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**Life Insurance in Retirement Planning**
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# Retirement Extra using Life Insurance

## Producer Guide

Retirement Extra using Life Insurance is, first and foremost, a concept, it is **not** a product or contract. If this concept material will be used to promote a variable universal life (VUL) insurance product, it must be preceded or accompanied by the applicable consumer brochure for the VUL insurance product which contains specific information regarding the VUL insurance product's features.

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# Retirement Extra using Life Insurance

## The Opportunity

Having the resources to fund a comfortable retirement is a universal concern, especially among the large number of baby boomers who will retire over the next two decades. The regulations and limitations of qualified retirement plans and the uncertainty of Social Security make finding a supplemental source of retirement income important. Retirement Extra using Life Insurance was designed to help fill this need.

In addition to death benefit protection, the Retirement Extra using Life Insurance strategy may provide tax-free income via loans and withdrawals,[1] income tax-deferred earnings potential and cash for emergencies via loans and withdrawals, without the contribution limits and reporting requirements attached to qualified plans.

Retirement Extra using Life Insurance allows your clients to take advantage of the unique combination of benefits that cash value life insurance can provide to enhance their financial future.

## How It Works

Assuming there is a basic need for life insurance, the client purchases a cash-value life insurance policy. The policy's cash value has the opportunity to accumulate income tax deferred. At retirement, or when sufficient funds have accumulated to cover the cost of insurance, the client may suspend paying premiums. The client may then withdraw or borrow from the cash value to supplement his/her retirement income. When the insured dies, the beneficiary receives the policy's death benefit income tax free (death benefit may be subject to estate taxes).[2]

## Some Potential Benefits

**Income Tax-free Death Benefit**[2] – Income tax-free death benefit proceeds help your client's beneficiaries remain financially secure and may provide estate liquidity.

**Income Tax-deferred Growth Potential** – No income tax is payable while money is accumulating inside the life insurance policy.

**Income Tax-free Income**[1] – The owner of a life insurance policy may attain tax-free supplemental retirement income through a combination of policy withdrawals and loans. Policy withdrawals and loans will reduce the policy cash value and may reduce the death benefit payable under the policy.

**Flexible Contributions** – Premiums can be designed to meet the changing needs of your client. After the first policy year, a policy owner has the option of changing both the timing and the amount of premiums. The policy will continue in force so long as it has a sufficient cash value to support the monthly deductions.

**No IRS Distribution Requirements or Penalties** – Distributions may occur before age 59½ without a premature distribution penalty from the IRS, and there are no required minimum distributions at age 70½ or thereafter.

**Complete Control** – If your client is the sole policy owner (not their employer) he or she decides how and when money goes into or comes out of the policy, names the beneficiary and selects settlement options.

[1] Income tax-free distributions are achieved by withdrawing to the cost basis (premiums paid) then using policy loans. Withdrawals will reduce the policy's cash value and the policy's death benefit. Policy loans will reduce the policy's cash value and may reduce the death benefit. This assumes the policy qualifies as life insurance and does not lapse.

[2] Proceeds from an insurance policy are generally income tax free, and if properly structured, may also be free from estate tax.

# Funding Retirement Extra using Life Insurance with the Right Product

The life insurance product chosen to fund a Retirement Extra using Life Insurance strategy will depend on the needs and circumstances of each client. However, the following key product features may help maximize the benefits of a Retirement Extra using Life Insurance strategy:

## Long-Term Performance

Potential for cash build up provides a potential source of retirement income when the policy owner starts using policy loans and withdrawals to supplement retirement income needs.

## Flexibility

Many policy owners want the ability to start, stop or adjust premiums as their needs change. Also, they want to be able to adjust the death benefit for protection that may keep pace with inflation.

## Near-Zero Net Interest Cost Loans

With the Retirement Extra using Life Insurance strategy, at retirement, the policy owner may choose to withdrawal up to his/her cost basis and then begin borrowing cash via loans from the policy for supplemental retirement income. When the interest rate credited on borrowed funds is close to the interest rate charged for the loan, the interest earned may cover the majority of the loan interest to be paid, and the policy owner gets a near-zero net interest cost loan.

## Waiver of Specified Premium

The waiver of specified premium option is important to those policy owners who want the security of knowing that, should they become disabled, the premiums will continue to be paid.

## Choice of Definition of Life Insurance

The option to choose the Cash Value Accumulation Test (CVAT) or the Guideline Premium Test (GPT) lets the policy owner choose whether to emphasize the cash value or death benefit of the policy.

The full exclusion for life insurance death proceeds depends in part on whether the policy itself meets the definition of life insurance under Internal Revenue Code §7702. There are two alternative tests under this definition (CVAT and GPT). A policy will qualify as life insurance for income tax purposes if it meets either of these two tests.

With CVAT, the death benefit of the policy must at least equal the gross account value divided by a net single premium. The net single premium is calculated by the insurance company using an assumed interest rate and certain mortality charges.

The GPT test is two-pronged. Policies that are designed to pass this test must qualify under both a “guideline premium” requirement and a death benefit requirement. The guideline premium requirement limits the total premium that can be paid into the policy at any given time. The death benefit requirement (the second prong of the test) is met if the contract’s death benefit exceeds a specified multiple of its cash value at all times. This multiple varies according to the insured’s attained age.

# Product Choices for Retirement Extra using Life Insurance

There is no single answer to choosing an insurance contract in connection with the Retirement Extra using Life Insurance strategy.

## Universal Life Insurance

Universal life products allow for cash accumulation and are well suited to the Retirement Extra using Life Insurance market. By offering true premium flexibility, universal life policies allow policy owners to fine-tune premium paying scenarios to match desired premium payments.

### Potential Advantages

- Flexible premium payments
- Death benefit adjustability
- Potential accumulation of cash value (for future premium suspension and supplemental income)

### Some Disadvantages

- Surrender of the policy, generally during the first five to 10 years, may result in loss due to surrender charges (if surrender charges are applicable).
- Flexible premium payments and death benefits may inadvertently cause the policy to become a modified endowment contract with adverse income tax consequences.

## Variable Universal Life Insurance

VUL combines traditional universal life insurance with a portion of the premiums allocated to variable investment options managed by investment management companies. It is similar to a universal life insurance policy, except that the policy owner may direct the policy cash values into a variety of different variable investment options, available only within VUL products.

### Potential Advantages

- Opportunity for higher returns through allocation of part of the cash value to sub-account selections from a wide range of variable investment options
- Flexible premium payments
- Death benefit adjustability
- Potential accumulation of cash value (for future premium suspension and supplemental income)

### Some Disadvantages

- Not suitable for all policy owners (policy owner bears investment risk and it is possible to lose money)
- No guaranteed minimum cash value
- Surrender of the policy, generally during the first five to 10 years, may result in loss due to surrender charges (if applicable)
- Flexible premium payments and death benefits may inadvertently cause the policy to become a modified endowment contract with adverse income tax consequences
- Expense loadings are generally higher than with other types of policies

**Before investing, your clients should carefully consider their need for life insurance coverage and the charges and expenses of the variable universal life insurance policy. They should also consider the investment objectives, risks, fees, and charges of each underlying variable investment option. This and other information is contained in the prospectuses for the variable universal life insurance policy and the underlying variable investment options. Clients may obtain these prospectuses from you, by calling 877-253-5050, or from voya.com and should read them carefully before investing.**

# Target Markets for Retirement Extra using Life Insurance

Retirement Extra using Life Insurance may be a good fit for a wide variety of people. You may find the best opportunities to sell insurance using Retirement Extra using Life Insurance in these markets:

- Professionals
- Women

These market segments have specific retirement planning concerns and needs. A Retirement Extra using Life Insurance strategy can be tailored to provide potential solutions to each of those needs.

## Professional Market

### Needs/Motivating Factors

- Many professionals, particularly physicians, may not have a company-sponsored retirement plan.
- Many professionals are concerned about the possible penalty tax on early distributions from a qualified plan or IRA. This is a problem especially for those planning to retire before age 59½.
- Pension and profit sharing plans limit the amount of money professionals can contribute and require contributions for other employees.

### Potential Retirement Extra using Life Insurance Solutions

- Life insurance is a vehicle that can provide income tax-deferred earnings while the professional is working. It can also provide tax-efficient retirement income through a series of loans and withdrawals. (Remember, however, if the policy lapses or is surrendered, the IRS will tax distributions in excess of total premiums paid.) Loans and withdrawals will reduce the policy cash value, may reduce the death benefit, and may cause the policy to lapse.
- There is no IRS penalty tax on life insurance policy withdrawals or loans taken before age 59½.

## Women's Market

*"On a historic level, the majority of American women have only recently had to focus on financial issues in retirement. And while women are certainly up to the task, they still have very specific challenges to deal with. Earning power is still not as strong for most women and many remain the primary person responsible for family commitments, such as care of the children and aging parents."*

– Ruth Helman, Senior Research Associate, Greenwald Associates

### Needs/Motivating Factors[3]

- Women tend to live longer than men. In 2012 a National Center for Health Statistics report found the life expectancy for men is 76 years while the life expectancy for women is 81 years, over five years more. Because women tend to live longer, they are more likely to outlive their retirement assets.
- For women over age 65, Social Security payments represent the largest source of income compared to other sources, including earnings, pensions and income from assets such as savings accounts.
- Women rely on Social Security for a larger part of their retirement income than do men, because women are less likely to have income from their own pensions than men and their benefits are less than half of men's on average.
- Nearly 17% of unmarried women 65 and older live below the poverty line compared with less than 5% of married elderly women. Without Social Security benefits, more than two-thirds of unmarried elderly women would live in poverty.
- Social Security provides benefits to living and surviving spouses. Despite women's increasing employment and improved lifetime earnings, 27% of women aged 65 and older still rely on spousal benefits (based on their husbands' or ex-husbands' earnings records) for their retirement security; another 29% also rely on benefits partly based on their husbands' or ex-husbands' earnings records and partly on their own earnings records.

