How Will Your Client's Retirement Expenses Get Paid?

At some point in life, someone else – usually the children – may need to step in and manage the expenses. Typically, this means writing checks from the parents' checkbook. But, what happens when those funds are depleted? It may mean the child has to write checks from their own checkbook.

Help your clients plan for this situation using a Life Protection Advantage℠ IUL policy

If the parents' retirement savings runs out, the parent and child have additional options to consider if they had purchased a Life Protection Advantage policy:

Option 1: The adult child can pay for the expenses from their own checkbook. Although the child may need to make some sacrifices in order to do this, both the parent and the child can feel better knowing the expenses will be reimbursed once the Life Protection Advantage death benefit is paid out.

Option 2: The parent and child can assess the policy and determine how it has performed. If the policy's cash value[1] has grown due to positive index performance, the policyowner can access their policy's cash value through loans and withdrawals. This will reduce the death benefit, but it keeps the child from having to use their personal savings.

If it turns out that the parent saved enough for their retirement expenses, the policy is still a great planning tool. The full death benefit can be used to provide extra security for the children, grandchildren or even a favorite charity.

Why Life Protection Advantage?

Life Protection Advantage works for this planning situation because it balances long-term death benefit protection with the potential for growth.

Protection – By paying the long-term no-lapse protection premium, your client has coverage that is guaranteed to age 85.[2] For most clients of average health, this guarantee period takes them beyond their life expectancy at the time of policy issue.[3] And, by paying the long-term no-lapse protection premium, coverage is typically projected to last to age 120 based on a 4.5% or higher illustrated rate and non-guaranteed assumptions.

Accumulation – A Life Protection Advantage policy may earn interest at a rate that is calculated based on the performance of a market index and protected by a downside floor of 0%. This means the policy has the potential for growth – growth that can be accessed in the future through income tax-free loans and withdrawals.[4,5]

Life Protection Advantage can help you solve many client needs, especially when the need calls for long-term protection. But, it also has the flexibility and potential for growth to allow for customization and the possibility of accessing cash values in the future.

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[1] The amount that may be available through loans or withdrawals, as defined in the contract.

[2] For insureds issue ages 75 and above, this guarantee is provided by paying the short-term no-lapse protection premium. Insureds issue age 80 and over receive a 5-year guarantee.

[3] Source: Social Security Administration, Estimates from the 2016 Trustees Report.

[4] For federal income tax purposes, tax-free income assumes (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); and (2) the policy does not become a modified endowment contract. See IRC §72, 7702(f)(7)(B), 7702A.

[5] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

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