

# LIVE YOUR CHOICES

## A ROTH IRA ALTERNATIVE

### BECAUSE YOU DESERVE OPTIONS THAT EVOLVE WITH YOU

A Roth IRA can be a powerful tool to help individuals save for retirement. Roth IRAs offer the opportunity to generate tax-free growth and tax-free distributions in retirement.

### ROTH IRAs MAY NOT BE AVAILABLE TO EVERYONE, ESPECIALLY HIGH-INCOME EARNERS

If your income exceeds the eligibility limits or you are already contributing the maximum to a Roth IRA or other qualified plan, a permanent life insurance policy may be a solution for additional protection and supplemental retirement income that offers favorable tax treatment when structured properly.

**Need for financial protection provided by life policy death benefit**

**Already maximizing Roth IRA contributions**

#### 2023 MAXIMUM

- **\$6,500** per year (for ages <50)
- **\$7,500** for ages 50+

**Income exceeds Roth IRA limit to participate**

#### MAGI 100% PHASEOUT

- Single: **\$153,000** or more
- Married Filing Jointly: **\$228,000** or more

**Maxed out their 401(k) and want to prepare more for retirement**

Source: [irs.gov/retirement-plans](https://irs.gov/retirement-plans), accessed online December 2022

**Index universal life insurance is not a security**, and index universal life insurance policies are not an investment in the stock market or in financial market indexes. Index account interest is based, in part, on index performance. Past performance of an index is not an indication of future index performance.

There is no guarantee that any excess index interest will be credited above the guaranteed minimum interest rate for the index account(s). Additionally, there is no guarantee that the company will declare an interest rate greater than the guaranteed minimum interest rate for the Basic Interest Account.



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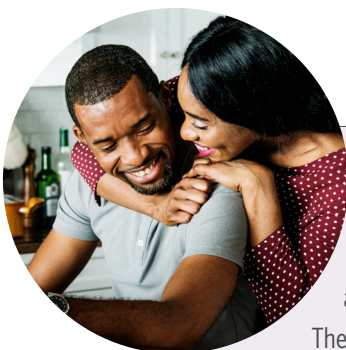
# BENEFITS OF CASH VALUE LIFE INSURANCE<sup>1</sup>

Life insurance may provide many of the same benefits as a Roth IRA and may be an alternative for those who are not eligible for a Roth IRA or those looking to supplement existing retirement accounts.

FEATURE	ROTH IRA	CASH VALUE LIFE INSURANCE
Tax-free accumulation	Yes	Yes
Tax-free distributions	Yes	Yes <sup>1</sup>
Death benefit protection	No	Yes
RMDs	No	No
Contribution restrictions based on adjusted gross income	Yes	No <sup>2</sup>
Earnings limit to participate	Yes	No
Tax penalty on early distributions	Yes	No <sup>1</sup>
Fees / Charges	Investment Fees	Life Policy Charges

<sup>1</sup> Loans, withdrawals, and death benefit accelerations will reduce the policy value and death benefit. Provided the policy is not and does not become a modified endowment contract (MEC), 1) withdrawals are tax-free to the extent that they do not exceed the policy basis (generally, premiums paid less withdrawals) and 2) policy loans are tax-free as long as the policy remains in force. If the policy is surrendered or lapses, the amount of the policy loan will be considered a distribution from the policy and will be taxable to the extent that such loan plus other distributions at that time exceed the policy basis.

<sup>2</sup> There are limits on the face amount of life insurance an individual can obtain and limits on contributed premium. Contributed premium may impact death benefit amount whether the policy becomes a modified endowment contract (MEC).



## CLIENT PROFILE

Mr. and Mrs. Jackson want to set aside more for retirement to achieve their goal of retiring by age 65. Mr. Jackson, age 50, is a corporate executive earning **\$200,000** annually and Mrs. Jackson, age 48, earns **\$125,000** per year as an engineer. While they are both contributing the maximum to their 401(k) plans, they are still not projected to meet their retirement goals on their current savings plan. They would like to fund a Roth IRA in addition to their 401(k) contributions but earn too much to be eligible.

The Jacksons currently have group life insurance policies provided by their employers and would like additional coverage in the form of permanent life insurance protection.