[3] Source: "Six Key Facts on Women and Social Security" from the Institute for Women's Policy Research June 2011

### Potential Retirement Extra using Life Insurance Solutions

- Retirement Extra using Life Insurance is potentially a flexible way for women to obtain supplemental retirement income.
- May provide tax-free retirement income (through a combination of withdrawals and policy loans) that can be used to supplement Social Security benefits. (If the policy lapses or is surrendered, the IRS taxes distributions that exceed total premiums paid.) Loans and withdrawals will reduce the policy cash value and may reduce the death benefit.
- Funded with a life insurance policy that, with a waiver feature, can remain in force during disability.

## Sample Letter for Professional Market

(Please place on your approved letterhead)

Dear Dr. (Lawyer, CPA, etc.):

Are you frustrated by the contribution limit that qualified plans, IRAs and Roth IRAs place on your ability to save for retirement? Do you plan on an early retirement prior to age 59$^1/_2$ and want a way to access your income tax-deferred savings without incurring a 10 percent IRS penalty tax?

If so, you're not alone. Many of your colleagues are establishing strategies to provide death benefit protection for their families as well as supplemental income in retirement.

Generally these strategies are funded with after-tax dollars and can give you strong tax advantages. Consider the potential tax advantages of Retirement Extra using Life Insurance:

- Income tax-deferred earnings while you are practicing
- Income tax-free retirement income payments after you retire*

The Retirement Extra using Life Insurance strategy puts you in control of your retirement income.

You'll need to invest only a few minutes to hear about what the Retirement Extra using Life Insurance strategy can do for you. I will call next week to schedule a meeting time.

Sincerely,

Jane Q. Producer

* Income tax-free distributions are achieved by withdrawing to cost basis (premiums paid) then using policy loans. Withdrawals will reduce the policy's cash value and death benefit. Policy loans will reduce the policy's cash value and may reduce the death benefit. Assumes the policy qualifies as life insurance and does not lapse.

## Sample Letter for Women's Market (Single/Married/Career)

(Please place on your approved letterhead)

Dear Ms. Smith:

Like millions of American women, you have worked hard to build your career. Your financial security is important to you now and in the future.

A sad reality is that women today still earn little more than 81 cents of every dollar a man makes (Bureau of Labor Statistics, Current Population Survey, 2010). Combine this with the fact that women still tend to outlive men, and you have a future impact that few women consider. With a potentially smaller income available to build a retirement account, women face a far greater likelihood that they will outlive their retirement income.

Besides longevity and lower incomes, there are other facts that may make it difficult for women to prepare sufficiently for retirement:

- Time off from the work force to raise children can greatly affect retirement plan accounts
- Some experts predict you will need about 80 percent of your pre-retirement income to live comfortably in your retirement years

I can show you how to plan for your retirement with Retirement Extra using Life Insurance. The Retirement Extra using Life Insurance strategy can be explained in only a few minutes of your time and may save you hours of worry.

I will call you next week to schedule a meeting to show you the potential advantages of implementing the Retirement Extra using Life Insurance strategy.

Sincerely,

John Q. Producer

# Sample Letter for Women's Market (Dual Career)

(Please place on your approved letterhead)

Dear Ms. Smith:

Together, you and your husband are able to enjoy a comfortable lifestyle supported by the income you both earn. After a lifetime of work, you will want a retirement that is pressure- and worry-free. But will you be able to retire and maintain your present standard of living?

Consider these obstacles:

- Many experts predict that you will need about 80 percent of your pre-retirement income to live comfortably after retirement.
- You will need a source to provide the equivalent of two incomes, not just one.
- You may not be able to receive payments from your tax-qualified retirement plans exactly when you want them.
- The IRS limits the amount you can contribute to tax-qualified retirement plans, so these plans may not give you the retirement income you need.
- Social Security benefits may be reduced or not available when you retire.

Let me show you how your retirement years can be exactly as you want them to be. It will only take a few minutes to hear about Retirement Extra using Life Insurance. A Retirement Extra using Life Insurance strategy puts you in control of your retirement dollars.

I will call early next week to set up a meeting to show you the potential advantages of implementing a solid strategy.

Sincerely,

Jane Q. Producer

## Sample Referred Lead Letter

(Please place on your approved letterhead)

Dear Mr. or Ms. Smith:

I was recently discussing retirement concerns and planning with [Jane Doe]. [Jane] felt the ideas we talked about might be helpful to you.

I asked [Jane] to call you in advance of this letter. But due to her busy schedule, she may not have, so please feel free to call [Jane] to ask her about the services I offer my clients.

I will call you in a few days to arrange a mutually convenient time to meet with you.

Sincerely,

John Q. Producer

# Illustrating Retirement Extra using Life Insurance

The theory behind illustrating Retirement Extra using Life Insurance is contributing the maximum amount of premium to the policy and minimizing expenses associated with the policy. In short, you want to illustrate the minimum non-MEC death benefit* for a given premium payment. This typically will entail selecting an increasing death benefit policy option (Option 2 or B) during the premium paying period allowing the maximum amount of premium to be contributed to the policy while maintaining the minimum amount of death benefit.

Once all planned premiums are contributed to the policy, the death benefit option should be changed to level death benefit (Option 1 or A) so that policy long-term performance is maximized. After the death benefit option is changed to level, any increases in cash value due to policy performance or crediting will reduce the net amount at risk and therefore reduce cost of insurance expenses.

This reduction in expenses reduces the possibility of policy lapse once distributions begin. Usually, the most effective method of accessing policy cash value to supplement retirement income is to use cash withdrawals to the cost basis (total premiums paid) then begin taking policy loans. The annual loan interest is paid by the insurance policy and is added to the cumulative loan balance.

Points to consider when illustrating Retirement Extra using Life Insurance:

1. If a variable universal life policy is being illustrated, a conservative rate of interest should be assumed to minimize the risk of policy lapse during the distribution phase.
2. Changing death benefit options in the first seven policy years is considered a material change for definition of life insurance (DOLI) purposes and will restart MEC testing.

# Marketing Support

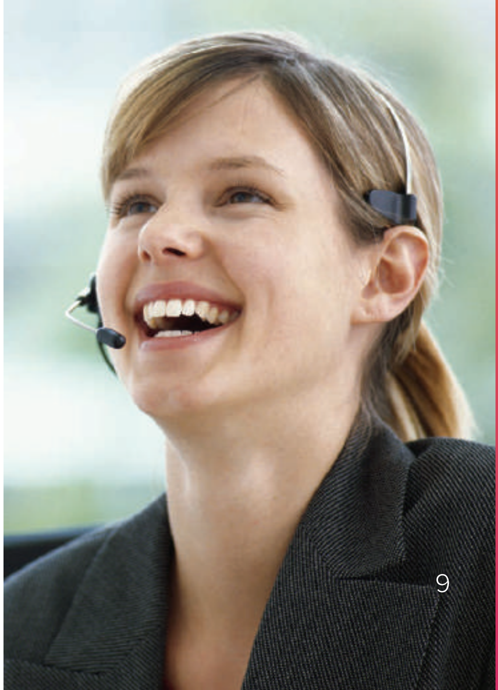
## Phone Support

Voya® Advanced Sales is available to support your Retirement Extra using Life Insurance sales. For more information please contact them at: **1-866-464-7355 Option 4.**

## Web Support

For state-of-the-art marketing tools, be sure to visit the Retirement Planning section of the Voya for Professionals website at **voyaprofessionals.com** or the Retirement Planning Micro Site at **VoyaRetirementPlus.com**. Here you will find brochures, sales solutions, PowerPoint presentations and more.

*Depends upon the amount of life insurance needed, determined on a client-by-client basis.



# Facing the five challenges to retirement planning

A Self Owned Life And Retirement (S.O.L.A.R.) Insurance Arrangement is an arrangement where an employee purchases a Voya Indexed Universal Life-Global Choice (Voya IUL-Global Choice) policy issued by Security Life of Denver Insurance Company to provide death benefit protection and to help supplement income in retirement. S.O.L.A.R. Insurance Arrangements are designed to reduce the complexity and risks associated with employer sponsored retirement plans.

Voya IUL-Global Choice is a flexible premium adjustable universal life insurance policy that offers a death benefit to the beneficiaries of the policy and may be purchased to meet life insurance needs. While the policy surrender values may be determined by reference to an index-linked crediting strategy, such surrender values support the death benefit offered under the policy. The policy does not participate in any index fund, stock or equity investments. **The policy is not a variable contract or an investment contract.**



If you could design the ultimate retirement plan, what features would it have? Chances are you would want it to be tax efficient. You may also want it to be flexible – to allow access to funds at any time. You would want it invested in such a way as to provide sufficient growth to keep up with inflation and yet you would want some guarantees to avoid the risk of losses. And finally, you might want protection for family in the event death occurs before reaching retirement age.

**Individuals considering how to prepare for financial security in retirement face five challenges:**

1. **Risk of untimely death**
2. **Income tax exposure**
3. **Access restrictions**
4. **Inflation risk**
5. **Market risk**

There are three primary options for retirement saving today: (i) employer-sponsored qualified retirement plans (such as pensions and 401(k) plans), (ii) employer-sponsored nonqualified retirement plans (such as nonqualified deferred compensation and salary continuation plans), and (iii) self-funded qualified retirement plans (such as traditional IRAs and Roth IRAs). S.O.L.A.R. Insurance Arrangements offer an additional tool that employers and employees can use to potentially provide supplemental income in retirement.[1]

## Challenge 1
## Risk of untimely death

The first challenge to retirement planning is the possibility of untimely death. Retirement planning tends to focus on providing for the employee at the end of his or her working years. But retirement planning shouldn't focus just on the employee—it needs to provide for family members who rely on the employee for support. In this sense, retirement planning is really about income protection—providing for income during working years and after retirement or death. So while retirement planning tends to focus on the event of retirement (the voluntary end to working), such planning may fall short if it does not also provide for loved ones in the event of an early death.

