

BUTTERFLY CHART

CASE STUDY

CONSIDER THIS

Americans face several financial risks before retirement. These risks, like income replacement, mortgage payoff, and sending kids to college, tend to get smaller over time and may be addressed with term insurance.

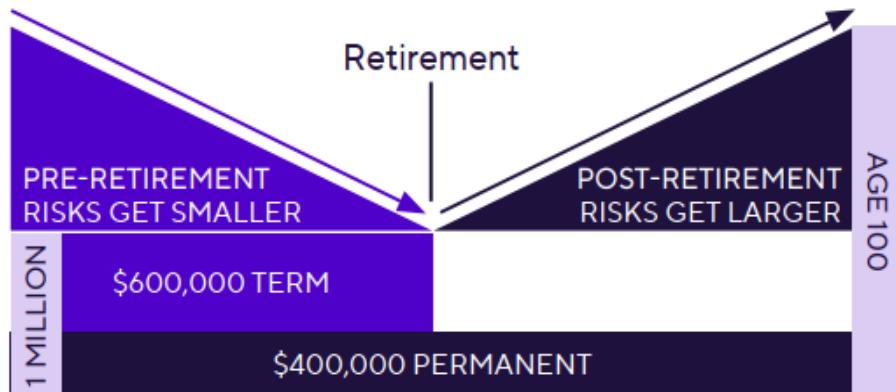
As we get older, a few other risks emerge, like reduced social security income when the first spouse dies, health care costs and financial risks may increase that tend to become more daunting over time. Permanent insurance can help to alleviate these risks as long as sufficient premiums are paid to cover the costs of insurance and other charges. The chart below illustrates this financial risk spectrum:

SCENARIO

A 37-year old millennial is seeking life insurance. Based on the needs analysis, he is looking for \$1,000,000 of coverage to ensure that, in the event of a pre-mature death, his mortgage can be paid off, his income can be replaced, and his kids have funding for college.

The client understands permanent life insurance can not only provide a valuable death benefit, but can provide tax-favored retirement income by accumulating cash value within the policy that can be accessed via policy loans.

While a \$1,000,000 permanent policy is not in his budget, his financial professional proposes an alternative option that helps address his client's need today and be better prepared for tomorrow.



This is not an actual case. This is a hypothetical example is for illustrative purposes only.

A “TWO-POLICY” SOLUTION

Based on the recommendation from his financial professional, the client decides to purchase two policies; 1) a term policy for death benefit protection and, 2) an IUL policy for permanent coverage, living benefits, and retirement savings.

Policy 1: \$600,000 term policy to protect against the potential loss of income while his children are young.

Policy 2: A \$400,000 permanent policy, that offers a guaranteed death benefit to age 100 and the ability to create a supplemental retirement plan that he can use for income and/or long-term care expenses should he need it in his later years.

Why's This Worth Considering? When designed properly a two-policy approach offers a higher death benefit during a client's working years. If the client decides to keep the higher death benefit, they have protected their insurability and can convert the term policy to a permanent policy during the policy conversion period permitted.

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