Individual Life Insurance
Pension maximization strategy

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

Help pensioners enhance their retirement with life insurance

An opportunity for pensioners

With low-cost, death benefit-focused permanent life insurance, pension maximization could be a viable strategy for some of your clients. This approach can help supplement a pension benefit with life insurance, and may be effective for your clients who:

- Need life insurance
- Have a pension or defined benefit plan provided by their employer
- Are married, and within 5-10 years of retirement
- Need to choose between a single-life payout versus a reduced joint-survivor payout
- Will not lose valuable, employer-provided spousal benefits by choosing a single-life option
- Want to provide a legacy beyond their death and the death of their spouse

How pension maximization works

For married clients, where one spouse participates in a pension or defined benefit plan, the pension maximization strategy has the client choose a single-life payout over a joint life option, and use the difference to fund a life insurance policy.

Upon an early death of the plan participant, the life insurance death benefit helps provide retirement income for the surviving spouse.

Key features

Here are three key features the pension maximization strategy can provide to your clients:

1. Pensioner receives the larger, single-life payout.
2. If pensioner dies early, the life insurance is available to the spouse as a stream of income.
3. If the pensioner's spouse predeceases them, the life insurance can be used forlegacy or further retirement purposes.

Who are you looking for?

- Married couples, with one person who participates in a pension or defined benefit plan
- Clients are pre-retirement age (55-60), and/or make the decision to employ this strategy 5-10 years prior to retirement
- Plan participants who are in good health and can purchase insurance at a reasonable price
- May have an additional source of retirement income

The process

With the pension maximization strategy, the plan participant elects the larger single-life benefit, and purchases life insurance to replace the survivor benefit they've forgone:

1. Plan participant, prior to retirement, purchases a life insurance policy on themselves, sufficient enough to replace the survivor benefit their spouse would have received if the joint survivorship income option had been elected.
2. Upon retirement, the plan participant elects the single-life income option from the pension plan. Please keep in mind, this is an irrevocable decision.
3. At the death of the plan participant, an income tax-free death benefit is paid to the spouse.
4. The surviving spouse uses the life insurance to replace the pension income lost as a result of the plan participant's death by choosing a life settlement option, or purchasing an immediate annuity with the life insurance proceeds.

Learn more

Do you have clients who could benefit from a pension maximization strategy? Contact our advanced sales team today for assistance:

1-888-413-7860, option 3

advancedsales@securian.com

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.

This strategy involves risk and is not be appropriate for all individuals. These risks include, but are not limited to, potential adverse financial consequences if the death benefit proceeds are insufficient to replace the spousal benefit. This strategy may not be fully realized if the spouse pre-deceases the plan participant, and may not be appropriate for clients whose health insurance or other retiree benefits are tied to the pension.

An annuity is intended to be a long-term, tax-deferred retirement vehicle. Earnings are taxable as ordinary income when distributed, and if withdrawn before age 59 ½, may be subject to a 10% federal tax penalty. If the annuity will fund an IRA or other tax-qualified plan, the tax deferral feature offers no additional value. Qualified distributions from a Roth IRA are generally excluded from gross income, but tax and penalties may apply to non-qualified distributions. Please consult a tax advisor for specific information. There are charges and expenses associated with annuities, such as deferred sales charges for early withdrawals.

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