

# PLANTING THE SEEDS FOR A RETIREMENT THAT THRIVES

SHOULD A  
FIXED INDEX  
UNIVERSAL LIFE  
INSURANCE  
POLICY BE A  
PART OF YOUR  
STRATEGY



Compliments of:





# MORE THAN A DEATH BENEFIT



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When you hear the term “life insurance,” one of the first things that probably comes to mind is its primary benefit: the income tax-free death benefit. Life insurance might even be a touchy subject with you for that reason – most people probably prefer to not talk about death, even though no one wants to leave loved ones saddled with financial worries.

Of course, if the death benefit was the only benefit of life insurance, chances are your financial professional would not have mentioned it as a possible fit for a valuable role in your overall financial strategy. And this booklet would be a lot thinner.

This isn't your grandma's insurance. Some of the newer life insurance products have living benefits – benefits that policyholders and their loved ones can take advantage of before any talk of funerals. These products emphasize the “life” in life insurance. One such insurance product is fixed index universal life (FIUL) insurance.



# WHAT'S FIUL?

No, it's not a sports league. Fixed index universal life (FIUL) insurance is a flexible form of life insurance that offers a combination of FIVE FUNDAMENTAL FEATURES (including four that are LIVING benefits) that help set it apart from other types of insurance products.

The first three are the unique tax benefits that are offered with all cash accumulation life insurance products:

1. Income tax-free death benefit
2. Tax-deferred accumulation potential  
(a LIVING benefit!)
3. Income-tax-free resource  
(a LIVING benefit!)

What makes FIUL insurance unique is the first three benefits combined with two more:

## A Living Benefit

4. Protection from market volatility  
(a LIVING benefit!)
5. Flexibility (a LIVING benefit!)

In plain English, it's a product that can benefit you and your family not only in the event of your untimely death but also in both pre-and post-retirement years – helping you financially with everyday life expenses in the short-term, and then providing the potential for supplemental retirement income to help ensure that you have enough financial support if you live longer than expected.



One feature of FIUL insurance products is the ability to accumulate cash value inside of your policy.



# TAX-DEFERRED ACCUMULATION POTENTIAL

One feature of FIUL insurance products is the ability to accumulate cash value inside of your policy. When you pay premiums into your policy, a portion of that money goes toward the costs associated with your policy. However, a portion is also allocated to help build cash value. The cash value can grow each year based upon the performance of an external market index (subject to caps & participation rates). If the result is positive at the end of each policy year, you'll be credited indexed interest, minus the policy's cap and participation rate. A cap sets the maximum percentage of indexed interest your cash value can earn. Additionally, some FIUL insurance policies today offer a bonus on cash value accumulation. The part of your

premium that funds the cash value accumulation grows tax-deferred, which means no form 1099-MISC for you!



Since your premium is paid with after-tax dollars, you are allowed to withdraw an amount – up to the total amount of premium you have paid into your policy – without it being subject to income taxes.

So there is a potential to build up cash value accumulation inside your policy. Now what? In an FIUL insurance policy, there are two ways for you to access that cash value on an income tax-free basis; through WITHDRAWALS and/or through POLICY LOANS. The benefit of this can be wide-ranging as you can use the withdrawals and loans for

life events and needs such as:

- Supplemental tax-free income
- College tuition for a child or grandchild
- Home purchase or renovation
- Travel
- Emergencies
- Any other financial goal that is important to you!

WITHDRAWALS from your FIUL insurance policy are a simple and effective way to have access to the cash value you have built up.

When you make a withdrawal, the insurance company takes the money directly from your policy and sends it to you. Since your premium is paid with after-tax dollars, you are allowed to withdraw an amount – up to the total amount of premium you have paid into your policy – without it being subject to income taxes. Any withdrawal that you make from your policy will result in a dollar-for-dollar reduction in both your cash value and death benefit. Keep in mind any withdrawal amount that is over and above your total premiums paid could result in income taxation

on any interest and/or bonuses you've earned. In addition, if too much is withdrawn, the policy could lapse.

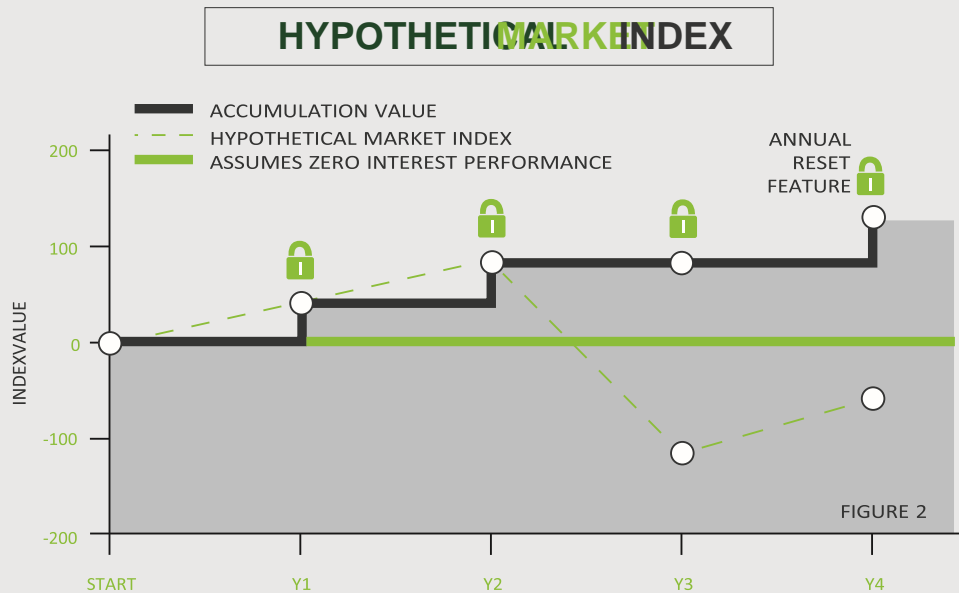
When you request a **POLICY LOAN**, it is important to know that you are not taking a loan from your policy, you are taking a loan against your policy. The loan you are taking is paid from the insurance company's general funds and they use the cash value and death benefit in your policy as collateral for that loan. For this reason, loans from an FIUL insurance policy are income tax-free. A powerful benefit of a policy loan is that you are borrowing the insurance company's money, not removing money from your policy. Since your policy is just being used as collateral, all of the cash value of your policy is still in your chosen index options and continues to have the potential to earn credited interest. There are several different types of loans available with an FIUL insurance policy, so be sure to ask your financial professional which one is appropriate for your needs.

