LIFE INSURANCE IN RETIREMENT:
LOOKING LONG-TERM

Most people think planning for retirement involves saving as much money as possible and investing it wisely by diversifying. But in addition to diversifying investments, smart retirement savers also consider how taxes will affect their retirement dollars.

There are a number of ways to save for retirement and withdraw income once retirement arrives. It's important to consider the contribution, accumulation and distribution tax characteristics of these options.

A financial advisor can help you determine the combination of assets that best suit your needs. After you have maximized your qualified plan contributions, consider protecting your hard-earned assets with a life insurance death benefit that's income-tax-free. A properly funded life insurance policy can help protect your retirement strategy and provide a potential source of supplemental retirement income.

Diversification does not guarantee against loss. It is a method of managing risk.

Contribution and Tax Characteristics of retirement assets

	Annual limits on contributions	Tax-deferred accumulation	Tax-preferred distribution	Income tax-free death benefits	Subject to healthcare surtax - 3.8%
Traditional IRA[1]	✓	✓			
Roth IRA[1]	✓	✓	✓	✓	
Qualified Plan	✓	✓			
Certificate of deposit					✓
Municipal bond[2]		✓	✓		
Individual owned deferred annuity[3, 4]		✓			✓
Life insurance[5, 6]		✓	✓	✓	

Preparing for **the unexpected**

It's also important to prepare for the events that could derail your vision of retirement. Three occurrences in particular need to be considered: job loss, sickness or premature death. Life insurance can help address all three.

During your working years, the cash value you build in a life insurance policy can be an important source of backup funds if you become sick or disabled or lose your job. The death benefit may replace income your family would otherwise lose if something happened to you.

When you retire, you can supplement your income by accessing a policy's cash value through tax-favored loans and withdrawals. You are likely to pay taxes on other sources of retirement income, but you can take income-tax-free withdrawals of cash value up to the amount of premiums paid and loans against your policy.

Depending upon actual policy experience, the owner may need to increase premium payments to keep the policy in force. Policy loans and withdrawls may create an adverse tax result in the event of a lapse or policy surrender and will reduce both the cash value and death benefit.

Using life insurance to help **achieve your retirement goals**

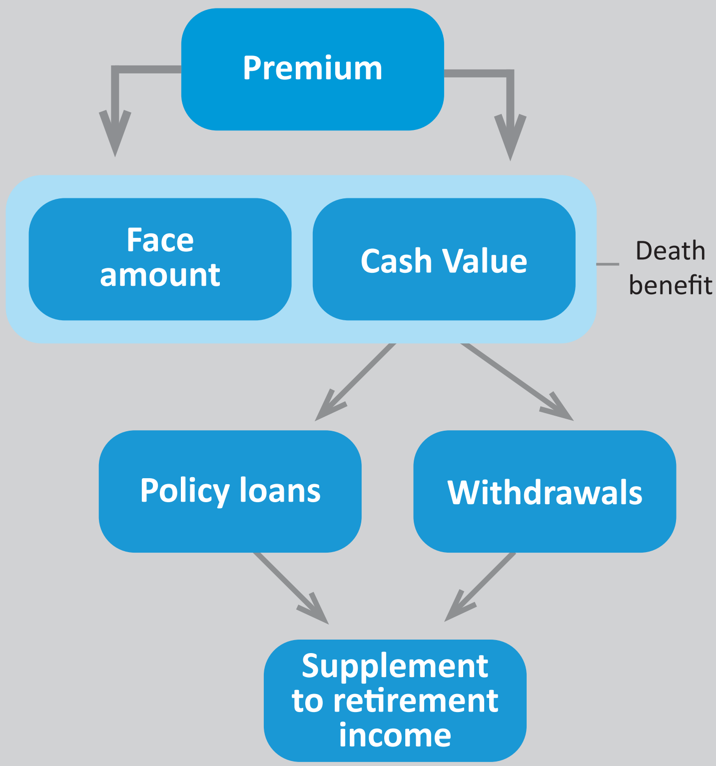
The reason to buy life insurance is the death benefit it provides to you and your family. A life insurance policy leaves your family or heirs with an income-tax-free death benefit if you die.

A life insurance policy can suit your death benefit needs but also provides accumulation that can supplement your retirement. Cash value life insurance builds cash value on a tax-deferred basis. At retirement, you may access any potential policy cash to supplement your retirement income via tax-favored loans and withdrawals.

The benefits of building life insurance into your retirement strategy

- The income-tax-free death benefit financially protects your family or beneficiaries if something unexpected happens to you.
- Tax-deferred accumulation allows policy cash values to grow faster than they would in a taxable account.
- You can have access to policy cash value through tax-free loans and withdrawals, provided the policy is not a **Modified Endowment Contract (MEC).**
- Potential growth of cash value.

WITHDRAWING CASH VALUE FROM A LIFE INSURANCE POLICY



By taking loans and withdrawals from the cash value, a life policy can be used to supplement retirement income.

REMEMBER

THINGS TO REMEMBER WHEN CONSIDERING LIFE INSURANCE

- The primary purpose of life insurance is to provide death benefit protection. If you don't need financial protection in the event of death, there may be other ways to achieve your goals.
- Withdrawals and loans can reduce the policy death benefit and cash surrender value and may cause the policy to lapse. Lapse of a life insurance policy can cause the loss of death benefit and potential adverse income tax consequences.
- Indexed life insurance policies are credited interest based on the periodic changes in an associated index. They do not represent an investment in a stock index.
- Policies classified as MECs may be subject to tax when a loan or withdrawal is made, and a federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59$^{1}/_{2}$. You should ensure that the policy is not structured as a MEC.
- At your death, benefits are paid to your beneficiaries.

Life insurance can be a valuable retirement asset **for people who:**

- Have significant savings or investment in taxable accounts or plans.
- Want to provide loved ones or heirs with a tax-free benefit if they die.
- Value leaving a financial legacy.
- Want to build cash value for financial flexibility in the future.

Talk to your financial advisor today about how life insurance can provide a lifetime of financial protection and make your retirement more rewarding.

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[1] The ability to contribute or deduct contributions may be limited by adjusted gross income limits.

[2] The principal value of bonds will fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Bond interest paid by a municipality outside the state in which you reside could be subject to state and local income taxes. if you sell a municipal bond at a profit, you could incur capital gains taxes. In some cases, municipal bond interest could be subject to the federal alternative minimum tax.

[3] An annuity is a long-term, tax-deferred investment vehicle designed for retirement. Earnings are taxable as ordinary income when distributed, and if withdrawn before age 59.5, may be subject to a 10 percent federal tax penalty. If the annuity will fund an IRA or other tax-qualified plan, the tax-deferral feature offers no additional value. Not FDIC/NCUA insured. Not bank guaranteed. Not insured by any Federal Government Agency. There are charges and expenses associated with annuities, such a deferred sales charges for early withdrawals.

[4] Upon annuitization, a portion of principal is included in the annuity payout and is not subject to income taxes.

[5] Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

[6] Withdrawals and loans from a life insurance contract are subject to special tax rules if the policy is a Modified Endowment Contract (MEC)

Other than contribution limits or tax treatment, several other factors should be considered before purchasing any of these products. These include investment objectives, costs and expenses, liquidity, safety, fluctuation of principal or return, credit rates, rider availability, surrender periods and other product/investment characteristics.

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