Securian FINANCIAL®

Life Insurance as a Financial Tool
Individual Life Insurance

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

Consider pre-funding your retirement taxes

Qualified retirement plans can help you reduce taxes today, since you can deduct your contributions on your tax return. And your taxes stay lower as your account grows, since the annual growth is not taxable.

However, taxation in retirement can be one of your largest expenses. That's because your retirement distributions are taxable at ordinary income tax rates. And there are limitations on how much money you can put toward your qualified plan each year.

Funding an asset like life insurance is one option to pre-fund your future taxes in your working years.

LIFT up your retirement

Using Life Insurance as a Financial Tool (LIFT) may provide you the accessible cash you need down the road to cover the taxes on your retirement distributions.

Since life insurance has a different tax structure than qualified plans, it can be a valuable financial tool that can help you:

- Ensure your family is protected
- Protect the value of your assets
- Help fund emergencies
- Provide a tax-free "opportunity reserve" — ready source of cash for life's opportunities
- Pre-fund your retirement taxes and lower your effective tax rate in retirement
- Efficiently pass your estate value to loved ones

If you have a need for life insurance, using the benefits of cash value life insurance to help fund your taxes in retirement could be a strategy that's right for you.

Learn more

Is using Life Insurance as a Financial Tool (LIFT) right for you and your family? Contact your financial professional today to find out.

3 types of assets — how are yours taxed?

There are three main categories of assets based on how they're taxed: capital, retirement income and tax-preferred assets.

By using an asset that does not pay taxes on your distribution, you can use the funds to pay toward the taxes generated by your qualified plan — and potentially net the full qualified plan value, rather than a percentage based on the tax rate.

	Capital assets	Retirement income assets	Tax-preferred assets
Asset types	• Stocks and bonds • Real estate or other property • Business	• Qualified plans • Individual retirement accounts (IRAs) • Annuities	• Life insurance • Tax-preferred municipal bonds • Roth IRAs
Tax-deductible contributions	No	Yes	No
Tax-deferred growth	Yes	Yes	Yes
Tax-free opportunity reserve	No (capital gains tax rate applies)	No (ordinary income taxes apply and possible penalties for early withdrawals)	Yes

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

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Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods.

Depending upon actual policy experience, the owner may need to increase premium payments to keep the policy in force.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first 15 years of the contract. You should consult your tax advisor when considering taking a policy loan or withdrawal.

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.

This material may contain a general analysis of federal tax issues. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. This information is provided to support the promotion or marketing of ideas that may benefit a taxpayer. Taxpayers should seek the advice of their own tax and legal advisors regarding any tax and legal issues applicable to their specific circumstances.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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