Sales Idea

Single Premium Whole Life Insurance for Pre-Retirement

Client Scenario

John is 45 years old and married. He has $500,000 in his investment portfolio, with $100,000 put away in a CD. It is set to earn 3% interest compounded annually, which means it would grow into $180,611.12 at the end of 20 years.

Concerns

John plans to retire in 20 years and because the investment in the CD is low risk, the return is low.

Solution

Single Premium Whole Life with the Single Premium Insurance Rider[1] was a good solution for John. The money is accessible while maintaining low risk, but is also growing and providing life insurance. Included with his coverage is the Accelerated Death Benefit Rider, which gives him the option to access a portion of his whole life death benefit if he's diagnosed with a chronic or terminal illness.[1]

With his agent's help, **John puts $100,000 into a Single Premium Whole Life policy, adding $50,000 into the base and $50,000 into the Single Premium Insurance Rider.[2]** John also chose a dividend option of paid up additions, so any dividends[3] earned will be used to purchase additional insurance. **Because of this, the non-guaranteed cash value[4] will have grown to $197,762 in 20 years,** a pre-tax equivalent return of 4.82%.

Additionally, if something were to happen to him and he died prematurely at age 65, **there is a non-guaranteed death benefit of $409,771**, a pre-tax equivalent return of 10.15%.

Illustration based on a 45-year-old male, Standard Non-Tobacco

Tax questions must be referred to a qualified tax advisor.

1. Accelerated Death Benefit Rider is included in states where allowed. The chronic illness benefit is included through issue age 75. Accelerated benefits reduce the death benefit.
2. Not available in all states.
3. 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.
4. 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law, SPWL is a "modified endowment contract" (MEC); this means increases in cash values are tax-deferred until they are withdrawn.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.

FOR PRODUCER USE ONLY. NOT FOR USE WITH THE GENERAL PUBLIC. NOT AVAILABLE IN NEW YORK.
Policy Form No. I L1802 and Rider Form Nos. R I1803 and R I1902 underwritten by Assurity Life Insurance Company, Lincoln, NE.
Assurity is a marketing name for the mutual holding company Assurity Group, Inc. and its subsidiaries. Those subsidiaries include but are not limited to: Assurity Life Insurance Company and Assurity Life Insurance Company of New York. Insurance products and services are offered by Assurity Life Insurance Company in all states except New York. In New York, insurance products and services are offered by Assurity Life Insurance Company of New York, Albany, NY. Product availability, features and rates may vary by state.

15-500-011001-18 (Rev. 10/19)