Neither qualified nor nonqualified retirement plans typically provide anything more than accrued benefits if an employee dies early. But the family needs the employee's income to provide for daily needs both before and after retirement. What happens to the family if the employee's retirement plan is incomplete at the time of death?

Because they are funded with life insurance, S.O.L.A.R. Insurance Arrangements become "self-completing" in the event of death. If an employee dies before reaching retirement age, the death benefits can be used by his or her family to replace the lost income. Better yet, if the employee safely reaches retirement age, policy cash values, if any, can be accessed to supplement income in retirement.[1]

[1] A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. **Policy loans may reduce or eliminate Index Credits, generate an income tax liability, reduce available Surrender Value and reduce the death benefit, or cause the policy to lapse. For policies with the Early Cash Value Rider, policy loans and withdrawals may limit the benefits of the rider. Additionally, loans may limit your client's ability to make Elections to the Indexed Strategy. If a Traditional loan results in amounts being deducted from a Block prior to its Block Maturity Date, no Elections from the Fixed Strategy to the Indexed Strategy will be processed in the 18 months following the loan.**

# Facing the five challenges to retirement planning



## Challenge 2
## Income tax exposure

Many types of retirement plans rely on the use of tax deferral—they use pre-tax dollars that are contributed to the plan, accumulate tax-free, and are taxed as ordinary income upon distribution. This is true both for the qualified and nonqualified retirement plan designs. But with tax deferral comes the inherent risk that the purchasing power of the dollars contributed to the plan could be reduced if income tax rates are increased in the future.

### Historical Marginal Tax Rates 1944-2010

| Year | $50,000 | $200,000 |
|---|---|---|
| **1944** | 75% | 94% |
| **1950** | 72% | 90% |
| **1960** | 72% | 90% |
| **1970** | 60% | 70% |
| **1980** | 55% | 70% |
| **1990** | 33% | 33% |
| **2000** | 28% | 36% |
| **2014** | 25% | 33% |

Source: Federal Individual Income Tax Rate History, Tax Foundation, 2014

There is no way to know what income tax rates will be when an employee reaches retirement age. However, if you look at the history of individual income tax rates you can see that rates have been much higher at times in the past. When saving for retirement, employees should at least consider the possibility that future income tax rates may be higher than today's income tax rates.

S.O.L.A.R. Insurance Arrangements offer an opportunity to reduce the impact of potentially increasing income tax rates by paying income taxes today and taking income tax-free distributions during retirement.[1] These arrangements can be funded by employer contributions, employee contributions, or a combination of both. All bonused premium payments paid by an employer to help fund a S.O.L.A.R. Insurance Arrangement are subject to current income taxation, but the cash value of the life insurance policy is available to the employee as a potential source of income in retirement.

## Challenge 3
## Risk of access restrictions

While the main focus of retirement planning is to provide a source of income after an employee's working years have been completed, an ideal plan would provide for access to funds when needed—even if the need arises before retirement age. A flexible source of retirement income should be able to help with college expenses, the purchase of a vacation home, or unexpected medical costs. But this is not the case for most retirement planning options.

Both qualified and nonqualified retirement plans place restrictions on the participant's ability to access funds prior to retirement. In the case of qualified retirement plans, a participant cannot access funds prior to age 59½ unless the distributions meet certain, limited exceptions or unless the plan permits the participant to take loans. In the case of nonqualified plans, the restrictions are even tighter—distributions must be made based on the schedule set by the NQDC or SERP agreement.

S.O.L.A.R. Insurance Arrangements offer employees greater flexibility and control with respect to potential income needs. Since the employee is the owner of the Voya IUL-Global Choice policy, he or she can access the cash value by taking loans or withdrawals (unless the arrangement has been subject to outside restrictions such as those imposed by a Restricted Executive Bonus Arrangement (REBA)).

[1] A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. **Policy loans may reduce or eliminate Index Credits, generate an income tax liability, reduce available Surrender Value and reduce the death benefit, or cause the policy to lapse. For policies with the Early Cash Value Rider, policy loans and withdrawals may limit the benefits of the rider. Additionally, loans may limit your client's ability to make Elections to the Indexed Strategy. If a Traditional loan results in amounts being deducted from a Block prior to its Block Maturity Date, no Elections from the Fixed Strategy to the Indexed Strategy will be processed in the 18 months following the loan.**

# Facing the five challenges to retirement planning



## Challenge 4
## Inflation risk

Another consideration is "inflation risk"—the possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of currency. For long-term planning, it is important to hedge against inflation by having a total investment return that outpaces inflation over longer periods of time. One possible hedge against inflation is to invest in equities such as stocks or mutual funds.

S.O.L.A.R. Insurance Arrangements use Voya IUL-Global Choice to create a potential source of supplemental retirement income. Policy owners of a Voya IUL-Global Choice policy may elect to have premiums credited to a Fixed Strategy or an Indexed Strategy. While Voya IUL-Global Choice is NOT an investment, the Indexed Strategy gives the opportunity for cash value accumulation through indexing credit potential based, in part, on the performance of a stock market index or indexes. For more information on how the Indexed Strategy crediting rate is calculated, see the Voya IUL-Global Choice Producer Guide (#164147).

## Did you know?

**47%** of employees reported **significant decline** in their pension and retirement savings[2]

**42%** of employees surveyed say the financial situation of the past few months has made them realize that they **need to shift some of their retirement savings** to investments that have a guaranteed rate of return.[3]

**70%** of employees surveyed indicated a **preference for guarantees with lower returns** over investments with a higher degree of risk.[3]

[1] A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. **Policy loans may reduce or eliminate Index Credits, generate an income tax liability, reduce available Surrender Value and reduce the death benefit, or cause the policy to lapse. For policies with the Early Cash Value Rider, policy loans and withdrawals may limit the benefits of the rider. Additionally, loans may limit your client's ability to make Elections to the Indexed Strategy. If a Traditional loan results in amounts being deducted from a Block prior to its Block Maturity Date, no Elections from the Fixed Strategy to the Indexed Strategy will be processed in the 18 months following the loan.**

[2] Towers Watson Retirement Attitudes Study (2012).

[3] Met Life - 8th Annual Study of Employee Benefits Trends (2010).

## Challenge 5
## Market risk

Perhaps even more dangerous than inflation risk is "market risk"—the risk of losses due to fluctuations in securities prices. While securities may provide a potential hedge against inflation, they carry the possibility of negative returns. If inflation creates the risk that investments won't grow fast enough to retain their purchasing power, the market adds the risk that investment values may actually go down over time.

Employees today are all too aware of the possibility of losing retirement savings due to bad market performance (in fact, a majority have indicated that this has happened to their own savings[2]). Consequently, many employees are looking for an investment with guaranteed rates of return.

The crediting strategies used in Voya IUL-Global Choice policies funding S.O.L.A.R. Insurance Arrangements provide a potential alternative to market risk. Policy owners have a choice between using the Fixed Strategy, the Indexed Strategy, or both. Each strategy has a guaranteed minimum interest rate (2% for the Fixed Strategy and 0% per year for the Indexed Strategy). Voya IUL-Global Choice also has an Alternate Guaranteed Account Value with a 1% minimum interest guarantee. If greater than the policy's Account Value, the Alternative Guaranteed Account Value is used in the benefits calculation **only at the time of death or surrender of the policy**. These guaranteed minimum interest rates may provide a potential layer of protection against the risk of market losses.

A S.O.L.A.R. Insurance Arrangement funded with a Voya IUL-Global Choice policy is an alternative strategy that employers and employees can use to help combat the five challenges to retirement planning. The Voya IUL-Global Choice policy's death benefit provides protection for the family in the event of an early death. Because after-tax money is used to purchase life insurance, the policy cash values can be accessed as an income tax-free source of supplemental retirement income.[1] And because the life insurance policy is owned by the employee, there are no restrictions on the timing of policy distributions. Electing to use the Indexed Strategy in a Voya IUL-Global Choice policy can provide a potential hedge against inflation by crediting growth to the policy's cash value based, in part, on the performance of a stock market index or indexes, and the guaranteed minimum interest rates for both the Fixed and Indexed Strategies offer protection against market losses.

# Facing the five challenges to retirement planning



## How it works:

### A S.O.L.A.R. Insurance Arrangement can be implemented using the following steps:

### step 1:
The employer and the employee agree to the need for life insurance protection and providing a potential source of retirement income.

### step 2:
The employee purchases an Voya IUL-Global Choice policy (issued by Security Life of Denver Insurance Company)

### step 3:
Premiums may be paid by bonuses from the employer, contributions from the employee, or a combination of both.

### step 4:
The employee may pay income taxes on bonused premiums by taking a Select Loan from the policy. Select Loans have the risk that policy performance may be lower than projected if the amount credited to the account value in the fixed Strategy and/or Indexed Strategy is less than the fixed 6% interest charged on the policy loan.

### step 5:
The policy cash values may be available to supplement the employee's income through withdrawals and loans.[1] The policy death benefit generally will be paid income tax free to the employee's beneficiaries.

