

SALES
IDEA
SERIES

A SMART, Flexible approach to planning for the future

Age

Jeff, 40

Life Status

Father, growing family

Goals

Fund a life insurance policy to assist with children's college expenses

Families today are concerned about the cost of a college education. They want their children to have the opportunity of higher education, but are unsure of how they will fund it. What if a life insurance policy could protect a family and potentially help with education-related expenses? A Global Accumulator indexed universal life policy can do that.

Jeff has children who are very young and still years away from college. He knows that starting to save early may significantly reduce the amount needed to be borrowed from other sources. Jeff also believes life insurance is an important part of overall financial planning, as it provides financial protection from the unexpected. With permanent cash value life insurance, Jeff can achieve both goals.

What Jeff didn't realize is that some types of cash value life insurance have favorable tax characteristics. Plus, unlike a dedicated college savings plan, Jeff doesn't have to use the cash value of a permanent life insurance policy for college expenses. The cash value could be used for other purposes in the event his children do not need these funds for college. Finally, the cash value of a life insurance policy is generally not considered when determining the need for financial aid.

Average Federal Student Loan Debt:

\$32,731

Source: Friedman, Z. (2020/02/03) Student Loan Debt Statistics. www.forbes.com

The Global Accumulator solution in this hypothetical example consists of 3 components

Funding

18-year funding period

(Age 40 - 58)

- Jeff's Global Accumulator policy is funded with a \$500 monthly planned premium which provides an initial non-guaranteed face amount of \$169,613.
- At age 58, after paying \$108,000 in total planned premiums, the non-guaranteed cash value is projected to be \$153,522 with a projected non-guaranteed death benefit of \$323,135.

Cashflow

4-year policy loans

(Age 58 - 62)

- With a daughter in college, Jeff would like to provide some financial assistance to cover a portion of her expenses. Over a period of 4 years, Jeff chooses to access his life insurance policy's cash value through policy loans of \$35,000 per year.

Death Benefits & Accumulated Cash Values

(Age 70+)

- At age 70, and with Jeff fully in retirement, the non-guaranteed cash value of his policy has grown to a projected \$80,151 with a projected death benefit of \$130,067. At that time, he can choose to access his cash value, or he may choose to allow those values to continue to accumulate.

Male, 40, preferred NT, min non-MEC death benefit, Increasing DB switch to level @58, premium of \$500 PAC/Monthly to age 58, variable interest rate loan with max 0.5% spread. Assumes a SMART Buy-Up Performance non-guaranteed illustrated rate of 5.84%. For corresponding guaranteed rates and values, please refer to the Basic Illustration for the specific scenario depicted.

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Global Accumulator also offers:

- Death benefit protection that can grow as cash values increase
- Interest crediting based, in part, on the performance of a financial index
- SMART Buy-Up indexed strategies that offer greater accumulation potential, for a charge
- **New** Maximum Variable Loan Interest Rate of 6%*
- New Accelerated Access Rider (AAR) maximum payout per critical illness occurrence of \$75,000

Global Accumulator

SMART. Flexible. Accumulation.

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* Only available on Global Accumulator

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