Retirement & Estate Planning
SALES KIT

In this kit:
Producer marketing guides | Sales ideas | Consumer guides

PINNEY INSURANCE
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Protective Indexed Choice℠ UL

Indexed Universal Life Insurance

Producer Guide

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Protective®
Life Insurance Company

Your clients' financial situations and personal goals are unique to them. Helping them select the right policy is essential in meeting their particular needs, and developing a long-term relationship.

Protective Indexed Choice℠ UL offers your clients an indexed universal life insurance policy which can provide lifetime protection, flexible features and potential cash-value accumulation.

Policy Specifications

Product Design	Flexible premium, indexed universal life insurance for clients desiring affordable lifetime coverage with potential cash-value accumulation.
Issue Ages & Risk Classes	0 – 17 Juvenile 18 – 75 Select Preferred 18 – 80 Preferred 18 – 80 Non-Tobacco 18 – 80* Tobacco
Minimum Face Amount	$100,000
Death Benefit Test	Cash Value Accumulation Test (CVAT) only
Death Benefit Options	Option A (Level) only
Interest Accounts and Premium Payments	Fixed Account, Indexed Account or both. All premiums received after policy issue will initially be allocated to the Fixed Account where they earn interest until the 15th of the month. At that time, the premium amount will be allocated to the Indexed Account according to the selected allocation percentage. The Fixed Account interest rate is guaranteed never to be below 1%. The current credited rate could be higher and is subject to change at the discretion of Protective Life. The Indexed Account earns interest based on a guaranteed 100% participation rate in the S&P 500 Index (excluding dividends). It has a guaranteed cap rate of 3% and a floor rate of 0%. The current cap rate could be higher and is subject to change at the discretion of Protective Life. See **The Indexed Account** section for more detailed information.
Policy Value	The total policy value equals the sum of the Fixed account value and the Indexed Account value.
Monthly Deductions	Monthly deductions are taken from the total policy value by charging the Fixed Account and each indexed segment in the same proportion that each bears to the total policy value. This deduction method could be advantageous because the client is not required to hold a minimum amount of funds in the Fixed Account for the sole purpose of deducting charges.
Maturity Age	No stated maturity age. Premiums and charges discontinue at attained age 121.
Illustrations	A signed illustration is required.
1035 Exchange	1035 exchanges are allowed and a premium load will be applied to all premiums. 1035 loan carryovers are not allowed.

* In California maximum issue age is 64 for Tobacco.

The Indexed Account

Indexed Segments	When a premium payment is allocated to the Indexed Account, an indexed segment is created. Indexed segments are created on the 15th of each month, and there may be 12 different segments in different stages of maturity at any given time.
Indexed Crediting Strategy	Annual point-to-point; Each indexed segment will accrue interest based on the percentage change in the S&P 500 (excluding dividends) value on the 15th of the prior year to the index value on the 14th of the current year. Interest is applied to each segment at the segment's indexed crediting date which occurs one year after the allocation date.
Credited Interest Rate Calculation	The interest rate credited to an indexed segment is subject to interest cap and floor rates and equals: 100% Participation Rate x ((S&P 500 Value End of Segment Year) – (S&P 500 Value Beginning of Segment Year) / (S&P 500 Value Beginning of Segment Year))
Participation Rate	A 100% participation rate is guaranteed, subject to the policy's cap rate. The participation rate determines what percentage of the S&P 500's increase applies to your client's policy as interest.
Cap Rate	The minimum guaranteed cap rate is 3%. The policy cap rate is the maximum interest rate that can be credited to a segment. The Indexed Account value is credited with an interest rate equal to any percentage increase in the S&P 500 (excluding dividends) during the indexed segment year, up to the specified current cap rate.
Floor Rate	The guaranteed floor rate is 0%. Your client's policy will never lose value due to negative S&P 500 performance during that year. Policy charges and fees will continue to be withdrawn from the policy value.
Total Indexed Account Value	The total Indexed Account value is the sum of all indexed segments.

