

How to Use Permanent Life Insurance for Your “Smart Money”

Consumer Brochure



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Death Benefit Protection for Your Family and a Strategy for Your Financial Protection

Do you have funds set aside that you can access easily? Is this money stored where exposure to loss is limited? If so, this money is your “smart money.” This is the money you want to keep close at hand, and you don’t want it to lose significant value. While there are many options for where to hold this smart money, only one helps you gain generally income tax-free death benefit protection:¹ life insurance. Worried about accessing your money? With permanent life insurance, you can access your cash value through loans and withdrawals.² Consider using permanent life insurance as another option for your smart money.

KEY QUESTIONS	MEETING OBJECTIVES WITH PERMANENT LIFE INSURANCE
Who can benefit?	People who can benefit are those seeking death benefit protection, access to funds in case of emergency, and the potential for cash value growth.
Why life insurance?	Death benefit proceeds provide generally tax-free funds for beneficiaries.
How does it work?	Typically, a lump sum is transferred into a life insurance policy.
What are the considerations?	There are a few items to consider when using permanent life insurance. Be sure to review this section and speak with your representative for further details.

WHO CAN BENEFIT?

Do you have money in money market accounts, annuities,³ or other vehicles? You may be holding these funds for long-term growth, and you value having access to these funds for emergencies or other needs. The returns on these assets may not be impressive, but ultimately the safety of being able to access the funds wins out.

Have your needs changed since you purchased them? If this sounds like you, another option to consider is permanent life insurance.

WHY PERMANENT LIFE INSURANCE?

Permanent life insurance offers key benefits:

1. Generally income tax-free death benefit to beneficiaries¹
2. Access to cash value for unexpected or immediate needs²
3. Access to the death benefit for living needs⁴

Permanent life insurance can provide you with a valuable solution to meet your short- and long-term needs. You may find that other smart money vehicles do not offer the same tax advantages as life insurance.¹

HOW DOES IT WORK?

There are many ways to fund a permanent life insurance policy. One way is to use a lump sum transfer. The funds may come from just about any type of financial vehicle. This movement of assets can purchase a permanent life insurance policy that is projected to provide a variety of benefits:

- **Generally income tax-free death benefit:** If your intention is to leave money for heirs or beneficiaries, life insurance is designed to leverage funds into a larger death benefit and pass the proceeds generally income tax- and probate-free to beneficiaries.¹

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- **Control and access to funds:** Life insurance offers potential cash surrender value that is available for unexpected or immediate needs. Cash value may be accessed as loans or withdrawals for any reason.²
- **Access to funds above and beyond cash surrender value:** Additional design elements may include the ability to “accelerate,” or access, the death benefit during your lifetime when diagnosed with a qualifying illness.⁴
- **Competitive performance:** Life insurance provides immediate, generally tax-free proceeds in the event of death. It also offers the potential for strong cash value growth. Features such as competitive interest rates and interest rate bonuses can help provide the potential for compelling cash value growth.

WHAT ARE THE CONSIDERATIONS?

There are also some considerations of using permanent life insurance:

- **Cost of insurance charges (COIs) or other charges:** Life insurance comes with charges that you need to be aware of for planning purposes.
- **Loss of principal:** Depending on premium payments, life insurance may not guarantee avoiding loss of principal.
- **Maintaining the death benefit:** Additional premiums may be necessary to continue the desired death benefit, depending on funding.
- **Modified Endowment Contracts (MECs):** MECs may have tax implications that you need to take into consideration.⁵
- **Surrender charges:** Withdrawals may be subject to surrender charges.