Map Your Course

Help to Minimize the Risks to Your Retirement

Sequence of Returns – Timing is Everything

Let's say you have a house. You've taken good care of it – fixed the roof when it needed it, spent money on landscaping and a sprinkler system, and completely redid the kitchen. Now it's time to sell and the housing market isn't looking so good – and there's no way you'll get your money out of it. Do you sell for a loss? Or, is it in your best interest to wait until the market recovers before you sell it?

Your retirement portfolio works in a similar way.

When you're building your retirement fund, you continue to invest money in it. You carefully allocate your contributions based on your risk tolerance and the investment's reward potential, you diversify it, and you weather the storm of market fluctuations. All with the hope that when it's time to take your retirement income, your disciplined investment strategy will pay off.

If there's a market downturn while you're drawing retirement income from your savings, it's probably not in your best interest to sell into the down market. Selling at a loss following a down market, especially in early retirement years, can seriously erode your portfolio and negatively impact your long-term retirement funds.

How Do You Plan for Something That's Out of Your Control?

Even if the markets perform poorly, you have to be able to pay the bills. And, you don't want to give up on your retirement dreams. Putting your money into "safe," low-risk investments doesn't completely solve the problem. That's because you count on your money to grow and low-risk savings like CDs and bonds offer comparatively low interest rates.

You Have Options

One way that you can plan ahead is by using an indexed universal life insurance (IUL) policy.

The information provided throughout this brochure should not be construed as tax or legal advice. Consult with your tax or legal professional for details and guidelines specific to your situation.

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Case Study: Part 1

Jack Meyer is 65 years old and ready to retire. He has saved $1 million for retirement.

- He plans to take $105,000 a year (pre-tax) during retirement to maintain his current standard of living
- His other sources of income include:
  - Social Security $20,000
  - Pension $16,500
- His retirement savings will need to provide $68,500 a year pre-tax for him to reach his $105,000 annual need. Plus, he'd like to plan for a 2 percent annual increase to help offset inflation

What Jack may not realize is how post-retirement market performance may impact his ability to continue to take his planned distributions from his retirement fund.

The following tables show Jack's hypothetical retirement fund, using two periods of S&P 500® historical annual performance as a representation of the market performance. These two time periods were chosen because they illustrate how drastically variations in market performance may affect your retirement savings.

In both hypothetical scenarios, Jack's beginning retirement fund balance is the same.

Hypothetical Scenario 1: Using S&P 500® performance from 1973 – 1998

Age	Beginning of Year Balance	Withdrawal (Pre-Tax)	Post-Withdrawal Balance	S&P 500® Change*	End of Year Balance
65	$1,000,000	$68,500	$931,500	-14.66%	$794,942
66	$794,942	$69,870	$725,072	-26.47%	$533,146
67	$533,146	$71,267	$461,878	37.20%	$633,697
68	$633,697	$72,693	$561,004	23.84%	$694,747
69	$694,747	$74,147	$620,601	-7.16%	$576,166
70	$576,166	$75,630	$500,536	6.56%	$533,371
71	$533,371	$77,142	$456,229	18.44%	$540,358
72	$540,358	$78,685	$461,673	32.50%	$611,717
73	$611,717	$80,259	$531,458	-4.92%	$505,310
74	$505,310	$81,864	$423,446	21.55%	$514,699
75	$514,699	$83,501	$431,198	22.56%	$528,476
76	$528,476	$85,171	$443,305	6.27%	$471,100
77	$471,100	$86,875	$384,226	31.73%	$506,141
78	$506,141	$88,612	$417,529	18.67%	$495,481
79	$495,481	$90,384	$405,097	5.25%	$426,365
80	$426,365	$92,192	$334,173	16.61%	$389,679
81	$389,679	$94,036	$295,643	31.69%	$389,332
82	$389,332	$95,917	$293,416	-3.11%	$284,290
83	$284,290	$97,835	$186,455	30.47%	$243,268
84	$243,268	$99,792	$143,477	7.62%	$154,410
85	$154,410	$101,787	$52,622	10.08%	$57,927
86	$57,927	$57,927	$0	1.32%	$0
87	$0	$0	$0	37.58%	$0
88	$0	$0	$0	22.96%	$0
89	$0	$0	$0	33.36%	$0

From 1973 to 1998, the market performed poorly right after his retirement. If Jack's retirement fund performed similarly to this period of time and he had to make a withdrawal from his retirement account following the market downturns, he would be selling into a market loss instead of giving his retirement fund time to recover

Based on the index performance from 1973-1998, Jack would have nothing left in his retirement fund at the end of age 86

Hypothetical Scenario 2: Using S&P 500® performance from 1982 – 2007

Age	Beginning of Year Balance	Withdrawal (Pre-Tax)	Post-Withdrawal Balance	S&P 500® Change*	End of Year Balance
65	$1,000,000	$68,500	$931,500	21.55%	$1,132,238
66	$1,132,238	$69,870	$1,062,368	22.56%	$1,302,039
67	$1,302,039	$71,267	$1,230,771	6.27%	$1,307,940
68	$1,307,940	$72,693	$1,235,248	31.73%	$1,627,192
69	$1,627,192	$74,147	$1,553,045	18.67%	$1,842,999
70	$1,842,999	$75,630	$1,767,369	5.25%	$1,860,156
71	$1,860,156	$77,142	$1,783,014	16.61%	$2,079,173
72	$2,079,173	$78,685	$2,000,488	31.69%	$2,634,442
73	$2,634,442	$80,259	$2,554,184	-3.10%	$2,475,004
74	$2,475,004	$81,864	$2,393,140	30.47%	$3,122,330
75	$3,122,330	$83,501	$3,038,829	7.62%	$3,270,387
76	$3,270,387	$85,171	$3,185,216	10.08%	$3,506,286
77	$3,506,286	$86,875	$3,419,411	1.32%	$3,464,548
78	$3,464,548	$88,612	$3,375,936	37.58%	$4,644,612
79	$4,644,612	$90,384	$4,554,228	22.96%	$5,599,879
80	$5,599,879	$92,192	$5,507,687	33.36%	$7,345,051
81	$7,345,051	$94,036	$7,251,015	28.58%	$9,323,355
82	$9,323,355	$95,917	$9,227,439	21.04%	$11,168,892
83	$11,168,892	$97,835	$11,071,057	-9.10%	$10,063,591
84	$10,063,591	$99,792	$9,963,799	-11.89%	$8,779,104
85	$8,779,104	$101,787	$8,677,316	-22.10%	$6,759,629
86	$6,759,629	$103,823	$6,655,806	28.68%	$8,564,691
87	$8,564,691	$105,900	$8,458,792	10.88%	$9,379,108
88	$9,379,108	$108,018	$9,271,091	4.91%	$9,726,301
89	$9,726,301	$110,178	$9,616,123	15.79%	$11,134,509