Access to Policy Value

Loan Details	The loaned value receives the same indexed crediting rate as the unloaned policy value.
Loan Interest	Guaranteed maximum of 8% in arrears for all policy years. The current rate is subject to change at the discretion of Protective Life.
Surrender Charges	• Full surrender is available at any time. • There is a declining surrender charge in the first 14 years of the policy. • On a face decrease resulting from an elected decrease or the result of a partial surrender, a partial surrender charge will be deducted from the policy value. It is calculated as follows: 1. Calculate the total full-surrender charge ***(net of any prior partial surrender charges).*** 2. Divide the face amount reduction by the total policy face amount prior to decrease. 3. The partial surrender charge is equal to the result of step two times the result of step one. • After a face decrease, future surrender charges will be reduced proportionately by the amount of surrender charges already deducted.
Withdrawals/Partial Surrenders	Any surrender less than full surrender is considered a withdrawal or partial surrender. • Partial surrenders are available after the first Policy Year. • May reduce the face amount and affect policy accumulation • Cannot reduce the face amount below minimum face amount • May have a negative impact on the duration of the lapse protection • Taxation may occur upon lapse or surrender • A $25 fee will be charged for each partial surrender
Overloan Protection Endorsement	The policy will not lapse and the death benefit will be at least $10,000 as long as: • The policy has been in force for at least 20 years • The insured is at least 65 years old • Withdrawals equal the total premiums paid • The policy debt is at least 95% of the cash value • The policy debt exceeds the policy face amount • Accelerated benefits have not been received under any riders or endorsements • Monthly deductions or premiums are not being credited or waived under any riders or endorsements • Invoking this benefit does not result in a death benefit not compliant with our reasonable interpretation of the Internal Revenue Code • The policy is not a modified endowment contract (MEC) • A fee of up to 5% of the policy value will be charged when the endorsement is invoked

Cost & Expense Summary

Premium Load	Guaranteed — 8% Current — 8% years 1 – 10, 4% thereafter
Monthly Administrative Charge	$9 — applies to all years. Discontinued after attained age 121.
Monthly Expense Charge	Per $1,000 of initial face amount. Varies by age, gender, underwriting class and face band. Applies to policy years 1 – 20. For California, the guaranteed expense charge applies to all years.
Monthly Cost of Insurance Charge	Varies by issue age, gender, underwriting class, policy year and any ratings. Discontinued at age 121.
Withdrawal/Partial Surrender Charge	$25

Optional Endorsements and Riders

Accidental Death Benefit Rider	Can provide coverage that pays an additional death benefit if the insured dies as the result of an accident.
Children's Term Life Insurance Rider	Rather than purchasing individual policies on their children, the policy owner can use this rider to provide death benefit protection for all natural, adopted and stepchildren within issue age limits.
ExtendCare℠ Rider	Advances a portion of the base policy's death benefit if the insured is cerfied by a licensed health care practitioner within the past 12 months as chronically ill. Please note the ExtendCare Rider is not available in California.
Income Provider Option	Optional endorsement which allows the policy owner to select a guaranteed monthly or annual income stream for the death benefit payout.
Terminal Illness/ Accelerated Death Benefit	Included at no extra charge, this benefit can accelerate up to 60% of the policy's death benefit, or $1 million total, whichever is less.
Waiver of Specified Premium Rider	Specified premiums are waived if you become disabled, with a six-month elimination period before the waiver benefit takes effect.

Lapse Protection

Lapse Protection Endorsement	Lapse protection guarantees the policy death benefit for the duration of the guarantee and does not cover cash or surrender value. Loans, withdrawals, and other policy and premium changes will affect the cost and length of protection. Failure to make premium payments as planned may cause the policy to lose lapse protection and premiums required to restore it could be significantly higher. Refer to the policy and endorsements for complete terms, conditions, and limitations.
Catch-Up	If lapse protection is lost, your clients may restore it by paying additional or higher premiums. The premiums required to restore lapse protection may be significantly higher than the premiums illustrated.

Policy Lapses

Grace Period	If on any monthly anniversary, the cash value minus the policy debt is insufficient to pay the monthly deduction for the upcoming month and the lapse protection is not in effect, the policy will enter the grace period. The policy owner has 61 days to cover the current and past due monthly deductions. The policy will remain in force during the grace period, but if the premium payment is not received by the end of the grace period, the policy will lapse. Premiums received 31 days or more past the due date will also incur an interest rate penalty.

