

Life



# Retirement Planning

Life insurance for death benefit protection &  
a way to help supplement retirement income

Issued by North American Company for Life and Health Insurance®





# Financially protect your family & help supplement income for your retirement

If you're concerned about your family's financial security should something happen to you, and you're also uneasy about falling short of retirement income, you might consider life insurance. With life insurance you gain death benefit protection that can help your family pay the mortgage, utility bills, and other expenses should you die.

What retirement lifestyle do you imagine? It's easy to underestimate the cost of your ideal retirement. Permanent life insurance can help bridge any gap between what you have already saved and what you will need in the future. If you're looking to own your financial future, a permanent life insurance policy with the potential to build cash value can be used to help supplement your retirement income.

KEY QUESTIONS	MEETING OBJECTIVES WITH PERMANENT LIFE INSURANCE
Why life insurance?	Permanent life insurance can meet your death benefit needs, and the potential cash value can help supplement your retirement income.
Who can benefit?	Anyone with a need for death benefit protection who wants the ability to accumulate cash value.
How does it work?	Your agent can design a policy that can meet your life insurance needs and help provide additional income during retirement.

## Why life insurance?

Life insurance can help you with two unknowns—the loss of income from a premature death and having sufficient income to enjoy your retirement. With life insurance:

- You gain death benefit protection not only during your important working years, but also in retirement. In the event of death, the proceeds are distributed to your beneficiary(ies), generally income tax-free.<sup>1</sup>
- Your premium payments into a permanent life insurance policy pay for the insurance coverage and expenses and a portion may accumulate cash value on a tax-deferred basis.<sup>2</sup> Through policy loans and withdrawals,<sup>3,4</sup> value may then be used during retirement as a source to help supplement income.
- Cash value on your policy can be used how you see fit.

## Who can benefit?

There are a few items you may want to consider when deciding whether to use life insurance as part of your retirement planning. First, What is your need for life insurance today—think about the items your family will need to pay on their own without your income, should you die prematurely. Next, a close look at your retirement plan could be helpful. Will you have sufficient assets to live your planned retirement lifestyle? Is there a potential need to help supplement your retirement income?

Answering the following questions can help you determine if using life insurance for financial protection and as a strategy to help supplement your retirement income is right for you.

- Do you have a need for life insurance protection today to help replace your income in the event of your death, to help your family pay for bills such as the mortgage or rent, insurance premiums, automotive expenses, property taxes, and groceries?
- Are you planning for retirement and are between the ages of 30 and 60?
- Are you interested in having additional retirement income stability?
- Have you utilized a qualified plan (such as an IRA, tax-qualified annuity, 401(k), or savings plan offered through your employer) or don't have access to a qualified plan for retirement planning?

This list is not complete and there are other items to consider. Your financial professional can take a closer look and help you evaluate your needs.

## Life Insurance Advantages

- **Financial protection and control.** Gain death benefit protection for your loved ones. You own and control the life insurance policy.
- **Tax-deferred growth.** Your premium payments may earn interest and grow on a tax-deferred basis.<sup>2</sup>
- **Flexible premium.** With a universal life or an indexed universal life (IUL) insurance policy, you can adjust your premium payment based on available resources. However, there are limits on the amount of premium that may be paid into a policy to still qualify as life insurance.<sup>5</sup>
- **Generally tax-free distributions.** Any potential cash values within your policy can be taken as generally income tax-free loans and withdrawals,<sup>3,4</sup> as long as the policy is not a Modified Endowment Contract (MEC).<sup>5</sup> Withdrawals are income tax-free up to the cost basis. (Cost basis is the amount equal to the total premiums paid.)