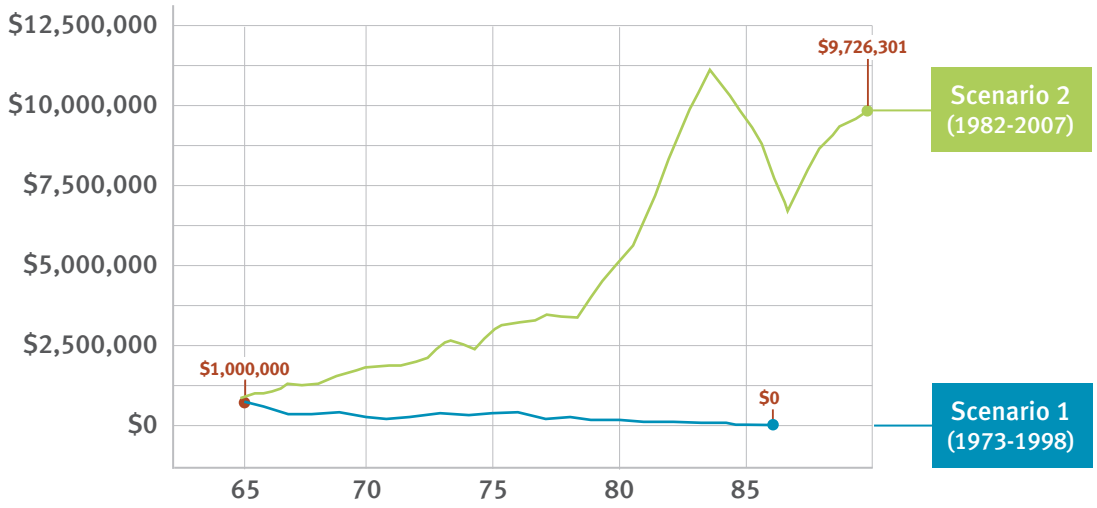
From 1982 to 2007, there were also a number of negative years; however, these happened later in his retirement

Based on the index performance from 1982-2007, Jack would have over $8 million left in his retirement fund at the end of age 86

The hypothetical scenarios are for illustrative purposes only. Past performance cannot be used to predict future results. You cannot invest directly in the S&P 500® Index.

*S&P 500 change measures annual returns including dividend over the stated time period.

Comparing the Retirement Fund Balances



- As you can see in these two hypothetical market examples, it's not just the market ups and downs that are important. What may be even more important is the sequence of returns – when the markets make their upward and downward movements.
- The returns, along with the sequence of returns, allowed for Jack to have $6,759,629 at age 86 and almost $10 million at age 89 – as opposed to running out of money at age 86.

Average Return Comparison

The differences in the retirement fund balances might initially lead you to believe the average market performance over the 25-year period was significantly better from 1982 to 2007. However, if you look at the average over the 25-year periods, the period from 1973 through 1998 was almost the same.

It's the timing of the good and bad years that made the second scenario perform better. Because the period from 1982 through 2007 had better performance in the early years and its down years were in the later years, it was able to perform better than the period from 1973 through 1998 when the down years occurred early on.

	1973 to 1998	1982 to 2007
Over the first 5 years	2.55%	20.16%
Over the first 15 years	11.42%	17.42%
Over the first 25 years	**14.40%**	**14.46%**

An Additional Option Using Life Insurance

An Indexed Universal Life insurance (IUL) policy can help. During early years, it can provide a death benefit that will help replace lost income should you die unexpectedly. It also has the potential to build cash value[1] based on the performance of a market index. Then, down the road, if you need to supplement your retirement income – during a market downturn when you don't want to draw as much from your retirement savings, for instance – you can receive it income tax free from your IUL policy cash value by taking withdrawals and loans.[2,3]

Another great thing about an IUL policy is that you have limited market risk. You participate in the market's upside (up to the cap rate), but its zero percent minimum floor helps protect you from downside market risk.

[1] The amount that may be available through loans and withdrawals, as defined in the contract.
[2] 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.
[3] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

Case Study, Part 2:
How an IUL Policy Can Help Jack

Let's take a look at how an indexed universal life insurance policy could supplement Jack's retirement income if he was faced with market returns similar to those from 1973 through 1998.

In Jack's case, he purchases a $500,000 Income Advantage℠ IUL policy at age 40. This provides him with a death benefit to protect his family in case he should die unexpectedly. He continues to pay a premium of $500 per month for 25 years until he turns age 64. At age 65, he has $260,944 in projected cash value[1] assuming a 6 percent hypothetical interest rate in all years.

How an IUL Policy Helps Jack in Retirement

- In years after a market loss, he stops withdrawing from his retirement account and instead takes a loan from his IUL policy. For purposes of the case study, we assume the client takes their full income from their IUL policy. Keep in mind that tax law requires you to take Required Minimum Distributions (RMDs) from retirement accounts after age 70½.
- By taking his distributions from the IUL policy, he lets his retirement savings recover and doesn't sell into a market loss
- In addition to helping Jack through a few low-market years, he still has a meaningful death benefit

It's important to remember that what happens to a retirement portfolio varies by the individual. And, past performance of the market is not an indicator of future results. Market performance and sequence of returns can make a significant difference in how your retirement portfolio performs.

	Retirement Account					IUL Policy		
Age	Beginning of Year Balance	Withdrawal (Pre-Tax)	Post-Withdrawal Balance	S&P 500® Change (1973-1998)	End of Year Balance	IUL Distribution (Non-Taxable)[2,3]	Projected IUL Cash Value[1]	IUL Death Benefit Remaining
65	$1,000,000	$68,500	$931,500	-14.66%	$794,942	$0	$260,944	$500,000
66	$794,942	$0	$794,942	-26.47%	$584,521	$50,306	$222,620	$449,694
67	$584,521	$0	$584,521	37.20%	$801,963	$51,313	$180,849	$397,375
68	$801,963	$72,693	$729,270	23.84%	$903,128	$0	$189,829	$395,322
69	$903,128	$74,147	$828,981	-7.16%	$769,626	$0	$199,292	$393,229
70	$769,626	$0	$769,626	6.56%	$820,114	$54,453	$209,272	$391,093
71	$820,114	$77,142	$742,972	18.44%	$879,976	$0	$163,172	$334,462
72	$879,976	$78,685	$801,291	32.50%	$1,061,710	$0	$170,809	$331,152
73	$1,061,710	$80,259	$981,451	-4.92%	$933,164	$0	$178,820	$327,775
74	$933,164	$0	$933,164	21.55%	$1,134,261	$58,942	$187,255	$324,330
75	$1,134,261	$83,501	$1,050,760	22.56%	$1,287,811	$0	$134,863	$261,875
76	$1,287,811	$85,171	$1,202,640	6.27%	$1,278,045	$0	$140,537	$257,112
77	$1,278,045	$86,875	$1,191,171	31.73%	$1,569,129	$0	$146,527	$252,254
78	$1,569,129	$88,612	$1,480,517	18.67%	$1,756,930	$0	$152,869	$247,299
79	$1,756,930	$90,384	$1,666,546	5.25%	$1,754,039	$0	$159,614	$242,245
80	$1,754,039	$92,192	$1,661,847	16.61%	$1,937,880	$0	$166,835	$237,090
81	$1,937,880	$94,036	$1,843,844	31.69%	$2,428,159	$0	$174,629	$231,832
82	$2,428,159	$95,917	$2,332,242	-3.11%	$2,259,709	$0	$183,126	$226,469
83	$2,259,709	$0	$2,259,709	30.47%	$2,948,243	$70,441	$192,488	$220,998
84	$2,948,243	$99,792	$2,848,451	7.62%	$3,065,503	$0	$129,489	$153,715
85	$3,065,503	$101,787	$2,963,716	10.08%	$3,262,458	$0	$135,804	$160,701
86	$3,262,458	$103,823	$3,158,635	1.32%	$3,200,329	$0	$142,335	$167,920
87	$3,200,329	$105,900	$3,094,430	37.58%	$4,257,316	$0	$149,071	$175,363
88	$4,257,316	$108,018	$4,149,299	22.96%	$5,101,978	$0	$156,007	$183,021
89	$5,101,978	$110,178	$4,991,800	33.36%	$6,657,064	$0	$163,132	$190,888

Taking distributions from his IUL policy during the five years following a market loss makes the difference between Jack running out of money at age 86 and having over $3 million remaining when he turns age 86.