Policy Changes

Increase Coverage	The minimum face amount increase allowed is $25,000 and proof of insurability will be required.
Decrease Coverage	After the policy has been in force for at least three years, a decrease may be requested. The new face amount may not be less than the minimum face amount. A withdrawal/partial surrender charge will be deducted with any face amount decrease.

Policy Owner Information

Annual Report	A personalized report is sent after each policy anniversary. The report shows: the status of the Lapse Protection Account, premium payments, interest credits, cost of insurance charges, expense charges, loans, partial surrenders, surrender value, and policy value.
The Policy	Including the policy form and all endorsements, will provide information regarding benefits provided, premium payments, charges, determination of values, the Lapse Protection Endorsement, and other provisions and charges.

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Protective Indexed Choice UL (UL-23) is a flexible premium universal life insurance policy issued by Protective Life Insurance Company, Brentwood, TN. Policy form numbers, product features and availability may vary by state. Consult policies for benefits, riders, limitations and exclusions. Subject to underwriting. Up to a two-year contestable and suicide period. Benefits adjusted for misstatements of age or sex. In Montana, unisex rates apply. Protective Indexed Choice UL is not a security investment and is not an investment in the market. Your insurance professional can provide you with costs and complete details about the terms, conditions, limitations or exclusions that apply to this policy.

The tax treatment of life insurance is subject to change. Neither Protective Life nor its representatives offer legal or tax advice. Please consult with your legal or tax advisor regarding your individual situation before making any tax-related decisions.

All payments and all guarantees are subject to the claims-paying ability of Protective Life Insurance Company.

Protective®
Life Insurance Company

myprotective.com

Not a Deposit	Not Insured By Any Federal Government Agency	
No Bank or Credit Union Guarantee	Not FDIC/NCUA Insured	May Lose Value

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Estate planning with life insurance

Marketing guide

Help clients build, preserve, and maximize their estates

North American Company
for Life and Health Insurance
Since 1886

Life

ESTATE PLANNING WITH LIFE INSURANCE

Estate planning can be a real challenge—even with a will in place. Life insurance death benefit proceeds can provide the liquidity needed to pay off debt, replace income, supplement retirement income, create an equitable inheritance between heirs, and even provide protection for businesses. North American offers solutions to help ensure that your clients' plans are intact when they need it most.

Who can benefit?

Your clients' beneficiaries, including surviving spouses, children, other loved ones, and even business partners, could be faced with an array of financial complications—in addition to the emotional impact of a loss. Planning only gets you so far. How can your clients be sure that when the time comes, their wishes will be met? By using life insurance as part of an estate plan, your clients can provide beneficiaries with a simplified, guaranteed death benefit[1] proceeds needed to help ensure their final wishes are met.

Not all assets are easily converted into liquid funds. Even if a will is in place, certain items take time and often require specialized help to sell or transfer, like:

- Real estate
- Tangible personal property (e.g. jewelry, cars, art collections)
- Intangible personal property (e.g. stocks, bonds)
- Business interests/ownership

The specialized agents, fees, and time involved in dealing with asset transfers like this could end up costing beneficiaries money. Other factors, like state laws, inheritance disputes, and probate court, could slow the process of heirs receiving their inheritance and cause financial complications for everyone involved. By putting an estate plan in place that includes life insurance, you can help ensure your clients' beneficiaries have access to funds when they need it most.

Why life insurance?

First, having a will in place is crucial. A will allows clients to control how and to whom assets are distributed, and it can be used to suggest a guardian for the care of children or other dependents. Without a will in place, state inheritance laws could determine how a client's property is distributed, and even who should care for your clients' children. Having a will helps to ensure your clients' wishes are met.

However, even with a will, assets may not always transfer immediately to beneficiaries. There are many circumstances that can impede the process—the most common being probate court. Debt, funeral expenses, and the care of dependents could all be hanging in the balance during a potentially lengthy court process. At the time of death life insurance can provide generally tax-free access to the death benefit proceeds - helping to give beneficiaries the financial support they may need during a difficult time.[2]

Life insurance may help create a solid estate plan that allows clients to not only preserve what they have now, but also build their estate throughout their lifetime. Good estate planning works to help protect assets while also considering other factors, like outpacing inflation and growing the estate value.