[1]A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. **Policy loans may reduce or eliminate Index Credits, generate an income tax liability, reduce available Surrender Value and reduce the death benefit, or cause the policy to lapse. For policies with the Early Cash Value Rider, policy loans and withdrawals may limit the benefits of the rider. Additionally, loans may limit your client's ability to make Elections to the Indexed Strategy. If a Traditional loan results in amounts being deducted from a Block prior to its Block Maturity Date, no Elections from the Fixed Strategy to the Indexed Strategy will be processed in the 18 months following the loan.**

**To learn more about S.O.L.A.R. Insurance Arrangements using Voya IUL-Global Choice,** contact your Voya® Life Companies' Representative or call **866-464-7355, Option 4.**

**Visit us at**
**www.VoyaLifeSOLAR.com.**

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160257 03/05/2015

# Retirement Extra™

## Help your clients potentially generate supplemental retirement income.

# Start Selling!

## How Does It Work?

1. Andy applies for a life insurance policy.
2. The insurance company issues a life insurance policy. Andy pays the annual premiums. The policy is set up with a death benefit option that allows the death benefit to increase or decrease with the account value. Surrender values in the policy accumulate tax-deferred as Andy approaches retirement.
3. Upon Andy's retirement, Andy elects to switch to a minimum level death benefit. Andy is able to receive supplemental retirement income of $40,506 annually for 20 years through income tax-free distributions from the life insurance policy.[1]
4. Upon Andy's death, the policy's proceeds are used to repay any outstanding policy loans. Andy's beneficiaries receive the remaining death benefit income-tax free.[2]

**Voya Universal Life – CV** (Voya UL-CV)
Issued by Security Life of Denver Insurance Company

**Voya Universal Life – CV NY** (Voya UL-CV NY)
Issued by ReliaStar Life Insurance Company of New York

## Client Profile

### Situation

Andy Darrow, a 45-year-old professional, is looking for a life insurance policy that can provide valuable death benefit protection and a way to accumulate future supplemental retirement income. He knows that he will need to save now to achieve his retirement goals, including travel and maintaining his current lifestyle. With his current cash flow, Andy thinks he can save an additional $20,000 a year for 20 years.

### Possible Solution:

Andy's agent suggests using the $20,000 to fund a universal life insurance product with the potential for strong long-term cash accumulation, such as Voya UL-CV. The policy will provide death benefit protection and can be used to provide supplemental retirement income to Andy at age 65.

| | |
|---|---|
| **Underwriting Class:** | Super Preferred No-Tobacco |
| **Initial Stated Death Benefit:** | $437,000 |
| **Death Benefit Option:** | Option 2: Stated death benefit plus the account value (change to option 1 in year 21) |
| **Annual Premium:** | $20,000 |
| **Annual Distributions Available Beginning Policy Year 21:**[1] | $40,506 (Assumes current illustrated interest rate of 4.60%) |

[1] Income tax free distributions are achieved by withdrawing to the cost basis (premiums paid) then using policy loans. Loans and withdrawals may vary by state, generate an income tax liability, reduce available surrender value and reduce the death benefit or cause the policy to lapse. This assumes the policy qualifies as life insurance and is not a modified endowment contract.

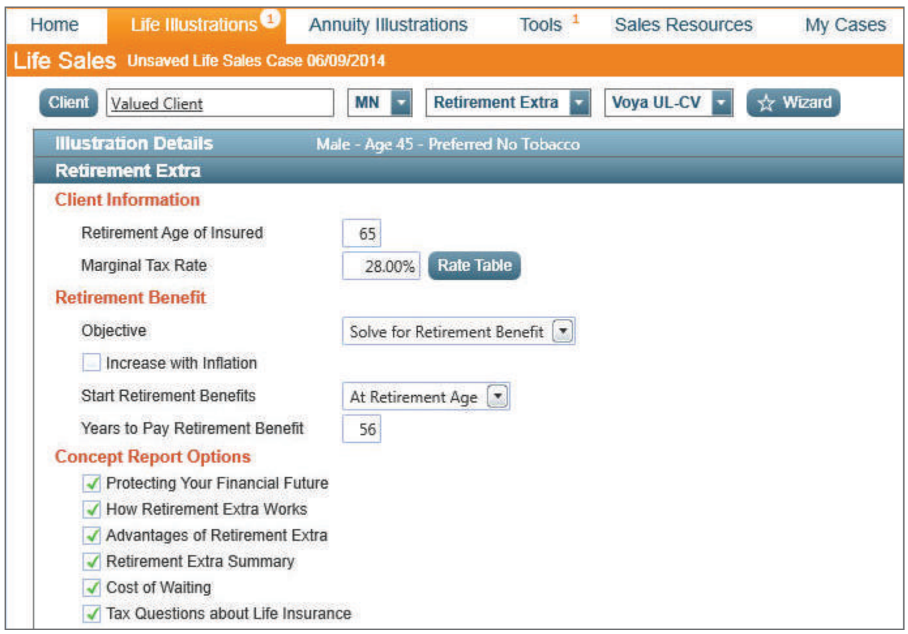
[2] Proceeds from an insurance policy are generally income tax free.

**For agent use only. Not for public distribution.**

# Why Voya UL-CV?

- Potential for strong long-term surrender values
- Adjustable Term Insurance Rider - for blending to further enhance performance potential
- Overloan Lapse Protection Rider - can help prevent policy lapse as a result of loan indebtedness
- Super Preferred No Tobacco underwriting class available for those who qualify

Best of all, it's easy to illustrate using Retirement Extra on Voya™ Presents!

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RETIREMENT | INVESTMENTS | INSURANCE

VOYA FINANCIAL™

Voya.com

Start selling

# Voya Indexed Universal Life – Global Choice (Voya IUL-Global Choice)

Issued by Security Life of Denver Insurance Company

# Retirement Extra™ Using Life Insurance

## Client profile

### Situation

David Jones, a 42 year old highly successful professional, is seeking a life insurance policy to provide important death benefit protection for his family. He's also saving $20,000 a year in preparation for retirement and is looking for a way to accumulate additional funds.

### Possible solution

David's agent suggests using the $20,000 to purchase a life insurance product with the potential for strong long-term cash accumulation, such as Voya IUL-Global Choice. The policy will provide death benefit protection and has the potential to provide supplemental retirement income to David at age 65.

**For agent use only. Not for public distribution.**

## Policy Design

- **Underwriting Class:** Super Preferred Non Tobacco
- **Initial Stated Death Benefit:** $488,000
- **Death Benefit Option** (Guideline Premium Test)**:** Increasing (Option 2) through year 25 then change to Level (Option 1)
- **Annual Premium:** $20,000 paid for 23 years
- **Premium Election:** 100% election to 2 Year Global Indexed Strategy
- **Illustrated Rate:** 7.28%
- **Policy Loan Type:** Traditional Loans

Annual distributions[1] available beginning policy year 24 at age 65: $88,801

This represents a pre-tax income of **$123,335**.
(assuming a 28% tax bracket)

If the 0% guaranteed index credit rate and guaranteed maximum charges were used, the policy would be insufficient to provide any ongoing loans and withdrawals after year 23, and would lapse in year 24.

# How does it work?

1. David applies for a life insurance policy, of which he will be the owner.
2. The insurance company issues a life insurance policy. David pays the annual premiums. Surrender values in the policy accumulate tax-deferred.
3. Since there are no pre-retirement distribution penalties or minimum distribution requirements, David is able to supplement his income in retirement of $88,801 annually for 20 years through a combination of policy loans and withdrawals.[1]
4. Upon David's death, the policy's proceeds are used to repay any outstanding policy loans. David's beneficiaries receive the remaining death benefit income tax-free.[2]

[1] Income tax free distributions are achieved by withdrawing to the cost basis (premiums paid) then using policy loans. This assumes the policy qualifies as life insurance and is not a modified endowment contract. Distributions from a policy that is a modified endowment contract may be taxable. Policy loans and partial withdrawals may reduce or eliminate Index Credits, generate an income tax liability, reduce available Surrender Value and reduce the death benefit, or cause the policy to lapse. For policies with the Early Cash Value Rider, policy loans and withdrawals may limit the benefits of the rider. Additionally, loans may limit your ability to make Elections to the Indexed Strategy. If a Traditional Loan results in amounts being deducted from a Block prior to its Block Maturity Date, no Elections from the Fixed Strategy to the Indexed Strategy will be processed in the 18 months following the loan.

[2] Proceeds from an insurance policy are generally income tax-free.

# Why Retirement Extra™ Using Life Insurance?

1. Income tax-free death benefit[2]
   (May be subject to estate tax.)
2. Tax-deferred growth
   (No income taxes payable while money accumulates.)
3. Tax-free income[1]
4. Flexible contributions to fit your client's changing needs
5. No IRS distribution requirements or penalties
   (Distributions can occur before age 59½ without penalty and no required minimum distribution at age 70½ so long as the Policy is not a MEC.)
6. Will not affect Social Security benefits, unlike some wages after retirement
7. Complete control of the Policy
   (Your client, not their employer nor the government, decides how much money goes in or out of their policy.)

