

Could taxes be more of a concern than cost of insurance charges?

Life insurance provides so much more than just protection to your family in the event of your death.

In fact, it presents a valuable, long-term strategy for sustained future growth—all while offering big tax and death benefits. Despite advisors knowing the clear benefits of using life insurance in a portfolio, broaching the topic with clients will almost invariably result in them asking “Why would I put money into life insurance when it can just be invested?”

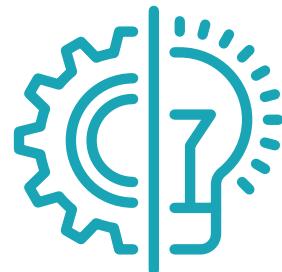
For a few reasons, relying on investments alone can oftentimes result in a portfolio not sensitive to tax diversification:



- Even well diversified portfolios can experience market downturns
- A long-term perspective using life insurance can bring stability to portfolio
- Financial and Legacy goals will be impacted by performance returns

Benefits to a financial tool that helps diminish potential income tax and diversify your client's portfolio:

- Tax-deferred growth
- Tax-free access to both basis and profits
- Allocation to equity accounts while building wealth
- Downside protection during distribution period
- A guaranteed leveraged death benefit for decades



Consider this example



Male, Age 45

\$50,000 commitment for seven years using a variable universal life contract with an assumed crediting rate of **8%**

Leveraged pool of cash for either a long-term care event or a premature death

\$750K+ → **\$1.25M** → **\$750K+**

(Age 45)

(Age 66)

(Age 85)

Initial benefit

Benefit amount before starting
income stream

Remaining amount **after tax-free**
income of \$2M delivered



Almost **6.5%** tax-free return
on investment

7.44%+ tax-free return
on investment



Non-Guaranteed Assumptions

- 8% crediting rate of return every year
- Mortality and charges at current level
- Tax-free income stream of \$100,000 to age 90 starting at age 66
- Total current charges and fees slightly over \$240,000 by age 85
- Compared to a taxable equity investment where income taxes alone over the same time period may greatly exceed \$300,000