Assurity

Sales Idea

Single Premium Whole Life Insurance for Children

Client Scenario and Concerns

Joseph wants to give his only 5-year-old granddaughter Maddie a gift that will last longer than a toy or the latest gadget. Her parents have already set up an education savings plan to help pay for college.

Since her parents have taken care of education, Joseph wants to help Maddie with future living expenses outside of college costs. 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.[1] The total guaranteed death benefit[2] at the end of the first year is $64,663. Once Maddie turns 25, the guaranteed cash value[3] will be $7,771.**

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law, SPWL is a "modified endowment contract" (MEC); this means increases in cash values are tax-deferred until they are withdrawn.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.