# Why use Voya IUL-Global Choice?

**1** **The option to pick one or any combination of these strategies!**

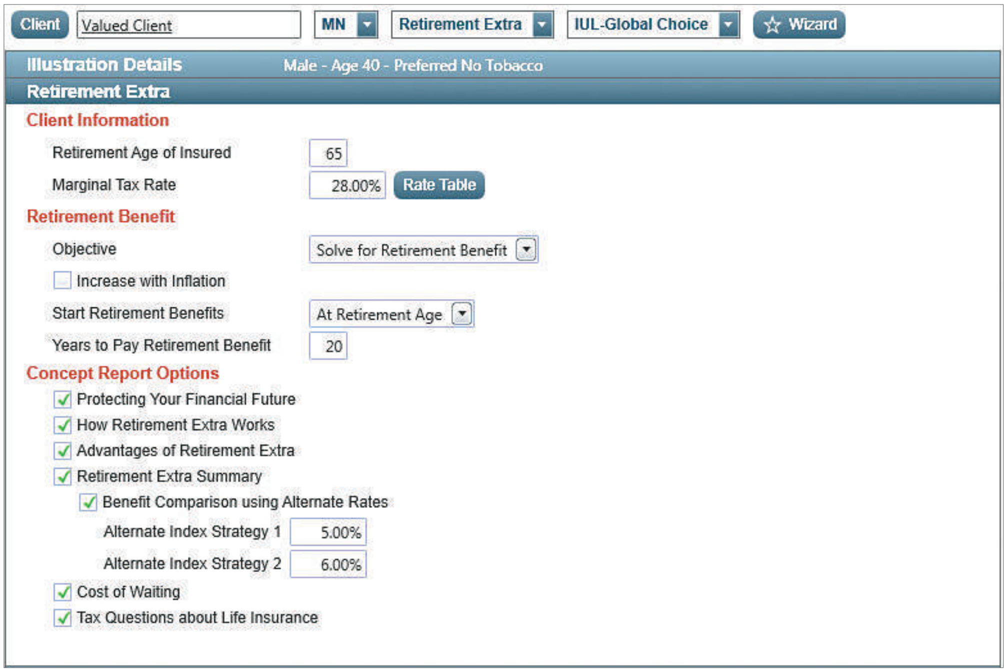
- Fixed Strategy
- S&P 500® 1 Year Point to Point Indexed Strategy
- 2 Year Global Indexed Strategy
- 5 Year Global Indexed Strategy

**2** **Guaranteed minimum interest rates**

- **Fixed Strategy:** 2%
- **Indexed Strategies:** 0%

**3** **1% policy guarantee upon surrender or death**

# Illustrate Retirement Extra easily on **Voya® Presents!**




To learn more about Retirement Extra sales, call your Voya Life Companies' representative or **866-464-7355**.

Log in to Voya for Professionals at **VoyaProfessionals.com**.

Voya Indexed Universal Life – Global Choice (Voya IUL-Global Choice) is a flexible premium, universal life insurance product designed to provide a death benefit and allow for surrender values. While the policy values may be affected by external indexes, the policy does not directly participate in any index fund, stock or equity investments. The product is not a variable product or any type of investment contract.

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165577 03/01/2016

**Advanced Markets**

# the Roth IRA alternative

## A case study using cash value life insurance

## Perhaps you've looked into contributing to a Roth IRA.

After all, a Roth IRA can be a valuable part of your overall retirement income strategy, offering:

- tax-free accumulation
- tax-free distributions
- no Required Minimum Distributions (RMDs)

### But you don't qualify

You may have maximized your Roth IRA contributions (the maximum is $5,500/year) or your income may be too high for you to be eligible. You've maxed out your 401(k) and want to save more for retirement, but you're not sure how.

### You may want to consider life insurance as a Roth IRA Alternative.

If you have a need for life insurance protection and want to save additional money for retirement but don't qualify for a Roth IRA, a cash value life insurance policy may be a strategy for you.

As you can see, cash value life insurance has many of the same benefits as a Roth IRA.

| | Roth IRA | Cash value life insurance as a Roth IRA Alternative |
|---|---|---|
| Tax-Free Accumulations | Yes | Yes |
| Tax-Free Distributions | Yes | Yes |
| Tax-Free Income to Beneficiaries | Yes | Yes |
| Requirement for RMDs | No | No |
| Contribution Ceiling | Yes | No |
| Income Limitation | Yes | No |
| Earned Income Contributions Requirement | Yes | No |
| Tax Penalty on Early Distributions | Yes | No |
| Contributions Deductible? | No | No |

## See the Roth IRA Alternative in action

### Meet Mike and Robin Miller

- Both age 45
- Successful professionals earning over $200,000 in income per year
- Need life insurance protection
- Maxed out their 401(k)s
- Don't qualify for a Roth IRA, due to their income level
- Have an additional $10,000 per year they'd like to save for retirement

They purchase a cash value life insurance policy, fund it for 20 years (total $200,000); they may be able to take $27,500 per year in income for 20 years (total $550,000) – and still maintain some life insurance benefit under current rates.

| Age | Cumulative Premiums | Cumulative Withdrawals | Non-Guaranteed Cash Value | Life Insurance Benefit |
|---|---|---|---|---|
| 45 | $10,000 | $0 | $0 | $560,000 |
| 55 | $100,000 | $0 | $100,000 | $560,000 |
| 65 | $200,000 | $0 | $330,000 | $560,000 |
| 66 | $0 | $27,500 | $320,000 | $530,000 |
| 75 | $0 | $275,000 | $225,000 | $280,000 |
| 85 | $0 | $550,000 | $30,000 | $51,000 |

The policy premium and death benefit amounts used for this case are intended only to help demonstrate the planning concept discussed and not to promote and specific product. The values are broadly representative of rates that would apply for a policy of this type and size for the insured's health and the ages noted in the example and are not guaranteed. To determine how this approach might work for you, individual illustrations based on your own individual age and underwriting class, containing both guaranteed charges and guaranteed interest rates as well as other important information, should be prepared or requested from your Financial Professional. If guaranteed charges and rates were used the policy would fail in year 23.

## Things to think about before moving ahead

Carefully review all of the features, benefits and costs of a cash value life insurance policy with your financial professional before making a purchase.

- If you do not keep paying the premium on a life insurance policy, you will lose substantial money in early years.
- To be effective, you need to hold the policy until death. A life insurance policy generally takes years to build up a substantial cash value.
- Tax-free distributions will reduce cash value and face amount of the policy. You may need to pay higher premiums in the later years to keep the policy from lapsing.
- You must qualify medically and financially for life insurance, unlike a Roth IRA.
- Generally, there are many additional charges associated with a life insurance policy, including but not limited to a front end load, monthly administrative charge, monthly segment charge, cost of insurance charge, additional benefit rider costs and surrender charges.

Under current federal tax rules, you generally may take federal income-tax-free withdrawals up to your basis (total premiums paid) in the policy or loans from a life insurance policy that is not a Modified Endownment Contract (MEC). Certain exceptions may apply for partial withdrawals during the policy's first 15 years. If the policy is a MEC, all distributions (withdrawals or loans) are taxed as ordinary income to the extent of gain in the policy, and may also be subject to an additional 10% premature distribution penalty prior to age 59½, unless certain exceptions are applicable. Loans and partial withdrawals will decrease the death benefit and cash value of your life insurance policy and may be subject to policy limitations and income tax. In addition, loans and partial withdrawals may cause certain policy benefits or riders to become unavailable and may increase the chance your policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values.

## Count on AXA for strategies to fit your needs

At AXA, we know that your needs are unique. That's why we offer a portfolio of life insurance products designed to work with you and adjust as your needs change. You can choose from variable universal life or an indexed universal life policy, each offering different ways to invest and potentially grow your cash value. Work with your financial professional to find the best fit for you. He or she can help you break down your decisions into small, manageable steps.

**For more information on how The Roth IRA Alternative could help you, contact your Financial Professional today.**

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GE-111135 (2/16) (Exp. 2/18)
Cat. #152906 (2/16)

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# A Smooth Sailing Approach to Retirement Planning

## Life Insurance

sales idea

**Managing the effects of financial market fluctuations is a critical element in retirement planning, and financial professionals understand how to develop retirement strategies that help ride out these highs and lows during the accumulation years.**

However, once a client moves out of the accumulation phase and into the distribution phase, market highs and lows present a different type of challenge. If retirement distributions begin in a stable or rising market, clients have the potential to preserve or even grow their retirement assets. But if these clients begin distributions in a declining market, they are often drawing down and selling into losses. Their assets may begin to erode faster than initially planned. During the 2008 market crash, people who had originally planned to retire that year found they had to either delay retirement or unexpectedly return to the workforce, often at reduced salaries.

For clients and financial professionals concerned about how to manage this type of risk, cash value life insurance offers a possible solution in protecting clients, both during their working years and in their retirement years.

## The Challenge

Tom is 65 and has accumulated $1,000,000 toward his retirement. Like many people today, he knew he had to build a retirement pool of his own. To maintain his current standard of living, he needs $100,000 a year in retirement and there is little coming in to support from other sources:

- **Social Security —** $20,000
- **Pension —** $10,000
- **Tom's Savings —** need to make up the other $70,000

Tom knows he needs to draw from his $1,000,000 retirement fund at $70,000 per year. However, he's concerned that if the stock market is unstable he may not have sufficient funds. He works with his Financial Professional and they look at a 20-year return for the market, until he's 85. They don't look to the 1980s and 1990s, where markets saw increases in most years. Instead, they look to what the market experienced in the 1970s and 1980s, when there was a mix of gains and losses.

### Tom's Results without Life Insurance

| Starting Balance at Age 65 | Annual Retirement Fund Withdrawals Before 1% Inflation | Tom's Retirement Fund Balance at Age 85 |
|---|---|---|
| $1,000,000 | $70,000 | $444,791 |

This is the result Tom might see (assuming the same market returns as in the 1970s and 1980s). This is the result of ONLY five down years over a twenty-year period, and assuming a very low 1% inflation.

By taking funds out of his retirement savings year in and year out, Tom is forced to sell into loss years. In effect, Tom locks in and exacerbates his losses during down market years.