# PROTECTION A Living Benefit FROM MARKET VOLATILITY

The amount of growth in your policy's cash accumulation value is driven by an external market index that you choose when you purchase the policy. When the market index has a positive year, interest is credited to your policy, increasing your cash value. On the flip side, if the market index has a negative year, your cash value accumulation does not decrease with it.



This is due to a feature of FIUL insurance policies called ANNUAL RESET. At the end of each policy year, your policy's index values are automatically reset. This year's ending value becomes next year's starting value and any interest credited to your policy is locked in and cannot be lost due to index volatility. The hypothetical illustration below shows an example of how annual reset works. As you can see, when the market index (dotted line) drops,



This hypothetical example is provided for illustrative purposes only and is not intended to reflect actual results that would be realized in a life insurance policy. It is provided to show how annual reset works and is not a promise of future results. Keep in mind that fees and charges will reduce the policy's cash value. If additional-cost riders are purchased, the policy values will be reduced by the cost of the rider. This example also assumes no policy loans and withdrawals are taken, which would reduce policy values. Keep in mind, if the policy is surrendered during the surrender charge period, surrender charges would apply.

Although an external index or indices may affect policy values, the policy does not directly participate in any stock or equity investments. You are not buying shares of any stock or index.

the cash accumulation value (dark line) holds steady. The following year shows a positive change in the market index. The index does not have to make up for previous losses in order for the cash accumulation to earn additional interest. The policy can earn interest in any year in which a positive market index change takes place, thanks to annual reset.

An FIUL insurance policy has the ability to change with your needs.

A Living Benefit

# FLEXIBILITY

Perhaps you change jobs and need to change your premium payment or lower your death benefit. Or you just want to spend a little extra on your next vacation this year by putting a little less into your policy. FIUL insurance gives you the flexibility you need.

When paying your premium, you have the flexibility to choose between the minimum and maximum payment amounts. The minimum payment is the amount required by the insurance company to keep the policy in force, while the maximum payment is determined by the Internal Revenue Service (IRS). The more premium you pay, the faster the cash value accumulation can grow.

Many FIUL insurance policies also have special options that are called RIDERS. Riders have various functions with two of the most common being:

- The ability to access all or part of your death benefit to cover costs associated with a terminal, chronic or critical illness. This is known as an Accelerated Benefits Rider.
- In the event that you become permanently disabled, a Waiver of Premium Rider will ensure that your premiums continue to be paid,





so that your accumulation goals and policy benefits are not derailed.

Some riders are available at no additional cost to you and some have an additional cost. Talk to your financial professional today to find out more.

policy loans taxable as ordinary income. · The amount of cash value available to you is determined by the amount of indexed interest credit the policy earns.

· If taking policy loans or withdrawals, it is important to manage your policy values to ensure



Does anyone like reading the fine print? Most would probably say no, however there are some important facts to understand when considering an FIUL insurance policy.

Instead of fine print, here it is in a size that's easier to read.

· The relationship between your death benefit and cash value accumulation is regulated by The Internal Revenue Code. This can set limits on when and how much premium can be paid into your policy.

· If premium payments into the policy exceed the IRS limits, the policy becomes a Modified Endowment Contract (MEC), which will make

that the policy remains in force.

· Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of premium paid into the policy will be subject to ordinary income tax.



- Keep in mind that most life insurance policies require health underwriting and, in some cases, financial underwriting.

- There are lots of Carriers that offer FIUL insurance policies. Each one will offer unique features, terms

and conditions. All guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.



# WHAT SEEDS ARE YOU



# PLANTING?

Whether you're at the top of your family tree or still adding branches towards the bottom, you want that tree to do one thing: flourish. Flourishing for you may look like a more comfortable retirement, more financial security for your spouse or other loved ones, financial help with your retirement dream home, or college tuition for the next generation in your family as they start to take root in the world. A flexible financial vehicle – one with a death benefit and valuable living benefits – may be able to help. Talk to your financial professional to see if a fixed index universal life insurance policy makes sense as part of your financial strategy.

**Emphasize the “life” in life insurance – see if it can help yours thrive.**

For more information or a free  
consultation contact:

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