How does it work?

Estate planning is a complex process and should be done in collaboration with other professionals your clients may work with (e.g. attorneys, accountants, trust officers, etc.). An in-depth analysis of personal and professional assets can help determine what will best benefit the estate. Plans for the allocation of different types of property can be constructed, as well as a life insurance policy to provide a liquid asset in the form of the death benefit proceeds.

A popular method is to use a joint survivorship life insurance policy. This type of insurance policy can insure two lives under one policy for a low cost and provides death benefit proceeds when both insureds have died, providing financial support to those who need it. The beneficiaries are typically children, a charity[2], an organization or a trust.[3] The death benefit can also be used to help pay taxes on sizeable estates upon death. North American offers a survivorship product that can help protect the estate for heirs, while also building cash value during the living years with the ability to earn interest.

Call sales development at 800-800-3656 ext. 10411
to learn about the various life insurance products available to meet your clients' estate planning needs.

1 Guaranteed death benefits are subject to premium payment requirements.

2 Neither North American Company nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements or before commencing any charitable giving plan.

3 Trusts should be drafted only by an attorney familiar with such matters.

Life

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Using Life Insurance For Legacy Building

Help Your Clients Gain Financial Protection & Pass Along a Legacy - *Marketing Guide*

North American Company for Life and Health Insurance Since 1886

Life

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Financial Protection with the Ability to Pass On a Legacy

Many of your clients have diligently planned for retirement with prudent investment choices. They have taken sound financial steps to build an amount that will last throughout their retirement years. However, many financial plans fail to address passing wealth to heirs. For clients with excess funds, there is a price to success in the form of various tax liabilities.[1] These tax liabilities may pose unwanted surprises when it comes time to pass along funds to children or grandchildren.

There is a way to help your clients in this situation. Life insurance is designed to pass a death benefit along to beneficiaries upon death. When it comes to legacy building and transferring wealth, this key design feature can offer a favorable solution for your client.

USING LIFE INSURANCE FOR LEGACY BUILDING

Legacy building is a concept designed to help your clients attain death benefit protection and help maximize the assets that are passed along to beneficiaries. It provides a way to help transfer funds efficiently and may be one of the most favorable methods to build a legacy. One key reason for its efficiency is clear—life insurance pays a generally income tax-free[1] death benefit. In this guide you'll discover several other key client benefits and how to put this strategy to work for your client.

A Close Look at Legacy Building
Understanding the Concept
Why Life Insurance for Legacy Building?
- Key advantages
- Items to consider

How It Works
Client Profile
Why North American?

A CLOSE LOOK AT LEGACY BUILDING

Legacy building is a strategy using permanent life insurance to offer death benefit protection along with an efficient way to pass along assets to beneficiaries. In most situations, the strategy involves a single-premium asset transfer into a life insurance policy.

Two key legacy building items:

- **Maximizing the death benefit.** The main goal in a legacy-building sale is to maximize the total estate value. For clients committed to this strategy, purchasing the largest amount of death benefit that the asset transfer will provide is key to effective case design.
- **Death benefit guarantees.** The key focus is providing a death benefit, so having a guaranteed death benefit[2] helps to ensure the benefit will be available to beneficiaries.

UNDERSTANDING THE CONCEPT

The first item for your clients to understand is that life insurance provides financial protection. The cornerstone of a solid financial plan usually begins with life insurance. With life insurance, your clients gain comprehensive death benefit protection that would pass along to beneficiaries.

The second item is that life insurance can provide a tax-efficient way to transfer funds to beneficiaries. As mentioned earlier, the proceeds are passed along generally income tax-free[1] to beneficiaries. The death benefit proceeds can be used by the beneficiaries to improve their situation and may help them to fulfill their dreams and goals.

With legacy building, you can help your clients reduce their tax liabilities[1] while passing along a greater death benefit to beneficiaries.

KEY ADVANTAGES

Let's take a look at several advantages of using life insurance for legacy building.