## Life Insurance Disadvantages

- **Reduced death benefit.** Additional premiums may be necessary to continue the desired death benefit, depending on funding. Policy loans and withdrawals will reduce the death benefit and may cause the policy to lapse. Withdrawals may be subject to surrender charges that may reduce the death benefit and cash value.<sup>3,4</sup>
- **Non-guaranteed performance.** Cash values for loans and withdrawals<sup>3,4</sup> in later years may be more or less than originally planned. Minimum premium payment requirements must be met to maintain the policy, provide for cash value growth, and avoid lapse if the policy becomes over-loaned. Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Premium payments are not tax-deductible.**<sup>1</sup> Your premium payments for life insurance are not tax-deductible.
- **Avoid creating a Modified Endowment Contract (MEC).**<sup>5</sup> Life insurance policies that surpass certain premium limits can be classified as a MEC. MECs may be subject to unfavorable tax treatment.<sup>1</sup> Talk with your financial professional for more details and learn how to structure your policy appropriately.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.<sup>3</sup>

## How does it work?

After a thorough needs-based discussion with your financial professional, you can select a life insurance policy that matches those needs. Your representative can help structure the policy to match the desired death benefit coverage, and provide you the ability to access any potential cash values to help supplement your retirement income.

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## Ready to get started?

Contact your North American financial professional to help you protect what's important now, while helping to supplement your retirement income later.

North American Company for Life and Health Insurance has been providing quality life insurance products since 1886. As one of the leading life insurance companies in the U.S., we'll make it as easy as possible for you to become one of our insureds. Please visit our website at [NorthAmericanCompany.com](http://NorthAmericanCompany.com) to find out more about our company.

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.

Indexed Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Life insurance policies have terms under which the policy may be continued in force or discontinued. Current cost of insurance rates and interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. The Index Accounts are subject to caps and participation rates. In no case will the interest credited be less than 0 percent. Please refer to the customized illustration provided by your agent for additional detail. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death. For costs and complete details, call or write North American Company for Life and Health Insurance, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Telephone: (877) 872-0757.

1. Neither North American Company nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

2. The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your needs. Before purchasing a policy, you should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

3. Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation.

4. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

5. For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

6. A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance and ability to meet its obligations to policyholders. A+ is the second highest rating out of 15 categories and was affirmed for North American Company for Life and Health Insurance as part of Sammons Financial Group on August 29, 2023. For the latest rating, access [www.ambest.com](http://www.ambest.com). S&P Global Ratings awarded its "A+" (Strong) rating for insurer financial strength on February 26, 2009 and affirmed on May 24, 2023 to North American Company for Life and Health Insurance as a member of Sammons® Financial Group. The "A+" (Strong) rating is the fifth highest out of 22 available ratings as a member of Sammons® Financial Group. Fitch Ratings, a global leader in financial information services and credit ratings, on December 7, 2022, assigned an Insurer Financial Strength rating of A+ Stable for North American Company for Life and Health Insurance. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information access [fitchratings.com](http://fitchratings.com).

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We are committed to our customers, distribution partners, employees and communities – and the deeply rooted belief that we grow stronger together.

With so much change happening in the world, people are looking for companies that can stand the test of time. They need a partner that can weather life's storms. That's us. For over a century, we have been here for our customers and honoring our commitments. And because we're privately owned, we don't measure our impact by the number of years we've been in business, investor goals or size of the company. We are proud of our impact of the financial futures we help secure, and the legacies we help establish.

We believe that we aren't here to serve just today's customers, but customers for generations to come. As we look ahead to our next hundred years, that fundamental principle remains rich in its vision. No matter how much change happens in the world around us, we strive to find new ways to create value for our customers.

Just like always.



North American has continued to earn high ratings, based on our financial strength, operating performance, and ability to meet obligations to our policyholders and contract holders. North American currently holds the following ratings:

“A+”

**A.M. Best<sup>6</sup>** (Superior) (Second category of 15)

**S&P Global Ratings<sup>6</sup>** (Strong) (Fifth category of 22)

**Fitch Ratings<sup>6</sup>** (Stable) (Fifth category of 19)