TAX ADVANTAGES

NO OTHER SINGLE PRODUCT CAN PROVIDE

1 TAX DEFERRED GROWTH

Indexed Universal Life account values grow on a tax-deferred basis, which means that you can benefit from triple-compounding interest (earn interest on the principal, interest on the interest, and interest on the money that would have gone toward taxes).

FOR EXAMPLE: *Suppose you invest $10,000 in a mutual fund which grows at 5% per year over the next 20 years. The sale of the mutual fund would generate $26,533 in capital gains and $3,978 in taxes at a 15% tax rate. The same $10,000 invested in an IUL policy would result in potentially higher gains (no losses during down years) without any taxes, since the policyholder would simply take out a "loan" from the policy rather than a distribution.*

2 PROTECTION AGAINST STOCK MARKET VOLATILITY

An IUL provides market-linked gains without market-based risk because it's not an investment in the stock market. With an IUL's principal-protection guarantee, gains from the prior year are locked in and the principal cash value remains the same. Simply, even if the stock market crashes, there are no losses.

FOR EXAMPLE: *Most companies currently have a 10-15% cap rate on the S&P 500 index. If your insurance policy has a 12% cap rate on the S&P 500 and the index does 30%, you would have 12% credited to your account for the year. If the index does 5%, you would make 5%. If the index loses 20%, your return would be zero for the year.*

3 NO CONTRIBUTION LIMITS

Indexed Universal Life policies have no limitations on annual contributions. By comparison, individuals under 50 may only contribute $5,500 per year to an IRA, while those over 50 may only contribute $6,500, which may not be enough for your retirement.

FOR EXAMPLE: *Suppose you start investing late in life at age 50 and max out a Roth IRA over the next 10 years. A 5% annual return would yield an account value of around $81,756 over that time frame, which isn't enough to finance a full retirement. If you chose instead to contribute a lump sum of $65,000 in year one at the same market return you would make $105,878 over the same time frame due to the effects of compounding.*

4 EASIER DISTRIBUTIONS

The cash value in Indexed Universal Life policies can be accessed at any time without penalty regardless of a person's age. By comparison, those taking money out of a Roth IRA before age 59 ½ are subject to a 10% penalty and must pay ordinary tax on the income.

FOR EXAMPLE: *Suppose you require $25,000 before the age of 59½. Taking the money from a Roth IRA could result in $2,500 in penalties and an additional $7,500 in income tax at a 30% tax bracket, whereas the same $25,000 could be loaned from an IUL policy tax and penalty free.*

5 BETTER FOR HEIRS

Indexed Universal Life policies are not subject to income or death taxes, while they sidestep probate and go directly to the named beneficiaries. The same cannot be said for other retirement assets that may be subject to these taxes and a lengthy probate process.

FOR EXAMPLE: *Those with multimillion dollar estates may be subject to a 40% tax rate on assets above $5.43 million as well as state estate taxes. IUL policies are not subject to these taxes and can help lower your total asset base or at least exclude the policy amount.*

6 PASSIVELY MANAGED

Indexed Universal Life policies purchase call options on equity indexes to gain exposure to upside without the risk of downside. Since they aren't actively managed, there are no year-end distributions and returns may be higher than many actively-managed funds.

FOR EXAMPLE: *According to Barron's, on a ten-year basis ending in 2013, only 45% of active managers outperformed their benchmarks and most of them only did so by less than 1%. These dynamics suggest that passive investing may provide the best returns.*

Find out more about Indexed Universal Life Insurance for your retirement strategy.

GET STARTED! SPEAK TO YOUR FINANCIAL ADVISOR TODAY

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