AXA Equitable Life Insurance Company (NY, NY)

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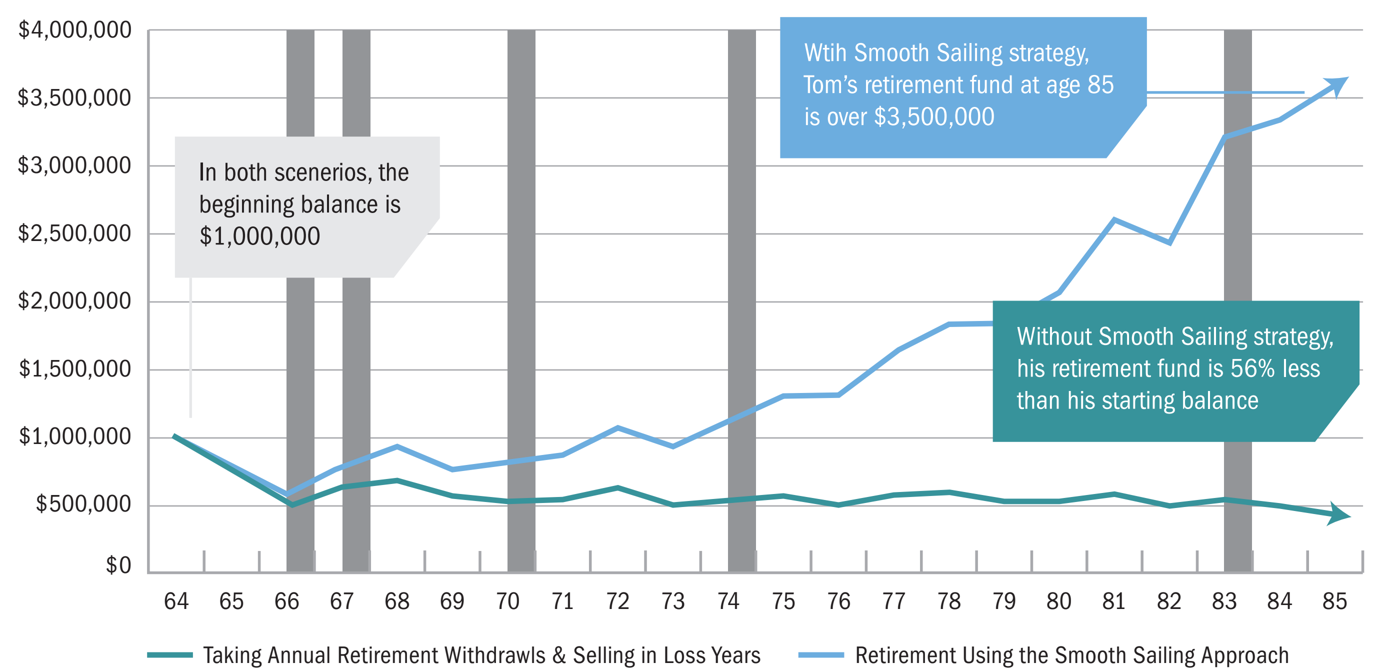
## Smooth Sailing — A Possible Strategy with Life Insurance

Tom has one advantage that his Financial Professional brings to his attention. When he was in his 40s, Tom bought a cash value life insurance policy. At the time, the insurance was intended to protect his family if something happened to him during his working years. Now, at age 65, the policy has a reasonable cash surrender value that Tom can access to help supplement his retirement.

His Financial Professional shows Tom a strategy called Smooth Sailing where he can supplement his retirement income in a way that may give him an answer to his retirement challenge. Tom continues to take distributions from his $1,000,000 retirement pool. However, following down market years, Tom could instead access his policy's cash surrender values, and avoid selling into market losses.

The gray bars below represent the five down market years during the 1970s and 1980s, based on the returns of the S&P 500® Price Return Index.. These are the years in which Tom would take a distribution from his life insurance policy instead of his retirement pool.




**Past performance is not indicative of future results. Clients cannot invest directly in the S&P 500® Index.**

As a result, Tom preserves his traditional retirement funds, allowing them time to recover. Adding a cash value life insurance policy to the mix avoids selling in down years and locking in losses. What's more, using life insurance – an asset with different taxation – may enhance Tom's retirement fund and allows him to leave a legacy to his family. Using cash value life insurance in retirement allows Tom to Smooth the Sailing on the uncertain waters of retirement.

## How Is Smooth Sailing Different from Traditional Retirement Strategies Using Life Insurance?

Most retirement strategies with cash value life insurance use a maximum-funded policy to maximize the tax advantages offered by life insurance cash value accumulation. In retirement, these maximum funded policies are usually illustrated showing withdrawals and loans over 20 years. However, with the Smooth Sailing method, Tom is making strategic withdrawals only in certain years (the years following down stock markets). As a result, he doesn't need to maximum fund his life insurance policy. He simply needs to adequately fund it to build some cash value. In this example, Tom had a $500,000 policy and he funded it at $7,000/year (about $580/month).

Policy loans and withdrawals will reduce the cash value and death benefit of the policy. The client may need to fund higher premiums in later years to keep the policy from lapsing.

## How Life Insurance Benefits Can Help Clients Smooth the Uncertain Waters of Retirement

By purchasing permanent cash value life insurance instead of term insurance, Tom provided for his family in multiple ways:

- He has the death benefit during his working years to protect his family.
- At retirement he has a reasonable cash value that he can tap in retirement, as needed.
- He has an asset with special tax treatment.
- By using the Smooth Sailing approach with life insurance, Tom is also potentially able to provide his family with a legacy by not depleting his assets in retirement.

### benefits of the smooth sailing approach

- Clients with life insurance can protect their families against losses in the event of an early death (pre-retirement).
- During retirement, the cash values in a life insurance policy can offer clients a safety net by providing funds that they can draw on to avoid selling into market losses for retirement funds.
- The tax treatment afforded life insurance withdrawals and loans may offer clients other tax advantages when accessing their policy cash values.

### target client profile:

- Has a life insurance need,
- Is 35-55 years old,
- Is already funding traditional retirement options (IRAs and 401ks), but has a need for additional funding,
- Is concerned about what will happen to retirement funds in the event of a market drop while he or she is in or approaching retirement age.

## Timing Is Everything

Market performance in the earliest years of retirement can make or break a client's long term retirement. Retiring in a down market drove down Tom's retirement assets from $1,000,000 to $444,791, a 56% reduction (and at only 1% inflation). Had he retired in a different market, his results would have been remarkably different. Looking at the market return from 1990 to 2010, his $1,000,000 starting point would have grown to $2,195,599. This time frame included, arguably, one of the market's best decades followed by one of the market's worse decades. Despite the negative and flat returns of the 2000s, the strong performance in the 1990s would have given Tom a strong cushion even a decade into his retirement. The point is, clients never know what they'll face when they retire.

Permanent cash value life insurance helps offer clients multiple protections. Not only does it offer protection for their families during their working year, the cash values offer clients multiple options in retirement. In the Smooth Sailing approach, the cash values allow clients to make selective withdrawals to help avoid selling into market losses.

Even without maximum funding a life insurance policy, the cash value life insurance helps clients meet multiple goals of protection, retirement funding and wealth transfer.

## Other Considerations

- If clients are able to actually achieve strong early year returns, they won't have the same risk related to their retirement funds, but they will have a life insurance benefit and its cash values to enhance their overall financial goals. This strategy is intended to address the concerns clients might see if they don't receive strong returns early in retirement, as was the case in much of the 2000s.
- There is usually a surrender charge that will vary by type of policy. These charges usually run 15 years or longer and will affect the available amount clients have to withdraw or borrow from their policy at any given time. There are also cost of insurance and other policy charges that will impact the cash value.
- The strategy presented here is intended to reflect a broad concept, and individual situations will be different. In certain cases, clients will not have complete flexibility with all assets. In many instances, IRA and qualified plan assets will require minimum distributions (RMDs) after age 70½. This will force assets out of retirement funds even in years following market losses. However, where clients retire before age 70, these RMDs won't occur in the early years of retirement.
- Some planners might suggest buying term insurance and investing the difference. However, this approach adds funds to the pool of traditional retirement assets that might otherwise face market drops that the Smooth Sailing approach tries to mitigate.
- How much life insurance clients can purchase and the price they pay will depend on medical and financial underwriting. Your clients' results will vary based on their underwriting offer.
- To make this effective, clients will need a long-term buy-and-hold strategy with a cash value life insurance policy.

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Cat. #153547 (9/14)

IU-97339 (9/14) (Exp. 9/16)

**Advanced Markets**

# Supplementing Retirement Income Using Life Insurance

case study

## Enhance Your Client's Retirement Income for Dollars a Day

**Minimum wage today is $7.25/hour, or $14,500 per year.[1] If your client pays that same hourly wage into a life insurance policy as premiums, in addition to the death benefit available for his or her beneficiaries, there is the potential to build a substantial supplemental retirement fund. Here's how:**

- All along, the policy is providing your family a needed death benefit.
- Cash values that accumulate in a life insurance policy can grow free of income taxes.
- Cash values can be accessed in retirement through withdrawals and loans, free of income taxation.[2]
- Clients can contribute funds into the policy (as life insurance premiums) in excess of their limits on IRAs, Roth IRAs and 401(k)s.
- In retirement, clients can draw on funds as needed.

### client profile

- Has a life insurance need.
- Is already funding other retirement options.
- Has additional funds to contribute toward retirement.
- May have an optimal amount to meet death benefit and premium needs even if he or she cannot contribute the funds shown here.

### How It Works

Tony is 45 years old, needs $300,000 of life insurance for his family and also has excess funds he needs to contribute to retirement. If he contributes premiums of $14,500/year (current minimum wage), this hypothetical illustration shows what he might see.

| Male Age 45, Preferred Non-Tobacco Underwriting Classification[3] | | | | | |
|---|---|---|---|---|---|
| Age | Year | Premium | Cash Surrender Value | Withdrawals and Loans | Death Benefit |
| 45 | 1 | $14,500 | $5,162 | $0 | $323,275 |
| 55 | 10 | $14,500 | $170,040 | $0 | $483,883 |
| 65 | 20 | $14,500 | $523,645 | $523,645 | $834,003 |
| 75 | 30 | $0 | $359,571 | $45,604 | $396,803 |
| 85 | 40 | $0 | $42,056 | $45,604 | $79,899 |
| 95 | 50 | $0 | $48,572 | $0 | $57,771 |

Twenty years of premium at $7.25 an hour or $14,500/year.

You can build cash surrender value in a tax-deferred manner.

Twenty years of tax-free withdrawals and loans from ages 66–85, projected at $45,604. If Tony is in a 28% tax bracket, that's the equivalent of approximately $63,338 of taxable income.

All along, Tony maintains a death benefit for his family and heirs.

