Funding College Education

Signature Performance IUL has unique features that can make it a match for saving for college education for families that also need life insurance protection.

While the death benefit of a life insurance policy helps to ensure that families can meet the financial obligations in the event of the death of a loved one, Signature Performance IUL has the potential to provide additional benefits as well. Premiums paid towards a Signature Performance IUL policy can, in essence, serve dual purposes. The same policy that protects loved ones may also build accumulation value that can be used for a variety of needs, including funding education.

As tuition prices continue to rise, families must plan to put away more money for their children's and grandchildren's future education needs. Some fund this need using mutual funds, CDs, 529 Education Savings Plans, or permanent life insurance that builds accumulation value.

Signature Performance IUL vs. 529 Education Savings Plans

	IUL	529 Plan
Tax-deferred growth	●	●
After-tax contributions	●	●
Generally tax-free death benefit	●	
Avoids probate at death	●	
Can be excluded from taxable estate	●	●
10% Penalty if not used for school		●
Self-completing funding	●	
Countable asset of child (financial aid)		
Countable asset of parent (financial aid)		●
Parent controls product/vehicle	●	●
Change beneficiary at owner discretion without gift tax consequences	●	

Case Study

Darrell and Christine, age 35, felt they needed life insurance protection for Christine and their two young children in the event something happened to Darrell, who was the primary means of support. The couple also wanted to have the option to help their children pay for their education.

They talked to their financial advisor and determined a $500,000 Signature Performance IUL policy could help cover several of the risks faced by their family. In the event that something were to happen to Darrell, they would have protection for the family that could cover education costs for the children, pay off the family home, provide Christine funds to run the home or provide some funds to put away for her retirement.

While their children are growing up, the accumulation value in the policy would continue to grow. When it is time for their children to attend college, Christine and Darrell could choose to take policy loans from their accumulation value to pay for their education expenses.

Lastly, their advisor added that the policy also included Accelerated Benefit Riders[1] for Critical, Chronic, and Terminal illnesses. In the event that Darrell was diagnosed with a qualifying illness, he may be able to accelerate all or part of the death benefit and receive an unrestricted cash benefit. This could give Darrell and Christine the option to assist with their children's education even in the event that Darrell suffered an illness that made him unable to work.

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