## CLIENT GOALS

DEATH BENEFIT PROTECTION

ADDITIONAL FUNDS FOR RETIREMENT

SOURCE OF TAX-FREE INCOME

## CONSIDERATIONS

Please remember cash value life insurance does have many other considerations that you should review carefully before selecting a life insurance policy. Please keep these important points in mind:

- If you do not keep paying the premium on a life insurance policy, you will lose substantial money in early years.
- To be effective, a life insurance policy needs to be held in force until death.
- A life insurance policy generally takes years to build up a substantial cash value.
- Tax-free distributions will reduce cash value and the face amount of the policy.
- You may need to pay higher premiums in later years to keep the policy from lapsing.
- You'll have to qualify medically and financially for life insurance.
- Generally, there are many additional charges associated with a life insurance policy, including, but not limited to, a monthly administrative charge, index account monthly charge, cost of insurance charge, additional benefit rider costs, and surrender charges.

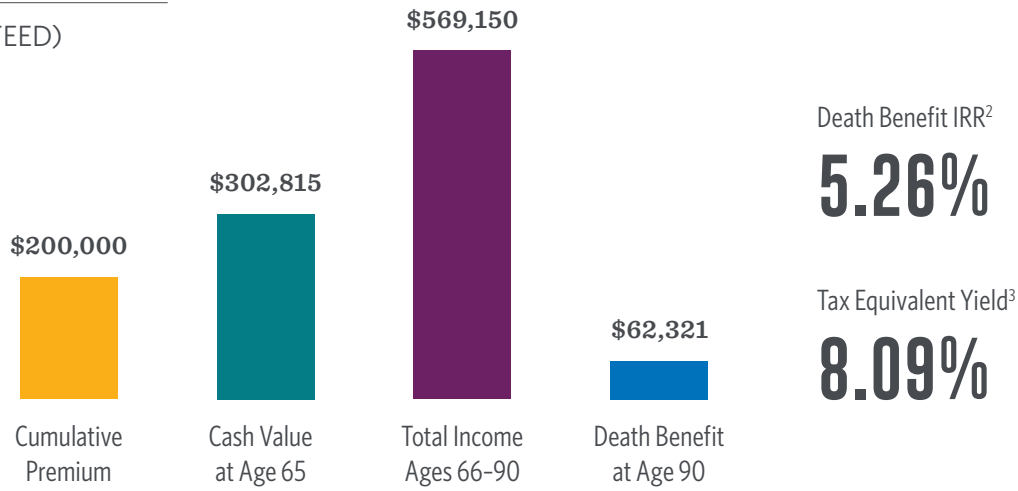
# A SOLUTION FOR PROTECTION & SUPPLEMENTAL INCOME

After meeting with their financial professional, the Jacksons determine their current plan does not meet their objectives. Mr. Jackson decides to purchase a *Transamerica Financial Choice IUL<sup>SM</sup>* policy on his life as his spouse has existing health issues. He intends to fund the policy on his life with 10 annual premiums of **\$20,000** with an initial death benefit of **\$269,000**.

Beginning at age 66 at the start of retirement, Mr. Jackson may be able to begin receiving tax-free withdrawals to basis and policy loans<sup>1</sup> of **\$22,766** per year. After 25 years, he would have received total tax-free distributions of **\$569,150** and would still have a death benefit of **\$62,321** to leave his family in the event of his passing. Below is a summary of the projected policy values, which are nonguaranteed.

## PROJECTED POLICY VALUES

(NONGUARANTEED)



<sup>1</sup> Loans, withdrawals, and death benefit accelerations will reduce the policy value and death benefit. Provided the policy is not and does not become a modified endowment contract (MEC), 1) withdrawals are tax-free to the extent that they do not exceed the policy basis (generally, premiums paid less withdrawals) and 2) policy loans are tax-free as long as the policy remains in force. If the policy is surrendered or lapses, the amount of the policy loan will be considered a distribution from the policy and will be taxable to the extent that such loan plus other distributions at that time exceed the policy basis.