The hypothetical illustration is a supplemental illustration and must be read in conjunction with the basic illustration. The basic illustration contains values using the same underwriting assumptions as this supplemental at both guaranteed charges and guaranteed interest rates and contains other important information. The values represented here are for a $300,000 BrightLife® Grow Indexed Universal Life policy on a 45-year-old male preferred non-smoker. The values reflect the cost of 20 years of premiums. The values represented here are non-guaranteed and assume current charges and a current interest rate of 6%. If guaranteed rates and charges are used, the policy would fail in year 23.

## Other Considerations

Life insurance carries underlying charges and costs of insurance, so this strategy is appropriate where there is an existing life insurance need.

Care must be taken when funds are withdrawn or borrowed. Excess withdrawals and loans might cause a policy to fail as a life insurance contract and trigger unexpected taxable income. Care should also be taken that the policy does not become a modified endowment contract (MEC), which might also trigger unexpected income tax consequences.

**For More Information, Contact Your AXA Life Wholesaler or Visit www.axa.com.**

**1** Based on a 40-hour workweek, 50 paid weeks in a year.

**2** Policy loans and withdrawals will reduce the face amount of coverage and cash value and increase the chance a policy may lapse. If a policy lapses, the loan of withdrawal balance will become taxable.

All guarantees are based on the claims-paying ability of AXA Equitable Life Insurance Company or MONY Life Insurance Company of America.

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"AXA" is the brand name of AXA Equitable Financial Services, LLC and its family of companies, including AXA Equitable Life Insurance Company (NY, NY), MONY Life Insurance Company of America (AZ stock company, administrative office: Jersey City, NJ), AXA Advisors, LLC, and AXA Distributors, LLC. AXA S.A. is a French holding company for a group of international insurance and financial services companies, including AXA Equitable Financial Services, LLC. This brand name change does not change the legal name of any of the AXA Equitable Financial Services, LLC companies. The obligations of AXA Equitable Life Insurance Company and MONY Life Insurance Company of America are backed solely by their claims-paying ability.



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For Producer Use Only

# WHOLE LIFE INSURANCE FROM SBLI

Offer your clients a financial tool that combines a dependable death benefit with superior flexibility to meet current financial obligations.

- Six products (Continuous Payment Whole Life, Limited Payment Whole Life Paid Up at 65, Limited Payment Whole Life 20, Limited Payment Whole Life 15, Limited Payment Whole Life 10 and Single Premium Whole Life) with as many as eight riders per product
- Exceptionally strong guaranteed cash values
- Excellent historical actual-versus-projected dividend performance
- Guaranteed Level Premium Term rider can be included on all limited pay products except for single premium
- Preferred Plus class available for face amounts as low as $100,000
- Standard class available for face amounts as low as $25,000
- Available for conversions, in addition to our conversion UL product
- Very competitive commissions

## RIDERS FOR EVERY NEED

Each policy (whole life and term life) includes a no premium charge **Accelerated Death Benefit** rider, which allows policyholders to receive a portion of their coverage as a living benefit if diagnosed with a terminal illness. (The only rider available on the Single Premium Whole Life policy is the Accelerated Death Benefit rider.)

- **Children's Level Term*** provides up to $25,000 of coverage at one low cost for all natural children, stepchildren, or legally adopted children.
- **Guaranteed Purchase Option** provides options to buy additional whole life insurance at specific ages or life events with no medical exams or health questions.
- **Single Premium Paid-Up Additions** allows for a single deposit at the time of issue to enhance the policy's death benefit and cash value. This rider can be funded with cash or from a tax-free exchange from another permanent life insurance policy.
- **Flexible Premium Paid-Up Additions** allows for multiple deposits over time to enhance the policy's death benefit and cash value.
- **Waiver of Premium*** will pay premiums in the event of total disability.
- **Accidental Death Benefit** will pay additional proceeds to beneficiaries if death occurs by an accident.
- **Guaranteed Level Premium Term** provides additional coverage for the entire eligible term: 10, 15, 20, 25, or 30 years. The rider also has conversion privileges.

* Also available on SBLI term life insurance

## WHY SBLI WHOLE LIFE?

<< Superior flexibility for various needs and case design

<< Proud history of dividend integrity

<< Guaranteed premiums, death benefit, and cash value

SBLI®

THE NO NONSENSE LIFE INSURANCE COMPANY®

# WHOLE LIFE INSURANCE FROM SBLI

## FLEXIBLE PAYMENT SCHEDULE

- **Continuous Payment Whole Life payments** are made every year.
- **Limited Payment Whole Life payments** are made for 10, 15, or 20 years, or until age 65.
- **Single Premium Whole Life** allows for purchase of a policy with a single payment.

## A COMPANY FAMILIES AND PARTNERS CAN TRUST

Since 1907, SBLI has protected over one million families with affordable, dependable life insurance. We've consistently earned an A+ (Superior)[1] from A.M. Best for financial strength and an A- (Strong) from S&P.[2] We're known for not only delivering on our promises, but also exceeding them.

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Policy Form Series: B-52, B-54. Rider Form Series: BN-7L, BN-8, BN-9, BN-50, BN-50F, BN-56, BW-32, BC-40

1 Visit www.ambest.com for more details. 2 Visit www.standardand poors.com for more details. For the education of Producers/Brokers only. Not for use with the public. May not be available in all states. This informative sheet provides a brief description of the riders. Certain exclusions apply. The Savings Bank Life Insurance Company of Massachusetts.

# ACCELERATED DEATH BENEFIT RIDER

## OVERVIEW

The rider acts as an advance on a portion of the policy's death benefit. Every whole life and term life policy from SBLI includes the Accelerated Death Benefit Rider at no premium charge.

## PURPOSE

Allows the policyholder to receive a portion of the death benefit while the insured is still alive, should the insured be diagnosed with a terminal illness.

## ELIGIBILITY

This rider offers a one-time election if a verified physician's statement indicates the insured has a terminal illness which will result in death within 12 months.

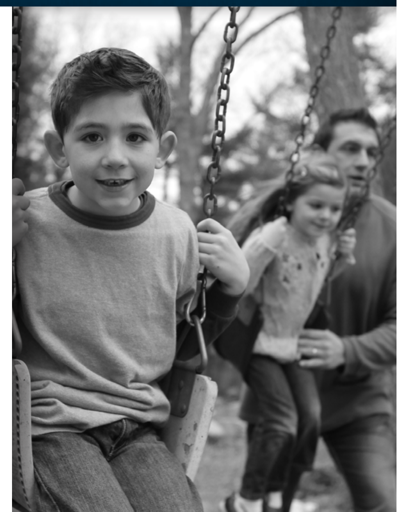
## HOW IT WORKS

The rider is available at no premium charge on the issue date of the base policy. There is a fee only at the time of exercise. The rider accelerates up to 50 percent of the base death benefit, including any paid-up additional insurance purchased with dividends, up to $250,000. Premiums and gross cash values will not change as a result of the rider's acceleration. The death benefit is reduced by the amount accelerated plus accumulated interest.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10
- Single Premium Whole Life
- Guaranteed Level Premium Term
- Yearly Renewable Term

» DID YOU KNOW?
Every policy from SBLI includes a no premium charge Accelerated Death Benefit rider.



## SBLI RIDERS

- << Accelerated Death Benefit
- Children's Level Term
- Guaranteed Purchase Option
- Single Premium Paid-up Additions
- Flexible Premium Paid-up Additions
- Waiver of Premium
- Accidental Death Benefit
- Guaranteed Level Premium Term

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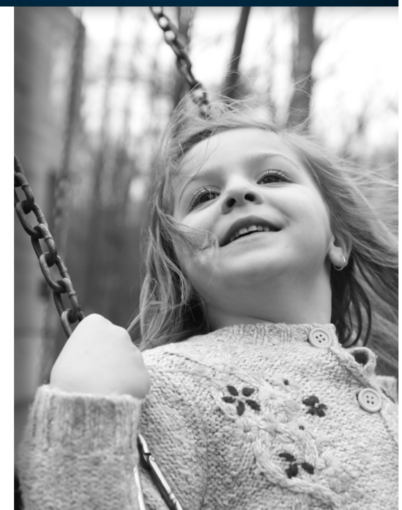
# CHILDREN'S LEVEL TERM RIDER



## OVERVIEW

Buying this rider could mean comparably low premiums as your child grows into adulthood. Without a lapse in coverage, it also guarantees your child's insurability, should a disability or health issue occur.

## PURPOSE

Provides children with coverage at a low, fixed cost while also guaranteeing their future insurability with SBLI via an option to convert to a whole life policy with no medical exams or health questions.

## ELIGIBILITY

Any unmarried child, stepchild, or legally adopted child of the Insured qualifies for this rider. The child must also be financially dependent upon the Insured, and be at least 15 days old and not yet 23 years old.

## HOW IT WORKS

Provides up to $25,000 of term life insurance coverage at one low cost of $6.00 per $1,000 of coverage annually for all eligible children. The coverage on each child expires at the earliest of:

- The child reaching age 25
- Premiums not paid when due
- The expiration of the rider
- The owner requests to terminate the rider
- The date the policy becomes paid-up, expires, matures, or otherwise terminates
- Upon the primary insured turning 65 years old
- The date the policy's non-forfeiture options become effective

The policy can be converted to any permanent SBLI life insurance policy up to five times the face amount of the rider, when the child turns 25 or when the primary insured turns 65. Otherwise, the policy can be converted at one time the rider's face amount at any time.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10
- Guaranteed Level Premium Term
- Yearly Renewable Term

## SBLI RIDERS

Accelerated Death Benefit

<< Children's Level Term

Guaranteed Purchase Option

Single Premium Paid-up Additions

Flexible Premium Paid-up Additions

Waiver of Premium

Accidental Death Benefit

Guaranteed Level Premium Term

» DID YOU KNOW?
Buying this rider could mean a lifetime of coverage for a child, with no medical exams or health questions!