- **Immediate death benefit protection.** Your client's death benefit protection will be there when their loved ones need it most.
- **Income tax-free transfer to beneficiaries.** When the insured passes away, the death benefit passes generally income tax-free to beneficiaries.[1]
- **Client control.** Clients have full control of their life insurance policies to make changes based on their needs.
- **Probate-free.** When your clients complete a beneficiary designation on their life insurance policies, they are using non-probate transfer, which means that the death benefit will pass directly to the beneficiary.
- **Leverage.** With life insurance, the premium can provide a larger death benefit immediately after issue.
- **Tax-deferred growth.** With life insurance, any cash values grow on a generally tax-deferred basis.[3]
- **Liquidity.** Should the needs of clients change or for emergency purposes, they may access funds in a life insurance policy through loans, withdrawals, if needs arise[4] or accelerated death benefits if qualifications are met.
- **Performance.** Life insurance can offer a compelling internal rate of return.

ITEMS TO CONSIDER

It's important to explore several options for legacy building. A thorough needs-based analysis will help your clients decide on a direction appropriate for their situation.

- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include the cost of insurance, expense charges, and potentially other charges. These deductions along with any loans or withdrawals may reduce the cash value of the policy. Withdrawals may be subject to surrender charges and the amount available for policy loans.[4]
- **Spousal scenarios.** For spousal situations, it may be beneficial to consider a survivorship (second-to-die) policy if that aligns with the clients' needs.
- **Modified Endowment Contracts.** Although a single premium may create a modified endowment contract (MEC)[5], which may cause loans or withdrawals to be taxable, death benefit proceeds remain generally tax-free.[1]
- **Maintaining the death benefit.** Additional premiums may be necessary to continued the desired death benefit, depending on the funding.
- **Surrender Charges.** Withdrawals may be suject to surrender charges and the amount available for policy loans.[4]

HOW IT WORKS

After establishing a need for death benefit protection, identify funds that the client already plans to pass along to heirs. These funds represent assets that the client doesn't plan to use for his or her own retirement needs.

The designated funds are then used to purchase a life insurance policy. These assets may immediately increase the amount in the form of a death benefit. The death benefit is passed along to beneficiaries when the insured dies, thus passing on a legacy.

CLIENT PROFILE

People who can most benefit from legacy building are those usually within retirement age that have dormant assets. These are typically assets they plan on leaving for heirs, a church, charity, or possibly to help pay educational costs for grandchildren.

These assets are often held in low interest-earning accounts or vehicles, which may not be an efficient method of wealth transfer for the purpose of legacy building. These "legacy assets" may be leveraged into a greater benefit and a more efficient method of wealth transfer using life insurance. Let's take a look at a typical profile:

- Is within the retirement ages of 55-75 and has a retirement plan in place
- Needs death benefit protection or may have an underperforming life insurance policy that needs to be reviewed
- Holds funds designated to leave to heirs or children savings vehicles such as savings accounts, or money market accounts, especially accounts designated as "payable/transfer on death" or POD/TOD
- Has titled assets jointly with heirs
- Has annuities coming out of surrender
- Currently takes required minimum distributions (RMDs), but doesn't have a current need for the funds

Usually, there are two types of clients—those fully committed to the strategy and those who are committed now but may want to change their strategy down the road.

- **For the fully committed:** Help these clients find a life insurance product that can provide maximum death benefit that meets their needs. Consider a guaranteed death benefit product.[2]
- **For those committed now, but who may want to change:** Help these clients find a life insurance product that offers the opportunity to build cash value. The cash value may provide the client with alternative options, like using the potential cash value to help supplement retirement income.

WHY NORTH AMERICAN?