Why is the amount taken from the IUL less than the amount taken from his retirement fund?
When money is taken from a taxable retirement fund, you have to pay ordinary income taxes on your money. Distributions from a life insurance policy are generally received income tax free.[2,3] Assuming that Jack has a 28 percent effective tax rate, a pre-tax distribution of $69,870 from his retirement fund would be equivalent to a $50,306 distribution from his IUL policy.

By planning ahead with a properly-funded IUL policy, you have an additional source of retirement income. This planning strategy can help you avoid selling for a loss after a market downturn, while providing the life insurance protection your family needs today.

[1] The amount that may be available through loans and withdrawals, as defined in the contract.
[2] 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.
[3] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

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All guarantees subject to the financial strengths and claims-paying ability of the issuing insurance company.

Income Advantage℠ – Sex Distinct Policy Forms: ICC15L123P, or state equivalent; in FL, D501LFL14P. Unisex Policy Forms: ICC15L124P, or state equivalent; in FL, D502LFL14P.

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Map Your Course

Help to Minimize the Risks to Your Retirement

Longevity – The Great Unknown

Preparing for retirement is like planning for a trip without an itinerary. You don't know how long you'll be gone or where you're going. But you do your best to prepare for a range of weather and different modes of transportation.

What that means in retirement planning terms is that you save and focus on asset growth and total returns. You think about how you'll spend your time in retirement, you consider the variables that may pop up and try to put aside enough so you can afford that lifestyle.

How Long Will Your Retirement Last?

Once you've retired, longevity becomes the overarching risk. You may plan for 25 years and live 40 years. And, you'll want to spend as much as you comfortably can without triggering old-age poverty.

During retirement, your remaining retirement savings continues to earn interest. But, a longer retirement can also result in greater exposure to other risks. There's more time for inflation to compound. There's also increased chance for you to incur an expensive health problem or for market volatility, etc.

Even if inflation averages about 3 percent per year, the cost of living doubles in just 23 years.

And, what if you don't live as long as you expect? Even that includes risks. If, for instance, you plan for a 50-year retirement and only live for 10, you could leave unused money in your estate which could trigger estate taxes.

It's a balancing act. Making that "act" even tougher, if you're married, you not only have your own longevity to consider, you also have your spouse's.

Fortunately, there's a way to help make this balancing act easier and that's an **Income Advantage℠ Indexed Universal Life insurance (IUL) policy.**

Tip: You don't know who will live longer – you or your spouse. Because of that, you may need life insurance policies on both of you. If you need money during retirement, you can draw from the cash value of both policies.[1]

[1] Cash value is the amount that may be available through loans or withdrawals, as defined in the contract. Any policy withdrawals, loans and loan intrest will reduce policy values and benefits.

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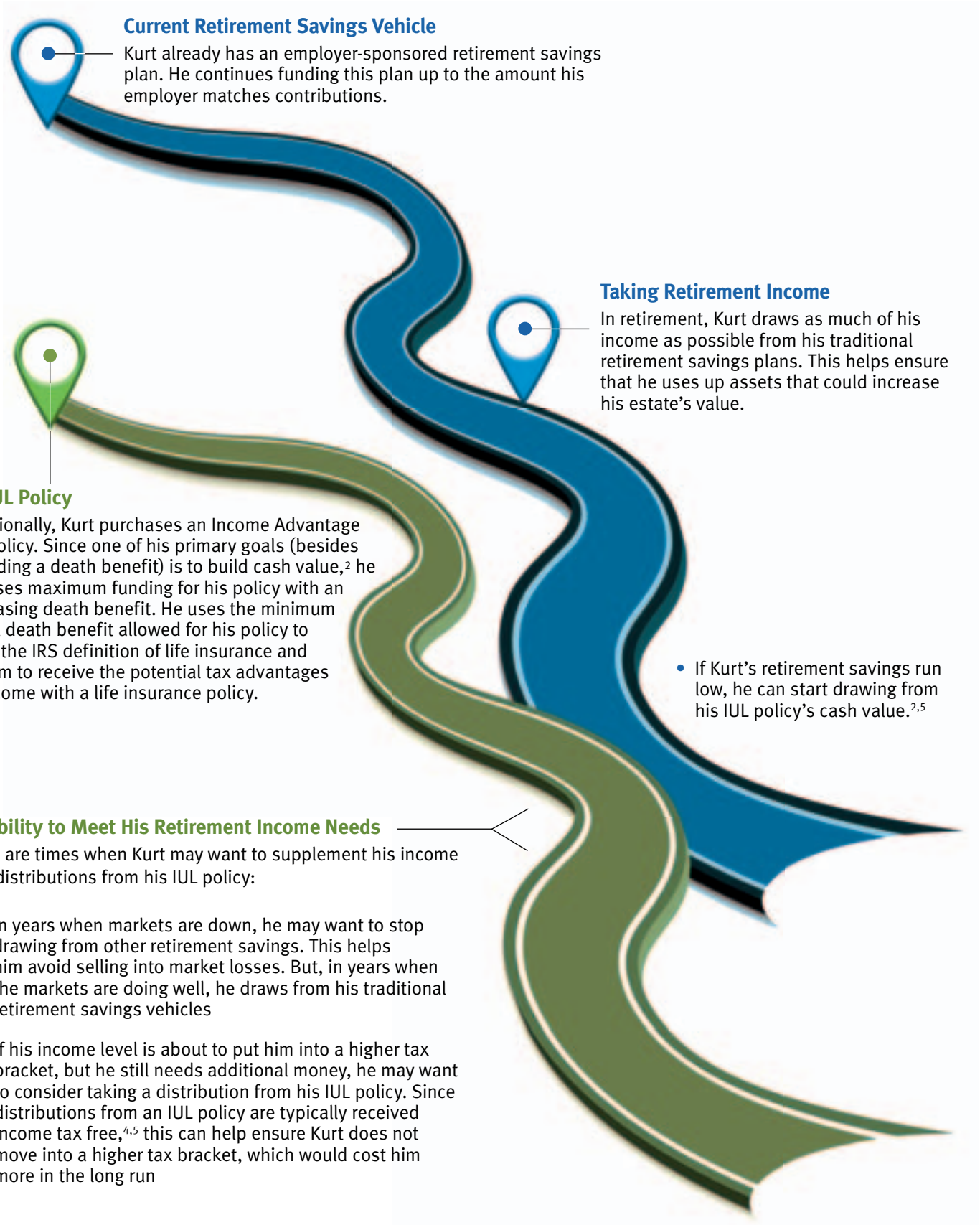
Planning Your Path To and Through Retirement

Kurt is a hypothetical client who is planning ahead for his retirement. Let's take a look at how supplementing his current retirement savings plans with an Income Advantage℠ IUL policy might work for Kurt's situation.



Current Retirement Savings Vehicle

Kurt already has an employer-sponsored retirement savings plan. He continues funding this plan up to the amount his employer matches contributions.

