

Roth IRA vs. Indexed Universal Life (IUL)

	ROTH IRA	IUL
Annual Contribution	After-Tax	After-Tax
Maximum Contribution 2019	\$6,000 per person. <i>IF single with MAGI less than \$122,000.</i> <i>IF married with MAGI less than \$203,000</i> <i>(a bit more if over age 50)</i>	NO LIMIT
Can ONLY contribute Earned Income?	YES	NO. Can contribute from savings or Earned Income.
Taxes on Earnings	Tax-Deferred	Tax-Deferred
Taxes to heirs on death?	No, but non-spouse heirs must take Required Minimum Distributions	NO. "Leveraged" death benefit is tax-free and has no restrictions.
Principal and gains in "stocks" protected from market loss.	NO	YES
Retirement Income and Earnings Distributions	Tax-Free if at least 5 years have passed AND you are age 59½	TAX-FREE Anytime
IRS Penalty if distributed before age 59½	10% Flat plus State Penalty	NO PENALTY
Access before age 59½ without penalty	Limited	UNLIMITED ACCESS
Accelerated with a terminal illness?	NO	YES
Income included in formula to tax Social Security?	NO	NO
Life insurance "leveraged" death benefit allowed?	NO	YES
Loans allowed?	NO	YES without limit.
Loan Repayment Required?	N/A	NO
Can be used for children's college funding?	Yes	Yes
Likely subject to future tax law changes or tax increases?	Yes	VERY UNLIKELY

401(k) vs. Indexed Universal Life (IUL)

	401(k)	IUL
Annual Contribution	Pre-Tax	After-Tax
Maximum Contribution 2019	\$19,000 per person. (a bit more if over age 50)	NO LIMIT
Can ONLY contribute Earned Income?	YES	NO. Can contribute from savings or Earned Income.
Taxes on Earnings	Tax-Deferred	Tax-Deferred
Taxes to heirs on death?	YES if non-spouse heir	NO. "Leveraged" death benefit is tax-free and has no restrictions.
Principal and gains in "stocks" protected from market loss.	NO	YES
Retirement Income and Earnings Distributions	Income Tax 20% to 40%+	TAX-FREE Anytime
IRS Penalty if distributed before age 59½	10% Flat plus State Penalty	NO PENALTY
Access before age 59½ without penalty	Limited	UNLIMITED ACCESS
Distributions Required?	YES beginning at age 70½	NO
Accelerated access with a terminal illness?	NO	YES
Income included in formula to tax Social Security?	YES	NO
Life insurance "leveraged" death benefit allowed?	NO	YES
Loans allowed?	Yes; Max of \$50,000	YES without limit.
Loan Repayment Required?	YES	NO
Can be used for children's college funding?	Yes subject to loan limit.	Yes
Likely subject to future tax law changes or tax increases?	Yes	VERY UNLIKELY