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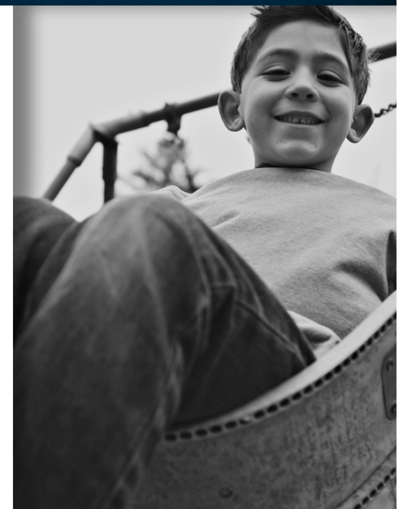
# GUARANTEED PURCHASE OPTION RIDER



## OVERVIEW

This rider provides as many as six options to purchase individual permanent life insurance policies as life circumstances arise, even if the insured's health has changed since the base policy was issued.

## PURPOSE

Provides the option to buy additional whole life coverage as insurance needs increase. Coverage can be added at various ages or as a result of specific life events with no medical exams or health questions.

## ELIGIBILITY

To purchase the rider, the insured must be 50 years old or younger.
The rider will terminate if the Accelerated Death Benefit rider is exercised.

## HOW IT WORKS

The rider is only available for purchase at policy issue. Option ages vary based on age at purchase. The policyholder generally has the option to purchase additional coverage every three policy years until he or she runs out of options. Alternate option dates are triggered by key life events, such as marriage, the birth or adoption of a child, and the purchase of a home. Options must be exercised within 90 days of these life events. Only one option may be exercised per policy year. The maximum number of elections is dependent upon the age at which the rider is purchased, and no more than six options may be purchased.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10

» DID YOU KNOW?
Coverage can be added to a policy years after purchase, regardless of health changes.

## SBLI RIDERS

- Accelerated Death Benefit
- Children's Level Term
- << Guaranteed Purchase Option
- Single Premium Paid-up Additions
- Flexible Premium Paid-up Additions
- Waiver of Premium
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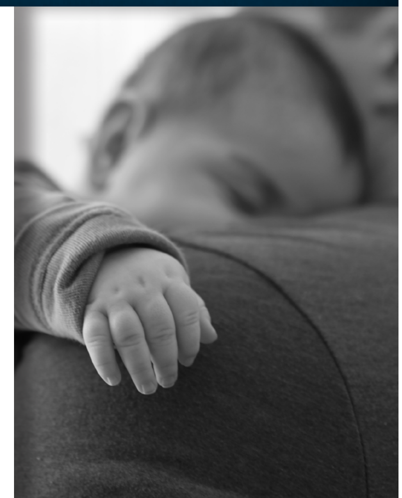
# SINGLE-PREMIUM PAID-UP ADDITIONS RIDER



## OVERVIEW

This single-payment rider is funded via an exchange from another permanent life insurance policy or from a cash dump-in.

## PURPOSE

The policyholder can make a single deposit to increase the death benefit and guaranteed cash value of the policy. The paid-up additions are eligible for dividends.

## ELIGIBILITY

The insured must be no older than 70 years of age. The rider's minimum face amount is $5,000, and the maximum face amount is $500,000, with the total face amount not to exceed the base policy's maximum amount. This rider is not available on term conversions.

## HOW IT WORKS

Allows an additional cash deposit to enhance the policy's death benefit and cash value. This rider can be funded with cash from a tax-free exchange from another permanent life insurance policy.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10

### » DID YOU KNOW?

Paid-up additions are a great way to increase your death benefit and enhance your cash value.

## SBLI RIDERS

Accelerated Death Benefit

Children's Level Term

Guaranteed Purchase Option

<< Single Premium Paid-up Additions

Flexible Premium Paid-up Additions

Waiver of Premium

Accidental Death Benefit

Guaranteed Level Premium Term

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# FLEXIBLE PREMIUM PAID-UP ADDITIONS RIDER

## OVERVIEW

This rider provides premium flexibility and is ideal for use in supplemental income scenarios.

## PURPOSE

The policyholder can make annual deposits to increase the death benefit and guaranteed cash value of the policy. The paid-up additions are eligible for dividends.

## ELIGIBILITY

Eligible on policies up through issue age 70. Under this rider, paid-up additional insurance can be purchased until the insured's age 75. The rider's minimum annual premium is $100, and the maximum is the same as one base policy annual premium. The maximum premium excludes the substandard premium. The Waiver of Premium Rider cannot be added to this rider, and this rider is not available on term conversions.

## HOW IT WORKS

Policyholders select a planned premium within the bounds of the maximum annual premium. Premiums are flexible and policyholders can pay any amount at any time, subject to the annual maximum and minimum premiums allowed. There is a maximum $2 million paid-up additions death benefit, which includes both Flex-Pay and Single-Pay Paid-up Additions riders.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10

» DID YOU KNOW?
Paid-up additions are a great way to increase your death benefit and enhance your cash value.

## SBLI RIDERS

- Accelerated Death Benefit
- Children's Level Term
- Guaranteed Purchase Option
- Single Premium Paid-up Additions
- << Flexible Premium Paid-up Additions
- Waiver of Premium
- Accidental Death Benefit
- Guaranteed Level Premium Term

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# WAIVER OF PREMIUM RIDER

## OVERVIEW

In the event of the insured's total disability, this rider removes the financial burden of having to pay policy premiums. The rider is particularly valuable with whole life policies, which typically require a higher premium than term insurance policies.

## PURPOSE

In the event of total disability as defined in the policy contract, this rider allows for the continuation of coverage without having to pay premiums.

## ELIGIBILITY

To purchase the rider, the insured must be between the ages of 15 and 55 years old. The rider reaches maturity at age 65. The total annual gross premium, including the premiums for all riders, cannot exceed $10,000. This rider cannot be added to term conversions.

## HOW IT WORKS

If premiums have been waived for five full years prior to the anniversary nearest the insured's 65th birthday, all future premiums will be automatically waived. If the base policy's premiums or other riders' premiums change, the Waiver of Premium premiums will be applied to the new premium amounts.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10
- Guaranteed Level Premium Term
- Yearly Renewable Term

» DID YOU KNOW?
Being unable to pay premiums due to disability doesn't have to result in losing coverage.

## SBLI RIDERS

Accelerated Death Benefit

Children's Level Term

Guaranteed Purchase Option

Single Premium Paid-up Additions

Flexible Premium Paid-up Additions

<< Waiver of Premium

Accidental Death Benefit

Guaranteed Level Premium Term

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# ACCIDENTAL DEATH BENEFIT RIDER

## OVERVIEW

This rider reduces the unexpected financial stress caused by an accidental death.

## PURPOSE

Provides an additional death benefit if the insured dies as a result of an accident.

## ELIGIBILITY

The death must occur before age 70 and within 180 days of an accidental bodily injury, per a physician's statement.

## HOW IT WORKS

The rider's benefit will be paid in the event of an accidental death. For insured persons up to 17 years old at issue age, the maximum amount of the rider will be $100,000 or two times the base policy's face amount. For insured persons between who are between ages 18-65 at issue age, the maximum rider amount will be $250,000 or two times the base policy's face amount.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10

» DID YOU KNOW?
This rider can provide up to $250,000 in death benefits as a result of an accidental death.

## SBLI RIDERS

Accelerated Death Benefit

Children's Level Term

Guaranteed Purchase Option

Single Premium Paid-up Additions

Flexible Premium Paid-up Additions

Waiver of Premium

<< Accidental Death Benefit

Guaranteed Level Premium Term

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# GUARANTEED LEVEL PREMIUM TERM RIDER

## OVERVIEW

This rider provides inexpensive additional death benefit coverage for the insured. When combined with an SBLI whole life policy, the rider represents a welcome alternative to less expensive but potentially riskier types of permanent insurance.

## PURPOSE

Provides the ability to purchase term life insurance at a low, fixed cost for financial obligations which last for a limited period of time, such as a mortgage or college education.

## ELIGIBILITY

SBLI offers term rider lengths of 10, 15, 20, 25, or 30 years. Only term riders with a premium period less than or equal to that of the base policy are permitted. For Whole Life Paid-up at age 65 policies, only a 10-year term rider may be purchased. The rider also has conversion privileges.

## HOW IT WORKS

As with guaranteed level premium term insurance, beneficiaries will receive the death benefit of the term rider if the insured passes away while the rider is in force.

## COMPATIBLE PRODUCTS

- Continuous Payment Whole Life
- Limited Payment Whole Life Paid Up At 65
- Limited Payment Whole Life 20
- Limited Payment Whole Life 15
- Limited Payment Whole Life 10

### » DID YOU KNOW?

Combining a term rider with whole life insurance provides the best of both worlds—high cash value and permanent death benefits plus low-cost coverage for a limited period of time.

## SBLI RIDERS

Accelerated Death Benefit

Children's Level Term

Guaranteed Purchase Option

Single Premium Paid-up Additions

Flexible Premium Paid-up Additions

Waiver of Premium

Accidental Death Benefit

<< Guaranteed Level Premium Term

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## Pinney Insurance

Founded in 1972 as a Transamerica branch office and later incorporated as Pinney Insurance Center, Inc., we are headquartered in our own building in Roseville, California. We provide a small local agency feel with the power of a major national firm.

Pinney has expanded into a national distributor with thousands of contracted agents and offices in California, Illinois, Maryland, North Carolina, Oklahoma, Pennsylvania, Texas, Washington, and Mississippi. Pinney represents over 100 life, annuity, disability, and long-term care companies with the intent of providing our clients & partners with the best possible product solutions at the lowest possible costs.
Email Brokerage Sales Support or contact one of our Brokerage Directors today at 800-823-4852.

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