Taking Retirement Income

In retirement, Kurt draws as much of his income as possible from his traditional retirement savings plans. This helps ensure that he uses up assets that could increase his estate's value.

An IUL Policy

Additionally, Kurt purchases an Income Advantage IUL policy. Since one of his primary goals (besides providing a death benefit) is to build cash value,[2] he chooses maximum funding for his policy with an increasing death benefit. He uses the minimum initial death benefit allowed for his policy to meet the IRS definition of life insurance and for him to receive the potential tax advantages that come with a life insurance policy.

- If Kurt's retirement savings run low, he can start drawing from his IUL policy's cash value.[2,5]

Flexibility to Meet His Retirement Income Needs

There are times when Kurt may want to supplement his income with distributions from his IUL policy:

- In years when markets are down, he may want to stop drawing from other retirement savings. This helps him avoid selling into market losses. But, in years when the markets are doing well, he draws from his traditional retirement savings vehicles
- If his income level is about to put him into a higher tax bracket, but he still needs additional money, he may want to consider taking a distribution from his IUL policy. Since distributions from an IUL policy are typically received income tax free,[4,5] this can help ensure Kurt does not move into a higher tax bracket, which would cost him more in the long run

- If Kurt passes away before his spouse, his policy's death benefit can be used to refill his spouse's retirement bucket. His spouse will receive the death benefit income tax free.[3]

Tax Benefits of Life Insurance

On top of everything else, it's good to keep in mind the tax benefits of life insurance.

- Income tax-free death benefit[2]
- The accumulation value grows tax deferred
- Whatever the reason, you can access your policy's cash value[1] through income tax-free loans and withdrawals[4,5]

[2] The amount that may be available through loans or withdrawals, as defined in the contract.
[3] Death benefit proceeds from a life insurance policy are generally not included in the gross income of the taxpayer/beneficiary (Internal Revenue Code Section 101(a)(1)). There are certain exceptions to this general rule including policies that were transferred for valuable consideration (IRC101(a)(2)). 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.
[4] 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 IRS 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.
[5] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

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All guarantees subject to the financial strengths and claims-paying ability of the issuing insurance company.

Income Advantage℠ – Sex Distinct Policy Forms: ICC15L123P, or state equivalent; in FL, D501LFL14P. Unisex Policy Forms: ICC15L124P, or state equivalent; in FL, D502LFL14P.

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Map Your Course

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The Cost of Health Care – No One Plans to be Chronically Ill

Over the years, you've likely spent time planning for your future. You've saved, you've taken care of yourself and you're ready to enjoy the result of all that planning – a comfortable retirement. Have you forgotten anything?

One thing: Have you considered what would happen to your plans should you become chronically ill? Costs of care, treatments and medication are expensive. Medicare and Medicare supplement insurance typically don't pay for all of your care because many times people choose custodial care provided by nonmedical individuals.

By the Numbers

No one plans to become chronically ill. However, the longer you live (and people are living longer), the more likely you'll be impacted by a chronic illness. Almost 70 percent of people over age 65 will require chronic care later in life – for an average of three years. And 20 percent of those individuals will need that care for longer than five years.*

The costs of long-term care services

Long-term care services can be expensive. Based on national average costs, people can expect to pay:**

- $233 per day for a semiprivate room in a nursing home. That adds up to more than $85,000 per year
- $4,245 per month for a one-bedroom unit in an assisted living facility
- $22 per hour for a home health aide

How will your retirement income hold up if you should need to pay for these services on top of your other expenses?

A Potential Strategy:

Here's a solution you may want to consider: In addition to your other retirement savings plans, you purchase an Income Advantage℠ Indexed Universal Life insurance (IUL) policy. This policy easily conforms to shifting goals – a death benefit during early years and a potentially increasing cash value[1] that can be accessed in the future once the death benefit need isn't as important.

Income Advantage IUL also comes with a Chronic Illness Accelerated Death Benefit Rider. This rider allows you to take a portion of your death benefit early if you're diagnosed with a chronic illness.

This money could be used to pay medical bills, to allow you to stop working and spend time with family, to take a dream vacation with your loved ones, or even to pre-plan and pre-pay funeral expenses. How you choose to use the benefit payment is up to you.

*Source: U.S. Department of Health and Human Services, National Clearinghouse for Long-Term Care Information, October 2017.

**Source: Mutual of Omaha's Cost of Care Study, conducted by Long-Term Care Group, 2015, released 2016.

[1] The amount that may be available through loans and withdrawals, as defined in the contract.

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What are the requirements for using the Chronic Illness Rider benefits?

This rider provides an accelerated death benefit if the insured:

- is unable to perform two of six Activities of Daily Living (ADLs) for 90 consecutive days, as certified by their physician, or
- requires substantial supervision to protect himself or herself from threats to health and safety due to severe cognitive impairment

Activities of Daily Living include: bathing, using the bathroom, continence, dressing, eating and the ability to move into or out of a bed, chair or wheelchair.

With the Chronic Illness Rider, as long as you meet the requirements to qualify for benefits, you can access as much as you want (up to the maximum) and you can use the money for whatever you choose. You don't have to be confined to a nursing home and you don't have to submit receipts in order to receive your benefits.

How is the benefit calculated?

The maximum cumulative amount that can be accelerated is the lesser of $1 million or 80 percent of the specified face amount as of the initial acceleration request.

The maximum amount that can be requested in a single year for chronic illness is capped by the IRS per diem limit at the time of acceleration. You don't have to request the maximum acceleration; the amount you choose to accelerate is up to you (subject to the maximum).

How often are benefits available?

As long as you have an accelerated benefit amount remaining, there's no limit to the number of chronic illness acceleration requests you can make, as long as there are at least 12 months between acceleration requests. Your policy will also come with a terminal illness acceleration benefit. Once there's a request for a terminal illness acceleration, there can't be any more chronic illness acceleration requests.

What if I don't use the Chronic Illness Rider benefits?

With the Chronic Illness Rider, there is no additional cost unless you need to use the benefit. If you don't need it, you still have a full death benefit, or can access the policy's cash value[2] through loans and withdrawals.[3] This can help supplement your retirement income.

Is there a cost for the rider?

There is no upfront cost to include the rider with your Income Advantage policy. It's included with all policies at no additional charge.

If you should need to exercise the rider, an "actuarial discount" will be deducted from the requested acceleration amount, as well as a $100 processing fee. The actuarial discount is based on your life expectancy and the Moody's Corporate Bond Yield Average (see Case Study).

What is the actuarial discount?

When insurance companies price the cost of life insurance, they plan on you receiving the full death benefit upon your death. Since you are taking a portion of your death benefit early, you are getting an advance payment. The actuarial discount rate is the company's way to take into account the time value of money between your advance payment date and your life expectancy (when you are expected to die). The shorter your remaining life expectancy, the less your actuarial discount will be.

[2] The amount that may be available through loans and withdrawals, as defined in the contract.

[3] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

A Case Study

Jeffrey purchased a $1 million Income Advantage policy at age 50. Later, he was diagnosed with advanced stage 5 Parkinson's Disease. Currently, he is unable to perform two of six ADLs and his doctor estimates he has two years to live.

Jeffrey has a maximum total acceleration limit of $800,000, and he has requested a $100,000 acceleration benefit.

This allows him to receive an accelerated death benefit that is meaningful to him.

