

LIFE INSURANCE RETIREMENT PLANNING

CASE STUDY



Life Insurance Retirement Planning (LIRP) presents a unique opportunity for clients to supplement their traditional retirement savings accounts by using accumulation permanent life insurance products. With no contribution limits or required minimum distributions “RMDs”, accumulation-based life insurance offers clients a tax-advantaged¹ retirement savings strategy that can provide additional income in retirement and tax-free¹ death benefit to their beneficiary(ies). Here’s a recent case study demonstrating the strategy.

CLIENT PROFILE

- **Age/Gender:** Male, Age 45
- **Risk Class:** Preferred Non-Tobacco
- **Occupation:** Physician
- **Annual Income:** \$350,000
- **Existing Retirement Account(s):** 401(k) and Roth IRA
- **Max Retirement Account Contribution:** YES
- **Retirement Objective:** Maximize tax-free income in retirement



OVERVIEW

Client is looking for a way to increase the amount they are saving for retirement and is already contributing the maximum annual contribution into their traditional 401(k) and Roth IRA. After meeting with their financial professional, the client determines that they can contribute up to an additional \$25,000 per year to saving for retirement. The client is in good health with no current medical concerns. Based on this information, the financial professional recommends that the client apply for an indexed universal life “IUL” insurance policy that the client will fund for the next twenty years (until the client’s age 65) with \$25,000 per year of after-tax money.

STRATEGY

Using an illustration that shows an increasing death benefit during the funding years and switching to a level death benefit at age 65 (when the clients stops paying an annual premium), the financial professional is able to design an IUL solution that: a) minimizes the death benefit to comply with non-MEC limits, b) maximizes the long-term cash value accumulation potential and, c) begins to provide supplemental monthly income in retirement via tax-free distributions.

PROJECTED OUTCOME

- **Tax-Free Income:** \$45,000/ year from age 66-85
- **Total Tax-Free Distributions:** \$900,000
- **Remaining Death Benefit at Age 85:** \$150,000
- **Cash Value at Age 100:** \$10,000
- **Design Strategy:** Conservative loan modeling to protect long-term policy performance

[Benchmark Here](#)

WHY IT WORKS

This LIRP strategy delivers **tax-free income**, **downside protection**, and **liquidity**, while preserving a **legacy benefit** for heirs. It’s an ideal solution for high-income earners looking to diversify beyond traditional qualified retirement plans.

ILLUSTRATED ASSUMPTIONS

- **Interest Rate Crediting Assumption:** 6.0% (Net)
- **Loan Type:** Fixed loans after basis withdrawal
- **Distribution:** Begin at age 66, monthly (where available), over 20 years.
- **Cash Value Target:** \$10,000 at age 100
- **Carrier Options:** Benchmarked through LifeTrends to identify most competitive product performance

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