



# Sales Idea

## Single Premium Whole Life Insurance for Children



### Client Scenario

Joseph wants to give his 5-year-old granddaughter Maddie a gift that goes beyond toys or electronics. Her parents have already set up an education savings plan to help pay for college.

### Concerns

As a complement to the education savings plan, in the future he would like to help Maddie with living expenses outside of the qualified expenses that her college savings plan covers. He wants to make the most of the money he has set aside, but CDs and some other investments, while low risk, offer small returns.

### Solution

After talking with his agent, Joseph decides to buy Maddie a **Single Premium Whole Life policy** so the money can grow over time, as well as provide a death benefit. He puts **\$2,500 to the base** and **\$2,500 into the Single Premium Insurance Rider.<sup>1</sup> The total non-guaranteed death benefit<sup>2</sup> at the end of the first year is \$65,350. Once Maddie turns 25, the non-guaranteed cash value<sup>3</sup> will be \$9,447.**

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*Illustration based on a 5-year-old female, Juvenile*

Tax questions must be referred to a qualified tax advisor.

1. Not available in all states.
2. Dividends are used to purchase additional paid-up insurance. The amount of additional insurance purchased is what the dividend, applied as net single premium, can buy at the insured's attained age. Dividends are not guaranteed and are determined by Assurity's experience relative to assumed mortality, investment performance and expenses.
3. Under current tax law, SPWL is a "modified endowment contract" (MEC); this means increases in cash values are tax-deferred until they are withdrawn. However, borrowing funds or withdrawing dividends from the policy results in a "taxable distribution" – the earnings or gain become taxable first as income. If the insured is under age 59½, the IRS also imposes a 10 percent penalty on the taxable gain.

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Policy Form No. I L1802 and Rider Form No. R I1803 underwritten by Assurity Life Insurance Company, Lincoln, NE.

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