He can use it to help pay medical bills, to allow him to stop working and spend time with family, for him to take a dream vacation with his loved ones, or even for him to pre-plan and pre-pay his funeral.

Calculating Jeffrey's Benefit	
Requested Acceleration	**$100,000**
Minus the 9% Actuarial Discount (4.5% discount rate* X 2-year current life expectancy)	$9,000
Minus the Flat Charge	$100
Acceleration Amount	**$90,900**

After taking his accelerated benefit, Jeffrey still has $900,000 in remaining death benefit and $700,000 in remaining accelerated death benefit option.

Taking an additional accelerated death benefit payment

The following year, Jeffrey requests an additional $75,000 in accelerated death benefits. His actuarial discount is less since he now only has a one-year life expectancy.

Calculating Jeffrey's Benefit	
Requested Acceleration	**$75,000**
Minus the 4.5% Actuarial Discount (4.5% discount rate* X 1-year current life expectancy)	$3,375
Minus the Flat Charge	$100
Acceleration Amount	**$71,525**

Jeffrey now has $825,000 in remaining death benefit and $625,000 in remaining accelerated death benefit option.

*Examples assume a 4.5 percent hypothetical discount rate. The actual discount rate will be determined at the time of each acceleration request, but is guaranteed not to exceed 6 percent.

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Base plan, riders and product features may not be available in all states and may vary by state.

This brochure is only a brief summary of some of the key features of this policy. For more complete information, you should refer to the form of the policy, including any applicable riders and endorsements to the policy, and other materials about the policy that you will receive. We strongly urge you to thoroughly review all of these items and to discuss any questions you have with our licensed agent/producer or with your own professional advisors, as appropriate.

All guarantees subject to the financial strengths and claims-paying ability of the issuing insurance company.

Income Advantage℠ – Sex Distinct Policy Forms: ICC15L123P, or state equivalent; in FL, D501LFL14P. Unisex Policy Forms: ICC15L124P, or state equivalent; in FL, D502LFL14P.

Rider Form Numbers: Terminal Illness Accelerated Death Benefit, ICC13L098R, or state equivalent; in FL, D433LNA13R. Chronic Illness Accelerated Death Benefit, ICC13L099R, or state equivalent; in FL, D478LFL13R.

Life insurance and annuity products are not a deposit, not FDIC insured, not insured by any federal government agency, not guaranteed by the bank, not a condition of any banking activity, may lose value and the bank may not condition an extension of credit on either: 1) The consumer's purchase of an insurance product or annuity from the bank or any of its affiliates; or 2) The consumer's agreement not to obtain, or a prohibition on the consumer from obtaining, an insurance product or annuity from an unaffiliated entity.

Map Your Course

Help to Minimize the Risks to Your Retirement

Tax Bracket Risks

If you're like most Americans, you're looking forward to retirement. At the same time, you're also keeping a careful eye on expenses, unsure of how they will impact your savings.

The last thing you're expecting in retirement is an increase in your taxes. But a tax increase is a real possibility for some – even as they're living on less. They may lose the deductions they previously used to their advantage, they may end up paying taxes on their investments and their Social Security as they tap into them, and they may find that large purchases cause an unintended increase in their marginal tax rates.

The end result might be that a higher proportion of the savings retirees are using to live on will be lost to taxation. And the amount of taxes retirees pay can significantly diminish the amount of time their retirement savings can last.

Managing your taxes in retirement can make a big difference in income sustainability, especially in years when you want to withdraw a substantial amount of money for a purchase.

How Do You Minimize Your Tax Risk in Retirement?

One way to help avoid larger tax hits is by using an Indexed Universal Life insurance (IUL) policy. It will provide your loved ones with a death benefit in the early years, and its cash value[1] may also be used as a source of supplemental retirement income. That can help you avoid increases to your effective tax rate since a loan from an IUL policy is generally not counted as taxable income.[2,3]

Throughout this brochure we will cover some of the tax risks you may face, and how an IUL policy can help you manage these risks.

The information provided throughout this brochure should not be construed as tax or legal advice. Consult with your tax or legal professional for details and guidelines specific to your situation.

[1]The amount that may be available through loans or withdrawals, as defined in the contract.
[2]Any policy withdrawals, loans and loan interest will reduce policy values and benefits.
[3]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 IRS §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.

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A Look at Your Overall Tax Picture

There are some important tax concepts that you should understand as you are planning for retirement, such as:

- How each type of retirement income source may be taxed
- How one source of retirement income may impact the tax rates you pay on another source of income
- The tax rates that may apply to each source of retirement income
- The tax deductions you may lose in retirement
- Additional taxes that may apply to the affluent

We will provide more details on each of these concepts in the following pages. We will also discuss potential solutions that can help you manage these risks while still allowing you to take the income you need to live out your retirement dreams.

Understanding the Types of Retirement Income and How They're Taxed

Tax-deferred accounts

Withdrawals from traditional IRAs and 401(k)s are taxed as **ordinary income**. You are usually required to start taking Required Minimum Distributions (RMDs) from these accounts the year after you reach age 70 1/2.

Taxable accounts

Profits from the sale of investments, such as stocks, bonds, mutual funds and real estate, are taxed at **capital-gains rates**:

- Long-term capital-gains rates apply to assets you have held longer than a year. If you're in the 0% or 12% tax bracket, you'll pay 0% on those gains. Those in the 22% or 35% tax bracket will pay 15%; and other taxpayers pay 20% on long-term gains.
- Short-term capital gains are taxed at your **ordinary income tax rate**.
- Interest income from bonds and rental property income are taxed as **ordinary income**
- Qualified dividends are taxed the same as long-term capital gains held over a year; and, nonqualified dividends are taxed at your **ordinary income tax rate**
- Municipal bonds are federally tax **free**

Roth IRAs

As long as the Roth has been open for at least five years and you're age 59 1/2 or older, all withdrawals are **tax-free**. In addition, you are not required to take RMDs from your Roth.

Pensions

Payments from private and government pensions are taxable at your **ordinary income rate**, assuming you made no after-tax contributions to the plan.

Social Security

Many retirees are surprised—and dismayed—to discover that a portion of their Social Security benefits could be taxable at **ordinary income tax rates**. Whether or not you're taxed depends on what's known as your provisional income: your adjusted gross income plus any tax-free interest plus 50% of your benefits.

- If provisional income is between $25,000 and $34,000 (if you're single), or between $32,000 and $44,000 (if you're married), up to 50% of your benefits are taxable
- If provisional income exceeds $34,000 (if you're single) or $44,000 (if you're married), up to 85% of your benefits are taxable

Annuities

If you purchased a non-qualified annuity that provides income in retirement, the portion of the payment that represents the money you paid for the annuity (the principal) is tax-free; the rest is taxable.

The insurance company that sold you the annuity will be able to tell you what amount is taxable. If you bought the annuity with pretax funds (such as from a traditional IRA), 100% of your payment will be taxed as ordinary income.

Life insurance

In most cases, loans and withdrawals from a life insurance policy are received income **tax free**.[4,5] This assumes the withdrawals do not exceed the amount of premiums paid (less previous withdrawals); and the policy does not become a Modified Endowment Contract under IRS §72, 7702(f)(7)(B), 7702A.

[4]Any policy withdrawals, loans and loan interest will reduce policy values and benefits.
[5]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 IRS §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.