<sup>2</sup> Your Death Benefit IRR is the compounded annual interest rate which the cumulative premiums paid minus distributions would have to earn in order to generate the total death benefit your beneficiaries would receive if the insured passed away in a given year. The Death Benefit IRR includes any withdrawals and loans taken from the policy when determining this rate. Because death benefits are generally paid income tax free and withdrawals up to basis and loans during the lifetime of the insured are income tax free so long as the policy is not a MEC, taxes are not included in the Death Benefit IRR calculation.

<sup>3</sup> The Tax Equivalent Yield is the rate of return, compounded annually, that would have to be earned on a hypothetical investment equivalent to the premium outlay in order to accumulate an amount equal to the illustrated income and remaining death benefit shown above. The Tax Equivalent Yield assumes a hypothetical [35%] applied tax rate on simple interest. Various investments have varying potential rates of taxation.

## POLICY SUMMARY VALUES

(NONGUARANTEED)

YEAR	AGE	CUMULATIVE PREMIUM	CUMULATIVE TAX-FREE INCOME	CASH SURRENDER VALUE	DEATH BENEFIT	AFTER-TAX IRR%	PRETAX EQUIVALENT IRR%
10	60	\$200,000	\$0	\$230,196	\$501,377	16.23%	24.96%
20	70	\$200,000	\$113,830	\$274,364	\$387,547	8.84%	13.60%
30	80	\$200,000	\$341,490	\$187,077	\$204,905	5.15%	7.92%
40	90	\$200,000	\$569,150	\$31,890	\$62,321	5.26%	8.09%

This hypothetical example assumes a male, age 50, preferred elite risk class, \$20,000 premium paid for 10 years, assuming 6% index growth rate in the Global Index Account, minimum non-MEC death benefit, level death benefit option, withdrawals to basis switching to index loans in years 16-40. The pretax equivalent IRR% assumes a 35% tax bracket.

The example shown is derived from a complete hypothetical illustration which assumes non-guaranteed elements will continue for all years. This is not likely to occur and actual results may be more or less favorable. All non-guaranteed elements are subject to change by the company. Keep in mind that the purpose of hypothetical illustrations is to show how a policy might work under different scenarios, including minimum interest rates at maximum guaranteed charges. Illustrations may not be used to predict or project future policy values. Prospective policy owners should refer to a complete, personalized hypothetical sales illustration for guaranteed elements and other important information as well as the consumer brochure for the *Transamerica Financial Choice IUL*. **At a 0% index growth rate and guaranteed charges, this policy lapses in year 20.**



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## Make more possible.

Contact your financial professional for more information on how a *Transamerica Financial Choice IUL* policy can help you create a Roth IRA alternative strategy.

 **Visit:** [transamerica.com/insurance/index-universal-life-insurance](https://transamerica.com/insurance/index-universal-life-insurance)

This policy is first and foremost a life insurance policy. The main purpose is to provide a death benefit. It is not a short-term savings vehicle nor is it for short-term insurance needs. It is designed to be long term in nature and should be purchased only if you have the financial ability to keep it in force for a substantial period of time.

This brochure not intended to be a full description of the policy. Refer to the *Transamerica Financial Choice IUL*<sup>SM</sup> consumer brochure, the life insurance policy, current Cap rates, Statement of Understanding, and a personalized hypothetical illustration for a complete explanation of the terms.

Transamerica and its representatives do not give investment recommendations, tax, or legal advice. This materials and the concepts presented are for informational purposes and should not be viewed as an investment recommendation, tax, or legal advice. Any investment, tax, or legal advice you require should be based on your particular circumstances and should be obtained from an independent professional advisor.

Even though the interest credited to the policy's index accounts may be affected by the index(es), this life insurance policy is not an investment in the stock market(s) or financial market index(es) and does not participate in any stock or investments.

The *Transamerica Financial Choice IUL* (Policy Form ICC22 TPIU101C-0322 or TPIU1000-0322) is an index universal life policy issued by Transamerica Life Insurance Company, Cedar Rapids, Iowa. Policy form number may vary, and this product may not be available in all jurisdictions.

Not available in New York

DREAMS  
POSSIBILITIES  
LIVE YOUR BEST LIFE  
POTENTIAL  
PURPOSE