



# Income, Guarantees OR BOTH ?



## WHAT DO YOU NEED MOST – More Potential Annual Income or More Guarantees?

### BACKGROUND

For long-term life insurance needs, there are a variety of ‘permanent’ insurance options. Some focus on guaranteeing that insurance coverage is there when it is needed, while others provide the potential for tax-advantaged, cash benefits – which may be used to supplement retirement income.

Is one right for you?

### PROBLEM

- Meet Grant; a 45-year-old pediatrician; married with three kids; needs \$500K of additional coverage.<sup>1</sup>
- His investments suffered in the recent recession; wants to ensure family’s long-term protection.
- Likes the long-term guarantees in a Guaranteed Universal Life (GUL) policy; but there’s no real cash value for potential income.
- Likes potential for supplemental retirement income from Index Universal Life (IUL), but there are fewer guarantees than in GUL.
- Willing to contribute \$9,700K/year for 20 years (to age 65) for additional coverage and potential retirement income.



Grant

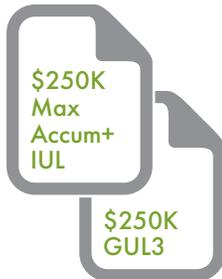
\$9.7K/yr or \$9.7K/yr



Solution 1



Solution 2



### SOLUTIONS

For \$9,700/year, Grant’s financial professional offers him two interesting options:

#### Solution 1 - Emphasizing the income potential

A \$500K Max Accumulator+ IUL policy:

- Takes advantage of the current markets for growth potential;
- Offers an illustrated \$26K/year of tax-free income at retirement lasting 20 years;
- Current (non-guaranteed) coverage that can last Grant’s entire life;
- Guaranteed coverage ends at his retirement.<sup>2</sup>

#### Solution 2 – Focusing on guarantees

A \$250K Max Accumulator+ IUL policy AND a \$250K Secure Lifetime GUL3 policy:

- IUL policy offers an illustrated \$19K of tax-free income at retirement lasting 20 years;
- GUL policy provides guaranteed insurance coverage until age 95;
- This scenario provides a 30-year income stream.
- This GUL policy provides a guaranteed income of \$19K/year (after tax) for 10 years starting at age 86. (This GUL policy includes a Lifestyle Income Solution® Rider that provides income right from the death benefit - guaranteed!?)

<sup>1</sup> This is a not an actual case. It is a hypothetical representation for illustrative purposes, only.

<sup>2</sup> For the purpose of easing the explanation, all numbers have been rounded. The numbers in both solutions were based on illustrations dated 4/16/2018 for a 45-year-old male, preferred non-tobacco with premiums paid until age 65. The IUL policies showed the increasing death benefit option until age 65 and all distributions were illustrated using tax-free loans. Policy loans will reduce the life insurance death benefit and cash value and could reduce the duration of coverage. Policy owners should consult a tax advisor to determine the effect of these proportions. The IUL policies illustrated assume the use of Max Accum’s MLSB strategy illustrating at 7.40%. Please ask your financial professional for a Basic Illustration. Certain features and riders are optional and subject to specific terms, limitations and restrictions. Please refer to the policy for details.

## COMPARE THE SOLUTIONS

### Compare the Illustrated Income Potential

#### Solution 1: \$500K Max Accumulator+

Ages 66-85



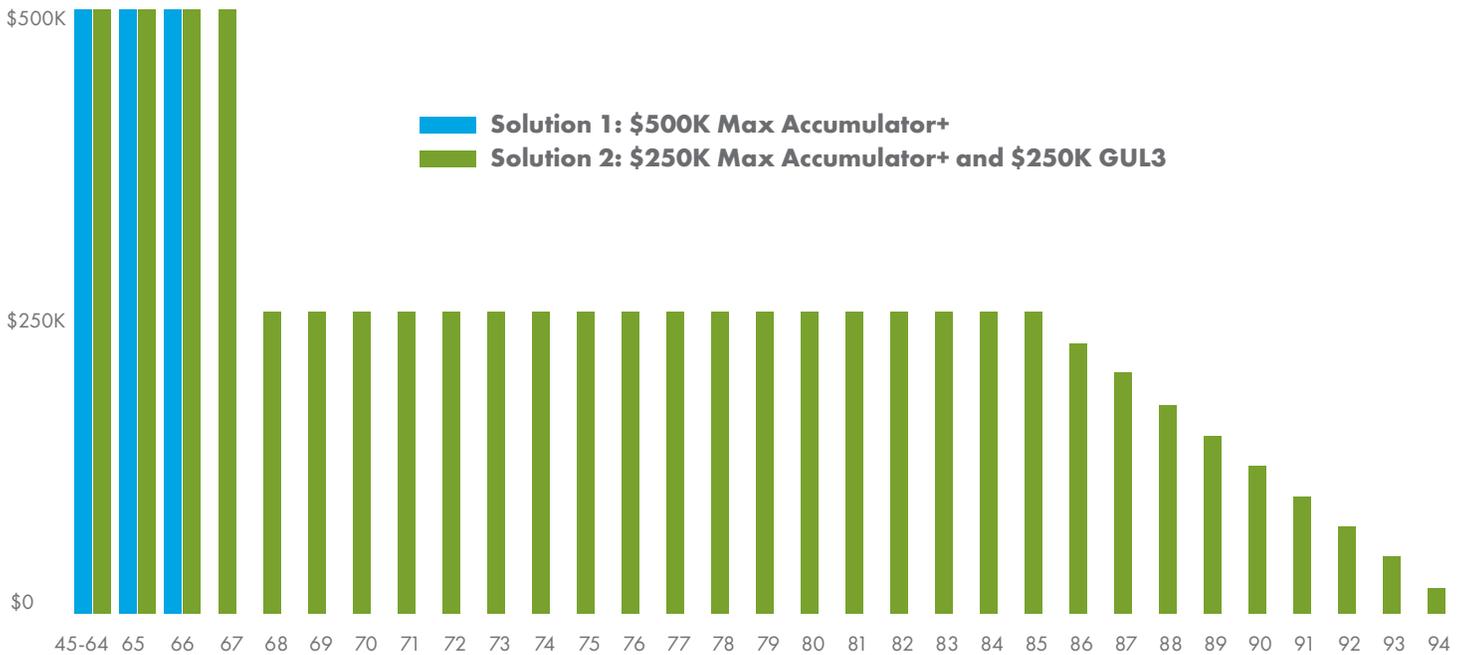
#### Solution 2: \$250K Max Accumulator+ and \$250K GUL3

Ages 66-85

Ages 86-95



### Compare the Guaranteed Death Benefit



## SUMMARY

Grant wanted the most out of his insurance program, but had concerns about guaranteeing his family the protection they deserve. His financial professional offered two solutions: 1) Maximize the potential for supplemental income; or 2) Lower income potential with stronger death benefit and income guarantees. Which one do you think he chose?

This hypothetical example assumes a 7.40% annual index interest calculation and is for illustrative purposes only. It does not reflect current interest crediting rates, cap rates or participation rates. It does not reflect the return of any investment and is not a guarantee of future income.



**Talk to your financial professional about the best combination of insurance products to fit your needs.**

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