How One Retirement Source Can Impact the Taxation of Another

Managing the taxation of your retirement portfolio is about more than understanding how each type of income source is taxed individually. It's also important to know how using these income sources together can impact your overall taxation.

For example, some withdrawals from a retirement portfolio will increase your realized ordinary income and will also increase Social Security taxation and long-term capital gains taxation when taken in the same year. This can increase your effective marginal tax rate.

Beware of the "Tax Snowball"

Your effective marginal tax rate is considerably different than the marginal income tax bracket you fall into for federal tax purposes. Your effective marginal rate can be much higher or much lower, depending upon the underlying asset's tax treatment and what impact it has on your other portfolio assets.

Because of its compounding effect, this is what we refer to as the "tax snowball." It can cause you to pay as much as 55 cents on the dollar in taxes, making your spendable income only 45 cents on the dollar. This is not the way to manage assets for the long life you plan to live in retirement. You need to be tax smart. Before making abrupt changes in your retirement spending, it's wise to model the tax impact.

Knowing how to maximize the bracket you're in without stepping into a new bracket is an important factor in helping you preserve the assets in your portfolio.

Tax Terms to Know

Federal marginal income tax rate: The tax rate an individual would pay on one additional dollar of ordinary income.

Effective marginal tax rate: The individual's total taxes paid, divided by total income. This measures the total tax burden that the client bears on all his/her income.

2018 Ordinary Income Tax Rates

Married Filing Jointly

Taxable Income	Tax Due
0 - $19,050	10% of taxable income
$19,051 - $77,400	$1,905.00 + 12% over $19,050
$77,401 - $165,000	$8,907 + 22% over $77,400
$165,001 - $315,000	$28,179 + 24% over $165,000
$315,001 - $400,000	$64,179 + 32% over $315,000
$400,001 - $600,000	$91,379 + 35% over $400,000
$600,001 +	$161,379 + 37% over $600,000

Single Filers

Taxable Income	Tax Due
0 - $9,525	10% of taxable income
$9,526 - $38,700	$952.50 + 12% over $9,525
$38,701 - $82,500	$4,453.50 + 22% over $38,700
$82,501 - $157,500	$14,089.50 + 24% over $82,500
$157,501 - $200,000	$32,089.50 + 32% over $157,500
$200,001 - $500,000	$45,689.50 + 35% over $200,000
$500,001 +	$150,689.50 + 37% over $500,000

2018 Long-Term Capital Gains Tax Brackets for Married Filing Jointly

This chart shows the ordinary income and capital gains brackets together. Notice how someone in the 0 percent or 12 percent ordinary income brackets pays zero percent on capital gains. This structure presents opportunities for middle-income taxpayers to recognize capital gains at a zero percent rate with careful planning.

Taxable Income	Ordinary Income Brackets	Long-Term Capital Gains Brackets
0 - $19,050	0%	0% up to $77,200
$19,051 - $77,400	12%	
$77,401 - $165,000	22%	15% up to $479,000
$165,001 - $315,000	24%	
$315,001 - $400,000	32%	
$400,001 - $479,000	35%	
$479,001 - $600,000		20% above $479,000
$600,001 +	37%	

What Else Impacts Bottom-line Taxes or Effective Tax Rates?

If you don't itemize, you can take the standard deduction, which was increased by the Tax Reform Bill of 2017. However, if you do choose to itemize, the following items will impact your taxes:

- **Deductions**
  You can think of **deductions** as reductions of income for certain expenditures. You can track those items, such as mortgage interest, investment interest, tax prep fees, etc., and complete a schedule A on your tax returns, or you can take the standard deduction, which is $12,000 for single filers and $24,000 for married couples filing jointly. For many retired taxpayers, there simply are not enough deductions to warrant itemizing on schedule A, so the standard deduction becomes important.

- **Credits**
  Deductions reduce your taxable income, indirectly reducing tax. **Credits**, on the other hand, directly reduce the tax bill, dollar for dollar.

Two of the most common tax credits are the Health Care Tax Credit and the Earned Income Tax Credit. Less common is the Saver's credit, which may be accessed by people who take a part-time job in retirement. This credit basically incentivizes lower-income people to save into retirement accounts.

Tax deductions retirees might lose

- Dependent children – usually, by your retirement, children will be independent
- Mortgage interest – if you own your home free and clear at retirement, you will no longer have this deduction
- Business deductions – if you ran your own business and retired, business deductions are no longer applicable
- 401(k) deferrals and IRA contributions – you must have earnings to make pre-tax contributions to employer-sponsored savings plans or IRAs. If you're no longer working and earning an income, you may no longer be able to lower your taxable income by making pre-tax contributions

Additional Taxes and Considerations for the Affluent

Although we have covered most of the tax considerations retirees should be aware of, there are some additional considerations if you are affluent. The following items typically impact higher-income people, but could also impact those with lower incomes, if you were to do a Roth conversion or have a large, unusual purchase.

1) **Medicare Excess Premiums**

   It's important to understand that your Medicare monthly premium will increase as your income increases. This can also impact your overall financial situation in retirement.

   Medicare is now means tested, and these thresholds include the full Social Security benefit. If you fall over the threshold, you end up paying an extra Medicare Part B and Part D premium. In the scope of the total tax bill, it's probably not much, but it's not insignificant either.

2018 Medicare Excess Premiums

Married Filing Jointly	Single Filers	Part B (Monthly)	Part D (Monthly)
0 - $170,000	0 - $85,000	$134.00	Plan Cost Only
$170,001 - $214,000	$85,001 - $107,000	$187.50	Plan + $13.00
$214,001 - $267,000	$107,001 - $133,500	$267.90	Plan + $33.60
$267,001 - $320,000	$133,501 - $160,000	$348.30	Plan + $54.20
$320,001 +	$160,001 +	$428.60	Plan + $74.80

2) **Net Investment Income Tax**

   The 3.8 percent Net Investment Income Tax also impacts higher-income taxpayers. For individuals over the adjusted gross income threshold ($200,000 single, $250,000 joint), it creates an additional 3.8 percent tax on income that isn't derived from work or a return of your own capital

Manage Your Tax Risk **and** Take the Income You Need

It's important to have a bucket of pre-taxed or non-taxable assets to pull extra income from during retirement. It helps you minimize tax bracket creep and may also lower the taxes you pay on your Social Security and long-term capital gains

Two types of pre-taxed or non-taxable assets:

- **A Roth IRA:** No doubt you're already familiar with the Roth IRA. Because a Roth IRA is pre-taxed, you can pull from this bucket in retirement without increasing your taxable income.

- **A Cash Value Life Insurance Policy:** You can also take supplemental retirement income from the cash value[6] in an indexed universal life insurance policy without increasing your taxable income.[7] Distributions from a life insurance policy can be taken income tax free.[8]

Types of life insurance distributions:

	Repayment Options	Impact on the Death Benefit	Charges	Taxation
Loans:[7,8]	When you take a loan from your policy's cash value,[6] you have the option to repay your loan at any time as long as your policy hasn't lapsed.	If you choose not to repay your loan, your death benefit will be proportionately reduced by the amount of the loan, including any accrued interest.	Although you'll be charged interest on your loan, your loan amount will also continue to earn interest. You have an option to take your loans either as an index loan or a standard loan. Your agent can help explain the differences.	Loans are generally federal income tax free as long as your policy doesn't lapse and your policy isn't a Modified Endowment Contract.[8]
Withdrawals:[7,8]	A withdrawal can't be repaid.	Any withdrawals permanently reduce the death benefit.	A fee of up to $100 may apply to each withdrawal request.	Any withdrawals up to the amount of the premiums paid can be taken income tax free. Anything in excess will be taxed as ordinary income.[8]

The case studies on the following pages will show you how a life insurance strategy might work for your retirement planning situation.

