

PLANNING CHALLENGES FOR WOMEN

INDIVIDUAL PLANNING

Protecting their family and planning for a long retirement are usually two of the top priorities for women when considering their financial plan.

In today's environment, where many female clients have traditional retirement accounts, i.e., 401(k)s and IRAs, their biggest concern is about whether or not it's enough.

A cash value, permanent life insurance policy could present as an option to round out their retirement plan and help provide added protection. Here's an example of how it works.

CLIENT PROFILE AND FUNDING OVERVIEW

- Female, age 45, Super Preferred Non-Nicotine
- Initial Premium: \$10,000
- Initial Benefit: \$182,995
- Summary Year: 30

Note: The following chart and table compare purchasing life insurance to investing the premium dollars to an alternative investment. The alternative investment is a hypothetical fund which is assumed to grow at the composite rate of return and includes assets which may be subject to income tax at the individual's ordinary income tax or capital gains tax bracket.

ACCUMULATION

Annual contribution of \$10,000 for 20 years = Total contribution: \$200,000

Product consideration: Accumulation Indexed Universal Life

Option A

ALTERNATIVE INVESTMENT

DISTRIBUTION

Annual after-tax income of
\$30,855 for 10 years*

Total after-tax distributions:
\$308,550

ACCOUNT BALANCE

After-tax remainder in year 30
\$22,419

Total distributions and remainder:
\$330,969

Option B

LIFE INSURANCE

DISTRIBUTION

Annual after-tax income of
\$30,855 for 10 years

Total after-tax distributions:
\$308,550

DEATH BENEFIT PROTECTION

Death benefit in year 30
\$148,146

Total distributions and death benefit:
\$456,696

*May include partial payment in final year

The potential policy cash value of a life insurance policy grows on a tax-deferred basis. As long as the policy is not designed as a Modified Endowment Contract (MEC), you can take tax-free withdrawals and loans from the cash value. Withdrawals from the policy are income-tax free up to the policy's cost basis (premiums paid), after which point you should switch to loans, which are generally not taxable. The summary year refers to the year that has been chosen by you. The year may be life expectancy, a random year, or a year that coincides with your personal planning goals.

ADVANTAGE OF LIFE INSURANCE

\$125,728

INTERNAL RATE OF RETURN ON TOTAL
DISTRIBUTIONS AND DEATH BENEFIT

4.90%

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