5280 RETIREMENT GROUP



Five Potential Benefits

of Indexed Universal Life Insurance

These are five key benefits IUL delivers and why IUL may be recommended as part of your long-term income and legacy plans. With IUL, you can potentially access tax-free income, opportunity for growth, protection for your funds, a legacy for your heirs, and additional funds for the medical costs of aging.

This powerful package may help meet your retirement goals.

Wondering why Indexed Universal Life (IUL)[1] Insurance is being recommended as part of your long-term financial strategy? IUL can deliver 5 potential benefits that may be unique in the plan you are crafting.

IUL is a cash value life insurance product, designed to help savers like you accumulate funds for the future while also providing a death benefit for your heirs. Here's what IUL can potentially deliver to you.

Legacy For Your Heirs

Like all life insurance, IUL provides a death benefit for your heirs, above and beyond the cash value of your policy. The death benefit is delivered generally tax-free[2], so your heirs get the full value of your legacy.

Power of Indexing

Funds in an IUL policy grow through indexing[3], an interest-crediting method that enables policy holders to have interest credited based on a portion of the rise of a stock market index, while protecting the funds if there is a drop in the index's value. Through indexing, your cash value has the opportunity for growth and, after interest is credited, is protected from losing value when the stock market index drops.

Tax-free Distributions in Retirement

In addition to the tax-free death benefit for beneficiaries, the cash value of an IUL policy grows tax free and can generally be accessed tax free as well[2]. You will not usually owe any taxes on funds you access from a properly-structured IUL policy through policy loans, which is the approach being illustrated for you.[3]

Access to Funds with No Market-Value Adjustment

With IUL, your cash value is available to you without adjustment based on the outside market. Because many indexing strategies have a floor of 0% interest credited, when the stock market index is down, your credited policy cash value will not lose value due to the market[4]. Whenever you need to access your funds, you can do so at full value.

Additional Benefits for the Medical Costs of Aging

Many IUL products include living benefits[5], which allow a policy holder to access a portion of the death benefit while living when certain medical requirements are met. This can be a valuable benefit, as today's Baby Boomers are projected to spend hundreds of thousands of dollars on medical expenses in retirement[6].

[1]Indexed Universal Life is underwritten and issued according to the insured's health and age. Life insurance policies contain terms and conditions. Indexed Universal Life is a flexible premium adjustable life insurance product where a portion (or all) of the interest credited is measured against an outside index. There are no set premium payments required, but regular deductions from cash value are required to pay the policy's mortality cost and expenses, which will typically increase as the insured gets older. As long as there is cash value to pay the next deductions for mortality and expenses, the policy will continue. Current cost of insurance rates and interest rates are not guaranteed. Read your policy carefully before purchasing. The guarantees of life insurance policies rely on the financial strength and claims-paying ability of the issuing insurer.

[2]Benefits paid at the death of a policy holder are, according to the current tax law, distributed typically income tax-free to heirs. Funds accessed through policy loans are generally received by the policy holder as income tax-free as well, so long as certain standards are met. Loan which are not repaid will reduce the death benefit amount and available cash value. Please consult your policy illustration for complete details, benefits and restrictions regarding policy loans and the death benefit.

[3]Insurance premiums are paid with after-tax dollars, so withdrawals (up to the amount of premiums paid) are generally received tax-free. The approach being recommended to you does not illustrate withdrawals, but rather policy loans. Please see the footnote above for details on policy loans.

[4]Indexing is an interest-crediting method that enables policy holders to have the amount of interest credited tied to a portion of the potential rise in the value of a stock market index, while being protected against losses from a potential drop in the index's value. Life insurance products do not participate and are not an investment in the stock market and are subject to all policy fees and charges associated with life insurance policies.

[5]Living benefits are triggered by pre-established guidelines. Please refer to your policy illustration for a complete description of benefits, requirements and restrictions regarding living benefits.

[6]Health View Insights, "2019 Retirement Health Care Costs Brief," December 2019

These materials are not intended to provide investment, tax or legal advice. Please consult qualified professionals in these areas about your individual situation.