[6]The amount that may be available through loans or withdrawals, as defined in the contract.
[7]Any policy withdrawals, loans and loan interest will reduce policy values and benefits.
[8]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 IRS §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.

Case Study 1:

Maximize Your Retirement Income Using Tax-Free Sources

Mr. and Mrs. Brown are married and filing jointly
Both are 50 years old
They plan on retiring at age 67 and project the following sources of annual income:

- $50,000 combined Social Security
- $15,000 of net long-term capital gains
- $25,000 of ordinary income from a qualified retirement plan
- $90,000 income

Considering today's tax laws and the income outlined above, the Browns will pay an estimated $2,604 in federal income taxes on their $90,000 income.* This takes into account standard deduction of $24,000. Although their effective marginal tax rate is 22 percent, their effective tax rate is 2.9 percent. (Note: Example does not reflect state taxes.)

How could we improve their tax situation?
Alternate portfolio assets to draw from could be useful. For example, if the Browns had a properly funded IUL policy or a Roth IRA they could use to provide supplemental retirement income – how would that affect their taxes?

Instead of having $25,000 of ordinary income in retirement, let's consider what would happen if that income came from a tax-free source, such as an indexed universal life insurance policy[9] or a Roth IRA.

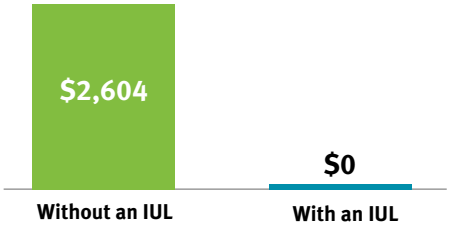
New sources of income:

- $50,000 combined Social Security
- $15,000 of net long-term capital gains
- $0 of ordinary income from a qualified retirement plan
- $25,000 of income from an IUL policy[9,10]
- $90,000 income

With this scenario, they have no federal tax burden on their $90,000 income.* Now that the Browns have no ordinary income, their provisional income is reduced to $65,000. With the higher standard deduction, this means they have a zero percent marginal and effective tax rate.

By creating a tax-free bucket of income this couple reduced their tax rate from 2.9 percent to zero percent. This saves them $2,604 in taxes. When these savings are replicated over a 20- to 30-year retirement, the savings can really add up – and that can help make your sources of retirement income last longer.

*As calculated for 2018 by the Tax Clarity™ software.



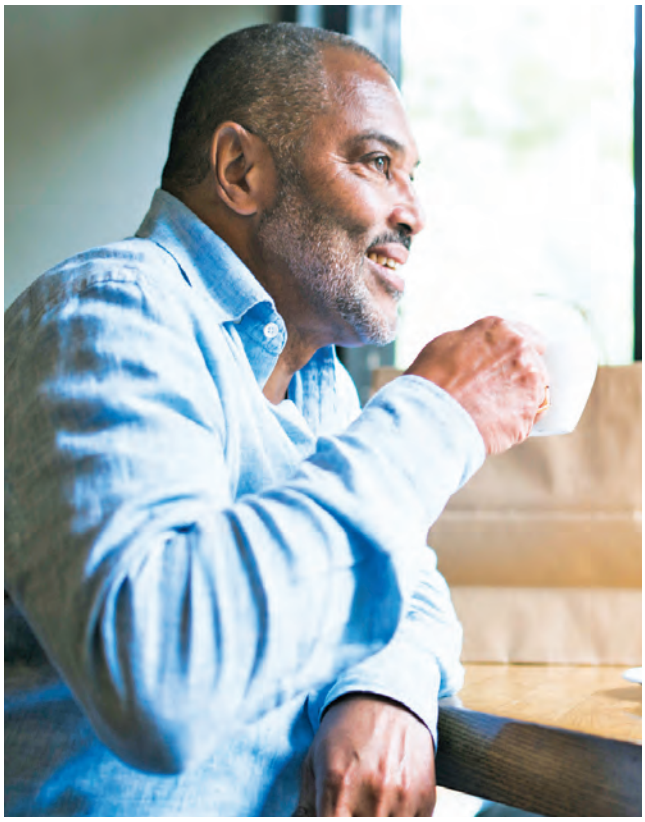
Case Study 2:

It's Not Too Late to Fund an IUL Policy

John Green, a 50-year-old male, is currently funding his employer-sponsored retirement plan. He wants to save as much as possible for retirement and is trying to be smart with his savings. Now that he has turned 50, he is allowed to make catch-up contributions to his retirement savings.

What is a Catch-up Contribution

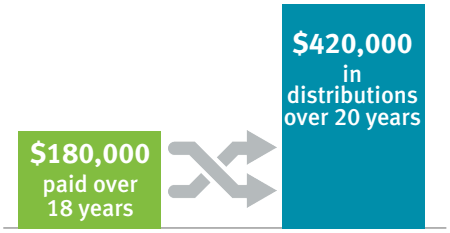
The catch-up contribution provision was created by the Economic Growth and Tax Relief Reconciliation Act of 2001. It allowed individuals over age 50 to set aside more savings for retirement by contributing an additional amount to their 401(k) and/or individual retirement account (IRA).



His employer does not have a Roth feature in their qualified plan, so instead, he chooses to put his $6,000 catch-up contribution, plus an additional $4,000 annually toward funding an indexed universal life insurance policy. In a typical year, John receives a raise of $4,000 so he plans to use that money to help with the additional funding.

He makes a $10,000 annual contribution to an Income Advantage IUL policy with a death benefit of $185,000, which may increase over time as the accumulation value increases. After 18 years, he has paid $180,000 in premiums and has a projected cash value[11] of $274,346 (based on a projected rate of 5.50 percent).

At this point, he starts taking annual distributions of $21,000 for 20 years to supplement his retirement income.[10] By the time he turns age 88, Mr. Green will have received total tax-free income of $420,000.[9] Mr. Green pays in $180,000 over 18 years and receives $420,000 in income – more than $240,000 more than his total premiums paid.



For John Green, this is the perfect time to save – clients at age 50 often are empty nesters, at or near their highest earning capacity. They may have paid off their mortgage, so this is a great time to identify and use "found" money in their budget for retirement goals.

[9] 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 IRS §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

[10] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

[11] The amount that may be available through loans or withdrawals, as defined in the contract.

Death benefit proceeds from a life insurance policy are generally not included in the gross income of the taxpayer/beneficiary (Internal Revenue Code Section 101(a)(1)). There are certain exceptions to this general rule including policies that were transferred for valuable consideration (IRC §101(a)(2)). 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.

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Base plan, riders and product features may not be available in all states and may vary by state.

This brochure is only a brief summary of some of the key features of this policy. For more complete information, you should refer to the form of the policy, including any applicable riders and endorsements to the policy, and other materials about the policy that you will receive. We strongly urge you to thoroughly review all of these items and to discuss any questions you have with our licensed agent/producer or with your own professional advisors, as appropriate.

All guarantees subject to the financial strengths and claims-paying ability of the issuing insurance company.

