

# Life Insurance in Retirement Planning



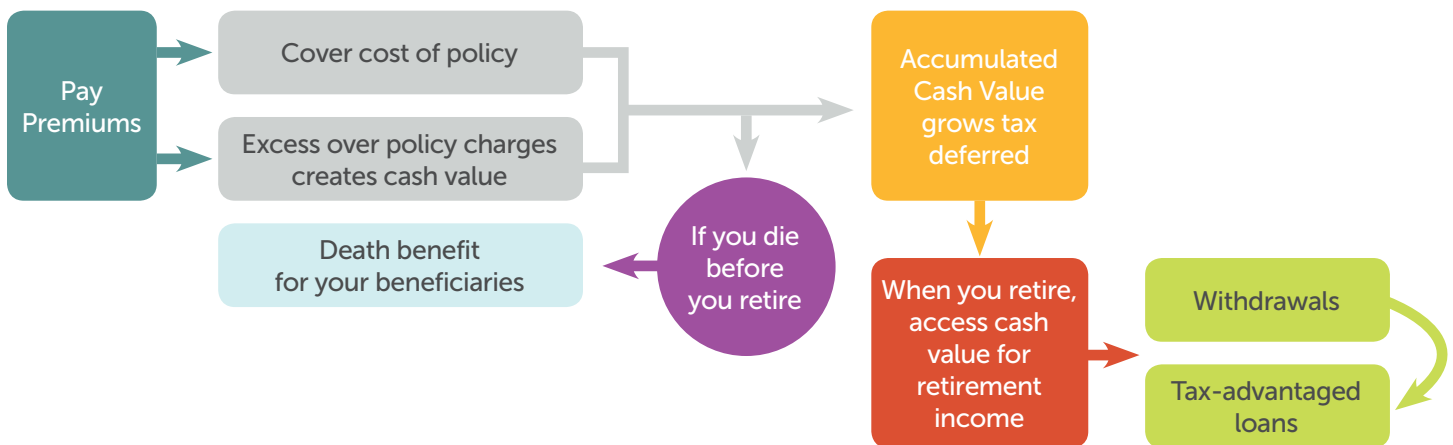
Life insurance is a flexible tool that can help protect your loved ones upon your death because the income tax-free death benefit can help them:

- ✓ Maintain their current lifestyle
- ✓ Pay off household debts
- ✓ Fund college education
- ✓ Pay estate taxes
- ✓ Fund remaining spouse's retirement plan
- ✓ Create a legacy

Some types of permanent life insurance policies can offer you death benefit protection plus the potential to build cash value that can be used to supplement your retirement income on a tax-advantaged basis. Generally speaking, cash-value growth on a permanent life insurance policy can help you in the following unique ways:

| 1. Income tax-free death benefit                                      | 2. Tax-deferred cash value                       | 3. Access to money on a tax-advantaged basis  |
|---|--|---|
| A life insurance policy's death benefit is typically income tax-free. | Potential to accumulate tax-deferred cash value. | Offer the option of taking tax-advantaged loans and withdrawals from the policy's cash value. |

## How does it work?



1. Premiums are paid to keep the policy in force.
2. Part of the premiums will cover policy costs and part of the premiums will go toward building cash value.
3. You can access the cash value through loans and withdrawals (typically federal income tax-free) to provide supplemental income when you need it.
4. Taking loans and withdrawals will reduce cash value as well as the policy's total death benefit.
5. Upon your death, the remaining death benefit will be paid to your beneficiaries.

## The key to making this strategy work best

Many people who purchase life insurance select the highest death benefit amount to meet their protection needs and then select a policy that offers the least amount of premium possible. But to have greater potential cash value, you may want to reverse that process:

- ✓ Buy a life insurance policy with a lower face amount (but still meeting your protection needs).
- ✓ Maximize the premium payments you are making by overfunding the policy. You can help your policy accumulate larger cash values than if it received only the minimum payments.

## Top five benefits of using life insurance in your retirement planning strategy

1. An opportunity to increase your retirement income if you are already maximizing your contributions to qualified plans.
2. Access to accumulated cash values for ANY reason, including retirement income.
3. Utilize available policy riders for greater protection and flexibility.
4. The chance for small business owners to supplement their existing retirement plans.
5. The chance to delay taking your Social Security benefits until later in life—potentially increasing your monthly payout.

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