SMART STRATEGIES

Getting the Most from Your Insurance

This information is written in connection with the promotion or marketing of the matters addressed in this material. The information cannot be used or relied upon for the purpose of avoiding IRS penalties. These materials are not intended to provide tax, accounting or legal advice. As with all matters of a tax or legal nature, please consult their own tax or legal counsel for advice.

This material intended for education purposes only and is not intended to serve as the basis for any investment or purchasing decision.

Guarantees are backed by the financial strength and claims-paying ability of issuing company.

Characteristics of Term Life Insurance and Permanent Life Insurance

TERM INSURANCE	PERMANENT INSURANCE
Generally lower cost - initially	Higher cost - initially
Premiums may increase over time	Premium can remain = level
No cash value	Cash value accumulation potential
Coverage stops at the end of the term	

Please note: There are scenarios in which the premium can remain level. Also, premiums could increase if it is necessary to support the death benefit. For example, if the contract is overloaned, a premium increase could be needed to keep the contract inforce.

The Smart Money Order

1. Income Tax-free money
2. Income Tax-deferred money
3. Taxable money

Do you agree with this order?

Taxable Money vs. Income Tax-Free Money

Taxable Money
(when received)

Income Tax-Free Money
(when received)

Please note that these "tax free" products all have terms and conditions associated with receiving the funds tax free.

*Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event. Withdrawals up to the basis paid into the contract and loans thereafter will not create an immediate taxable event, but substantial tax ramifications could result upon contract lapse or surrender. Surrender charges may reduce the policy's cash value in early years. Overfunding a permanent life insurance policy creates the risk that the policy will become what is known as a Modified Endowment Contract (MEC.) For MECs, contract loans and withdrawals are considered taxable income.

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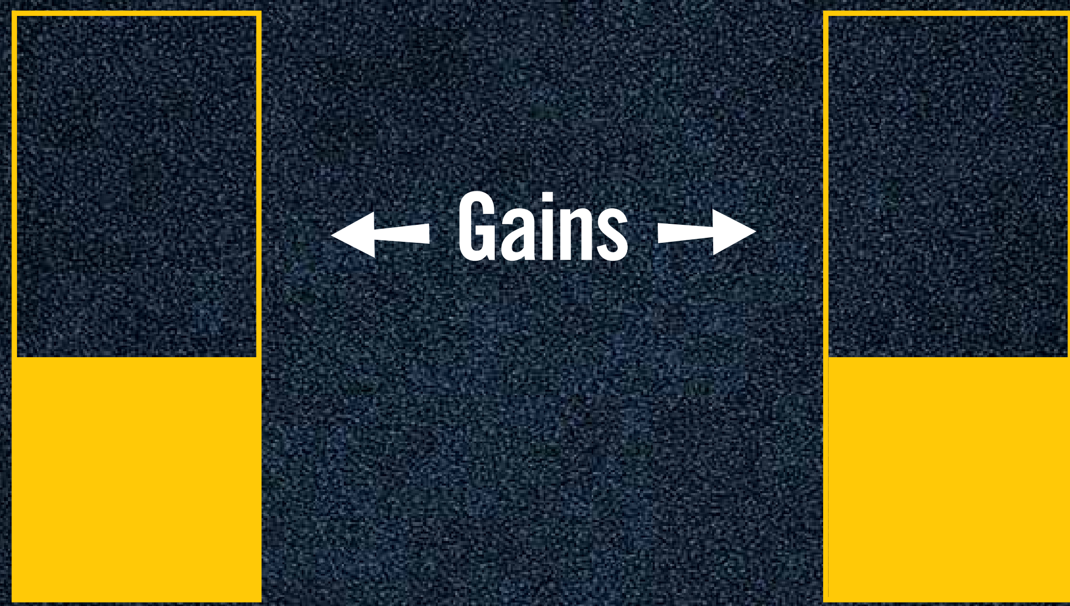
Tax-Qualified Strategy vs. Income Tax-Free Strategy

