurance policy is utilized.

Mortgage acceleration using permanent life insurance involves using a permanent/cash value life insurance policy to ultimately pay off your mortgage early and avoid thousands of dollars worth of interest while maintaining valuable death benefit protection on the wage-earner(s).

The accumulation value in the policy has the potential to grow over a 15 to 18 year period so that there is sufficient accumulation value to pay off the mortgage through a life insurance policy loan and keep the policy in-force for ongoing death benefit protection.<sup>1</sup>

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	Mortgage Protection Using Term Life Insurance	Mortgage Acceleration Using Permanent Life Insurance
Benefits of using American National Products	<ul style="list-style-type: none"> <li>• Protection for the family in the event of untimely death.</li> <li>• THREE Accelerated Benefit Riders.<sup>2</sup></li> <li>• Money to pay off your home.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential to pay off your home by retirement and save thousands of dollars in interest.</li> <li>• If home is not paid off through policy loans, accumulation value may be available to use for supplemental retirement income or other financial desires.</li> <li>• Death benefit provides immediate mortgage protection in the event of premature death which can pay off the home.</li> <li>• Death benefit can be annuitized to provide supplemental income for the surviving spouse.</li> <li>• THREE Accelerated Benefit Riders.<sup>2</sup></li> <li>• Death benefit generally income tax-free.</li> </ul>
Mortgage Protection Risks	<ul style="list-style-type: none"> <li>• Premiums must be paid each year to keep the policy in place.</li> <li>• A term policy has no cash value.</li> <li>• A financial reversal or loss of a job could jeopardize your ability to pay premiums.</li> </ul>	<ul style="list-style-type: none"> <li>• Any loans or withdrawals decrease the accumulation value and additional premiums may be required to keep the policy in force.</li> <li>• Financial issues such as a loss of a job in the early years of the policy could put ability to pay in jeopardy.</li> </ul>

1) Policy can be funded up to the maximum limits allowed under TAMRA (Tax And Miscellaneous Revenue Act of 1988) to avoid becoming a Modified Endowment Contract (MEC) whereby all distributions other than due to death of the insured would be considered immediately taxable as ordinary income to the extent of earnings. 2) All riders may not be available in all states. In California, Chronic is not available on term policies or permanent policies with term riders. Chronic and Critical are not available for ages 65 and over. In New York, Critical is not available. The benefit is subject to an administrative fee of up to \$500 and an actuarial discount that is primarily dependent on the insured's life expectancy at the time of the election.

All concepts, strategies and products discussed in this literature are general and may not be suitable for you. Please consult your advisors to determine which strategy is right for your specific circumstances. Neither American National nor its agents provide legal or tax advice. Clients should contact their attorney or tax advisor for their specific situation. Policy Form Series: ART18, ART18(NY), ABR14-TM, ABR14-TM(NY), ABR14-CT, ABR14-CH(NY), ABR14-CH. (Forms may vary by state). American National Insurance Company, headquartered in Galveston, Texas is licensed to conduct business in all states except New York. Business is conducted in New York by American National Life Insurance Company of New York, headquartered in Glenmont, New York. Each company has financial responsibility for only the products and services it issues.



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