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C	$5
A	$10
D	$20

Benefits of Life Insurance as a Retirement Income Solution

- ✓ Income-tax-free death benefit for beneficiaries[1]
- ✓ No defined IRS limitation on premiums[2]
- ✓ No limit on gross income affecting your ability to contribute premiums
- ✓ Missed premiums may be "made up" at a later time[2]
- ✓ Tax-deferred accumulation[1]
- ✓ Distributions using loans and withdrawals are income-tax-free when structured properly[3]
- ✓ Take distributions as needed[3]
- ✓ No 10% penalty tax for accessing policy cash values prior to age 59½ when structured properly[4]
- ✓ No required minimum distributions (RMDs) for owners
- ✓ Self-completing upon death (Death benefit exceeds account value)

1 Life insurance death benefits are generally tax-free for beneficiaries under IRC 101(a), but may under certain situations be taxable in part or whole.

2 Policy must comply with IRS requirements to qualify as a life insurance contract. Total premiums in the policy cannot exceed funding limitations under IRC 7702.3

3 Withdrawals during the first 15 years of the contract may be treated as income first and includible in policyholder's income. Distributions will reduce policy values and may reduce benefits. Availability of policy loans and withdrawals depend on multiple factors including but not limited to policy terms and conditions, performance, and fees or expenses.

4 If the policy is classified as a modified endowment contract (see IRC 7702A), withdrawals or loans are subject to regular income tax and an additional 10% tax penalty may apply if taken prior to age 59 ½.

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WHEN DO YOU WANT TO PAY TAXES?

Essentially, every dollar that goes towards your retirement goes through three phases:

1. The **contribution** phase, where you put money in,
2. The **accumulation** phase, where you grow it, and
3. The **distribution** phase, where you take it out.

With regards to those three phases I have good news and I have bad news:

- The bad news is that the IRS will require you to pay taxes on at least one of these three phases.
- The good news is that YOU get to decide which one. It all depends on the investments you choose.

With that in mind, in a successful retirement investment strategy, consistent long-term investment growth means that your assets continue to grow through each phase. Therefore, your contribution should be the smallest, as it grows it should be worth more at the end of the accumulation phase. And with continued growth it should distribute even more.

Now that you know the choice is yours – that you can choose to pay taxes on the contribution phase, the accumulation phase or the distribution phase – which would you prefer?

[Most people will answer: "I choose to pay tax on the smallest number, the contribution."]

BENEFITS OF LIFE INSURANCE AS A RETIREMENT INCOME SOLUTION

It shares the tax benefits of the Roth-IRA, but also has a long list of advantages, many of which aren't available in any other financial vehicle that's offered today.

1. The death benefits of the policy provide an income-tax-free inheritance to your beneficiaries at the time of your death. So, in addition to everything you withdraw and borrow from the policy income-tax-free, the residual net death benefits are generally paid to your beneficiaries income-tax-free.
2. The IRS doesn't impose any annual contribution limit on the amount of premium you can contribute to a life insurance policy. The amount you can contribute is really only limited by your health and your financial circumstances.
   - As a sub-point to that, keep in mind that, once you purchase the policy, there will be a maximum amount of premium you can contribute based on the amount of death benefit you purchased.
3. There is no limit on the amount of income you can earn, and still be able to contribute premiums. Unlike Roth-IRA's, there's no such thing as "making too much money to contribute."
4. With a maximum-funded life insurance policy, you can skip contributions, in part or in whole, and you can make-up for those contributions in the future, essentially "catching up" on your missed contributions. Do remember that you shouldn't skip a premium if it would cause the policy to lapse or to lose any other valuable benefits.
5. The policy's account value grows income-tax-deferred, so no taxes are paid as it grows each year.

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