Tax-Qualified Strategy

Income Tax-Free Strategy



Tax-deferred contribution
NO TAX PAID

After-tax contribution
TAXES PAID

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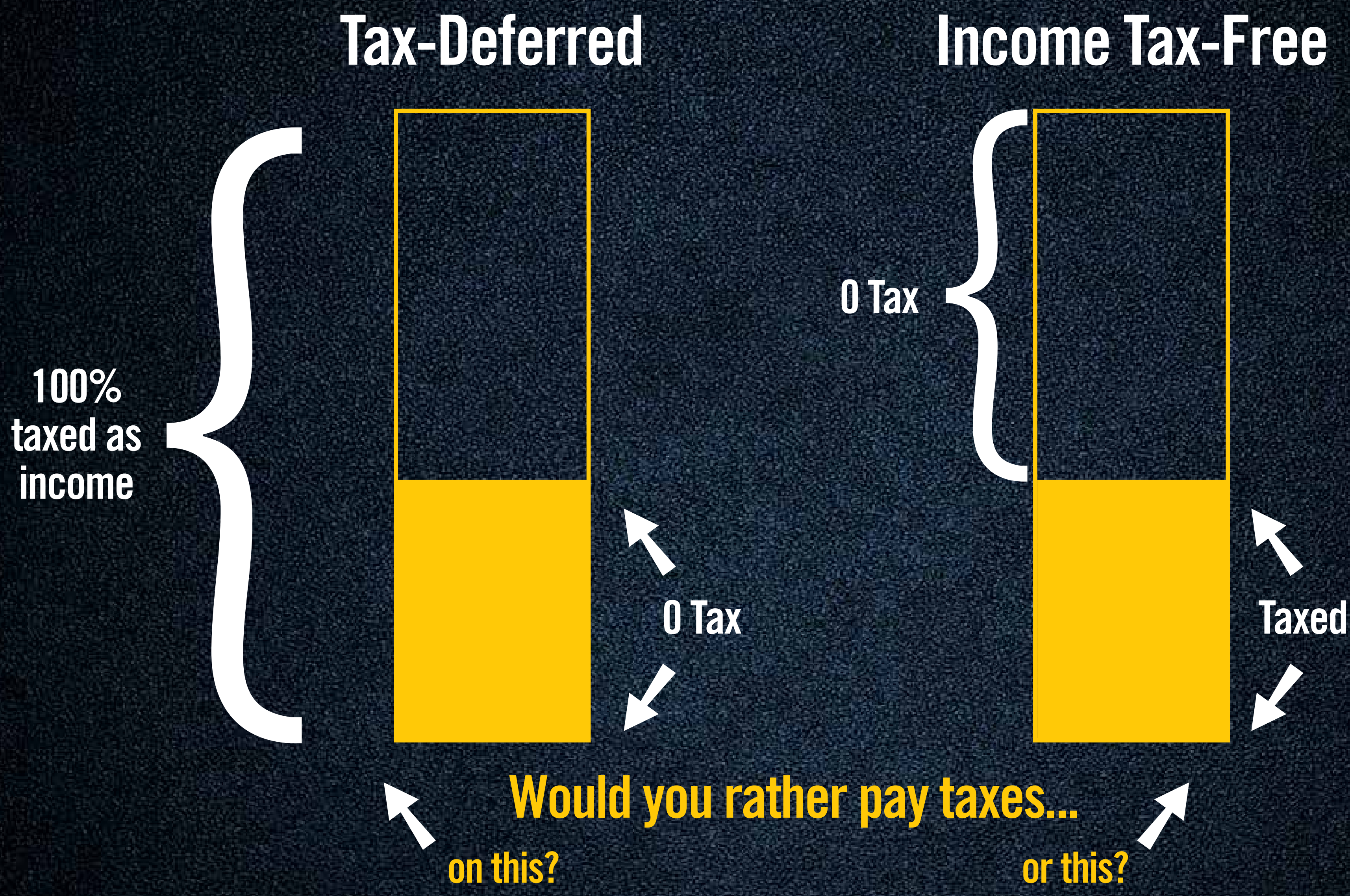

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How It Works with Universal Life Insurance

Premium $
minus fee, or load

→

Universal Life Policy

$

Minimum Company Requires

Max IRS Allows

→

Cost of Death Benefit and Other Policy Charges

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Indexed universal life insurance policies contain fees and expenses, including cost of insurance, administrative fees, premium loads, surrender charges and other charges or fees that will impact policy values.

How is this possible?

The reason this is possible is because it combines 3 things into one product.

1. First, what Einstein once called the 8th wonder of the world. The power of compound interest.
2. Second, the power of life insurance to protect your family or your business from financial loss due to premature death.
3. And third, the unique tax attributes that are given exclusively to life insurance via the Internal Revenue Code.

When you combine these 3 things together in one product, you get something that is this powerful.

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