Income Advantage℠ – Sex Distinct Policy Forms: ICC15L123P, or state equivalent; in FL, D501LFL14P. Unisex Policy Forms: ICC15L124P, or state equivalent; in FL, D502LFL14P.

Life insurance and annuity products are not a deposit, not FDIC insured, not insured by any federal government agency, not guaranteed by the bank, not a condition of any banking activity, may lose value and the bank may not condition an extension of credit on either: 1) The consumer's purchase of an insurance product or annuity from the bank or any of its affiliates; or 2) The consumer's agreement not to obtain, or a prohibition on the consumer from obtaining, an insurance product or annuity from an unaffiliated entity.

Map Your Course

Help to Minimize the Risks to Your Retirement

Change of Situation – Make Friends With Change

Your life is full of changes. And with retirement looming, there may be even more. Waiting to protect yourself from retirement risks until your life "levels out" a bit is not a sound strategy. And, in the meantime, you may still need life insurance protection.

The great thing is: If you purchase an indexed universal life insurance (IUL) policy, and you experience changes, you have options.

Pre-Retirement

You've likely planned for your retirement by funding traditional retirement savings vehicles. But, if your plans change, do your retirement savings plans provide you with options and flexibility?

By supplementing your retirement savings with an IUL policy, you can:

- Help protect your loved ones now by providing a death benefit, and
- Generate cash value[1] you can turn into retirement income (by taking loans and withdrawals)[2]

Adding an IUL policy to your retirement arsenal is also a good way to help diversify. And, an IUL policy integrates useful flexibility into your retirement planning strategy, which will help you with possible future changes.

[1] The amount that may be available through loans or withdrawals, as defined in the contract.
[2] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

The Importance of Flexibility

So, what are these "possible changes" you – and your life insurance policy – may need to adapt to? Here are three examples:

Changing Products

Twenty years ago, indexed universal life insurance products didn't exist. Now, it's one of the most popular types of permanent life insurance products in the marketplace. Like other industries, life insurance companies are innovating and evolving products; new features and benefits are constantly being introduced. What if a new product is developed that better suits your needs, or provides even more growth potential?

Changing Situations

You may find that, 20 years from now, you no longer have a need for death benefit coverage, but you do have an immediate need for cash (a child's wedding, down payment on a new home, a grandchild's education . . .). [2] Tapping into your retirement savings vehicles can include penalties if taken before age 59½.

Changing Market Environments

With an IUL product, there's potential for cash value growth.[1] But, if the market hasn't performed up to your expectations and, in turn, your policy hasn't grown as much as you would have liked, what are your options?

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284764

Income Advantage Offers Flexibility. Flexibility Gives You Options

An Income Advantage℠ IUL policy provides flexibility in two important ways:

1 Guaranteed Refund Option (GRO) Rider

The GRO Rider, included on qualifying policies, offers seven 60-day windows in which you can surrender your policy and receive back your paid premiums – up to 50 percent at the end of policy year 15 and up to 100 percent at the end of years 20, 21, 22, 23, 24 and 25.[3]

There are no tax consequences to using the GRO Rider to surrender your policy since it's considered a return of premiums paid.

2 Accumulation Value

With an IUL policy, your policy growth is based on the performance of a market index. That means it's likely that if you properly fund your IUL policy, your surrender value will be significantly higher than your GRO Rider benefit. If it is, upon surrender, you would get the surrender value instead. Typically, surrender charges end after policy year 14.

When you surrender the policy, you're only taxed on the value in excess of the premiums you paid. This additional value is taxed at ordinary income tax rates.

You also have the option to transfer your surrender value into another permanent life insurance policy. If you choose this option, you apply for a new policy. Once approved, you can simply transfer the surrender value into the new policy with no immediate tax consequences (although your new policy will likely start a new surrender charge period).

A Potential Solution: Income Advantage IUL

The Product That Can Weather Changes With You

Three clients have purchased Income Advantage IUL policies to complement their employer-sponsored retirement savings plans. They plan to protect their family with their policy now, and are funding it at a level that would allow them to take retirement income from the policy down the road.

All the clients are preferred-risk, 40-year-old males and pay $1,000 a month into their policy. They start with a death benefit of $310,000, which may increase over time as the policy's accumulation value increases.[5]

Client 1: *According to Plan*

He keeps his policy in force. Assuming his policy has earned an average crediting rate of 5.5%, by the time he turns 65, he has a projected cash value of $553,374.[4] Between the ages of 65 and 85, he takes a $47,166 policy loan to supplement his retirement income each year.[5] Distributions are income tax free as long as the policy remains in force.[6] His cumulative premiums of $300,000 over the 25-year period paid for death benefit protection for his loved ones, and they also provided him with $943,320 of supplemental retirement income over a 20-year period. The distributions he takes from his policy using policy loans ends up being $643,320 more than his premiums paid.

Client 2: *A New, Better Fit*

At age 55, a different type of plan comes along that better meets his needs. He's still in good health so he is insurable when he applies for a new policy. Assuming his policy has earned an average crediting rate of 5.5%, he has a projected surrender value of $244,949, which he uses to help pay for his new policy. But first, he considers the pros and cons of the new product's features and starting a new surrender charge period. Because he is surrendering his policy and transferring the surrender value to a new policy under the IRS's section 1035 exchange provision, he won't have to pay taxes on this transaction.

Client 3: *Needs Cash, Not Coverage*

After 20 years, he no longer needs the coverage, but he does have a need for the cash. So, he surrenders his policy and uses the surrender value for a down payment on a vacation home. Assuming his policy has earned an average crediting rate of 5.5%, his accumulation value would be $380,099. This is $140,099 more than the premiums he paid, which means he is taxed on that amount at ordinary income tax rates. If his surrender value hadn't exceeded his premiums paid, he could have gotten a return of premiums after policy anniversaries 20 – 25 using the GRO Rider.[3]

[3] Refund is limited to 50 percent of the specified amount. In order to remain eligible for the rider, you must continue to make your required premium payments as defined in the rider.
[4] The amount that may be available through loans or withdrawals, as defined in the contract.
[5] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.
[6] 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.

Mutual of Omaha

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This is a solicitation of insurance. A licensed insurance agent/producer will contact you.

Base plan, riders and product features may not be available in all states and may vary by state.

This brochure is only a brief summary of some of the key features of this policy. For more complete information, you should refer to the form of the policy, including any applicable riders and endorsements to the policy, and other materials about the policy that you will receive. We strongly urge you to thoroughly review all of these items and to discuss any questions you have with our licensed agent/producer or with your own professional advisors, as appropriate.

All guarantees subject to the financial strengths and claims-paying ability of the issuing insurance company.

Income Advantage℠ – Sex Distinct Policy Forms: ICC15L123P, or state equivalent; in FL, D501LFL14P. Unisex Policy Forms: ICC15L124P, or state equivalent; in FL, D502LFL14P. Enhanced Surrender Value (GRO) Rider Form Number, ICC14L125R, or state equivalent.

Life insurance and annuity products are not a deposit, not FDIC insured, not insured by any federal government agency, not guaranteed by the bank, not a condition of any banking activity, may lose value and the bank may not condition an extension of credit on either: 1) The consumer's purchase of an insurance product or annuity from the bank or any of its affiliates; or 2) The consumer's agreement not to obtain, or a prohibition on the consumer from obtaining, an insurance product or annuity from an unaffiliated entity.