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- **Maximizing Tax-Free Retirement**

The Key to Maximizing Tax-Free Retirement Income by Using Equity Indexed Universal Life

Those of us who work in the industry know how to access life insurance policy cash values through withdrawals-to-basis and through low-cost, fixed-rate loans. But the introduction of Indexed Universal Life brought a new way to access cash values through the use of participating loans. The cash values will continue to earn the indexed interest that is listed in the policy, which causes them to increase in value over time. If you credit a policy at 6%, but the cost to borrow these funds is 4.5%, your policy will continue to earn 1.5% on them. Fixed rate loans don't include this option.

Case Study:

A 45-year-old male funds an IUL policy at \$50,000 a year for 20 years. And the initial death benefit is \$1.09 million, which increases over time. We'll also assume a 7% crediting rate to the policy. At age 65, he'll be able to take out \$15,000 every year until the age of 100. And if we take a snapshot of this case at age 90, the policy will have \$1.68 million in cash value and a death benefit of \$2 million. If we use participating loans at the same age and with the same \$150,000 distribution, we will see an extra cash value of \$4.6 million with a death benefit of \$5.2 million. That's a big difference. Call us today for an illustration of how participating loans can enhance your client's life insurance plan distribution. We will not only show you why and how it works, but we will also show you how to address some of the following concerns that most advisors have with this type of plan:

- The lurking tax time bomb that can occur if policy loans exceed its net cash values.
- How to use the overloan protection rider if it's needed to avoid an unfavorable tax situation.
- What to do if the loan costs exceed the long-term crediting rates.
- Whether you can switch between loan types once the plan is in force.
- How much income to take out of these plans.

Call us today so we can discuss your case. We'll go over all the details and help you select the distribution strategy that's right for your client.

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