

NINE REASONS TO INCLUDE LIFE INSURANCE IN A PENSION PLAN



Life insurance is an important part of any comprehensive employee benefit program. In many cases, including life insurance coverage in an employer's pension plan can be a valuable benefit.

Here are nine reasons why.

- 1 Tax Deductible Premiums**
Insurance premium is deductible as part of the plan contribution. The tax deductibility of premiums for a policy purchased by a plan may make insurance more affordable for older individuals or those who have health issues.
- 2 Tax Free Death Benefit**
The beneficiary will receive face amount of policy in excess of the cash value income tax free.
- 3 Portable Benefit**
Life insurance can be retained by the participant at termination of employment or retirement. Maintaining an existing policy after termination or retirement can be attractive for individuals who may still need coverage but might not be able to afford it because of age or health issues.
- 4 Increase Disposable Income**
Insurance in the plan can free up additional disposable income for the participants by reducing amount of personal insurance needed outside the plan.

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- 5 Additional Cash at Death**
Will provide additional funds to the participant's beneficiary in excess of the normal accrued benefit at a premature death.
- 6 Estate Tax Exclusion**
Insurance proceeds paid to a spouse beneficiary are exempt from current estate taxes. Irrevocable Life Insurance Trust (ILIT) can purchase a policy from the DB plan.
- 7 Fixed Rate of Return**
In today's interest environment policy values can be competitive with fixed income investments.
- 8 Pension Asset**
In a qualified plan life insurance is a pension asset owned by the plan and is not subject to claims by the participant's creditors.
- 9 Two Employee Benefits**
Allows the employer to provide both life insurance and a retirement benefit under one employee benefit program.

To discuss how including life insurance in a pension plan might benefit your clients, contact:

The American National Pension Sales Team

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