Turn to North American for your legacy building cases. In addition to our knowledgeable Sales Development team, you'll gain several benefits, including:

- **Competitive products.** A robust product portfolio that helps meet your clients' needs. For legacy building, consider North American's guaranteed death benefit[2] products or a product that may be able to generate cash value. Here's why:
  - Our guaranteed death benefit products[2] offer your clients value.
  - Your clients gain access to several riders, endorsements, and other competitive features to customize a policy to fit their needs and comfort level.
  - Accelerated death benefits are available to help with living needs subject to eligibility requirements.[6]
- **Fair and consistent underwriting.** North American provides fast turnaround times on your submitted business.
- **Competitive compensation.** Your time and commitment could possibly be well-rewarded with our generous compensation. Plus, we take a collaborative approach to helping you grow your business and are here to answer your questions and provide guidance along the way.
- **Financial stability.** Our financial ratings are sound, and private ownership means we're focused on long-term value.[7]
  - "A+" (Superior) A.M. Best
  - "A+" (Strong) S&P Global Ratings
  - "A+" (Stable) Fitch Ratings

Resources

Sales Development

Phone: (800) 800-3656 ext. 10411

Email: salessupport@nacolah.com

Hours: 7:30 – 5:00 CST, Monday through Thursday
7:30 – 12:30 CST, Friday

Agents offering, marketing, or selling accelerated death benefits for chronic Illness in California must be able to describe the differences between benefits provided under an accelerated benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purposes only, not for conversions.

1 Neither North American Company for Life and Health Insurance nor its agents give legal or tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

2 Subject to premium payment requirements.

3 The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for the client's needs. Before purchasing a policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

4 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

5 For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

6 The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. There is an administrative fee when benefits are elected.

7 Rating Agencies: A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract holders. A+ (Superior) is the second highest rating out of 15 categories, and was affirmed for North American Company for Life and Health Insurance as part of Sammons Financial Group on July 6, 2017. S&P Global Ratings awarded its "A+" (Strong) rating for insurer financial strength on February 26, 2009 and affirmed on October 19, 2016 to North American for Life and Health Insurance® as part of Sammons Financial Group. The A+ (Strong) rating, which is the fifth highest out of twenty-two, reflects the financial strength of North American Company for Life and Health Insurance®, member of Sammons Financial Group. Fitch Ratings, a global leader in financial information services and credit ratings, on April 24, 2018, assigned an Insurer Financial Strength rating of A+ Stable for North American. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information, read the Fitch Ratings report.

Indexed Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Life

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www.NorthAmericanCompany.com

FAMILY BANK TRUSTS

Strategy Summary

A Family Bank Trust is a form of irrevocable life insurance trust; also known as a Generation Skipping Transfer Trust or Legacy Trust. The trust allows its creator to minimize transfer taxes and maximize the legacy left behind to children, grandchildren and future generations.

The Generation Skipping Transfer Tax (GSTT) applies to both outright gifts and transfers in trust to either related persons who are more than one generation below the donor or to an unrelated individual who is more than 37½ years younger than the donor. Now that the estate, gift and GSTT exemption amounts are unified at $5.43 million for 2015, with proper planning significant amounts of wealth can be transferred without transfer taxes being imposed.

Why a Family Bank Trust?

A Family Bank Trust can help accomplish multiple goals:

- Passes wealth from generation to generation without the burden of transfer taxes.
- Minimizes a beneficiary's potential to mishandle an inheritance and keeps trust assets out of the reach of a beneficiary's creditors or divorcing spouse.
- Promotes positive behavior in beneficiaries by requiring that they adhere to specific standards in order to be entitled to trust distributions, such as graduating from college, maintaining a career, and getting married.

Why Include Life Insurance in Planning with a Family Bank Trust?

Instant Liquidity

With a life insurance policy, clients can rest assured that instant cash will be available to their loved ones upon their passing.

Client Profile

- Anyone—not just an "ultra-wealthy" individual—who would like to create a family legacy to benefit successive generations over a long period of time
- People who plan to leave substantial assets to grandchildren and therefore want to utilize GSTT exemptions as effectively as possible
- Those who would like to promote specific goals and values in future generations

Available Materials/Tools

Consumer

- OLA 1422 Family Bank Trust Consumer Brochure
- OLA 1620 Family Bank Trust Consumer PowerPoint

Tax-Efficient

Life insurance proceeds owned by a Family Bank Trust will ultimately pass income tax-free to beneficiaries. In addition, the money that a client gifts to the trust to pay premiums may be sheltered from gift tax and will reduce a client's estate for estate tax purposes. Furthermore, life insurance policy cash values grow on a tax-deferred basis and the death benefit of a Family Bank Trust-owned policy will be sheltered from estate tax.

Legacy Planning Product Spotlight

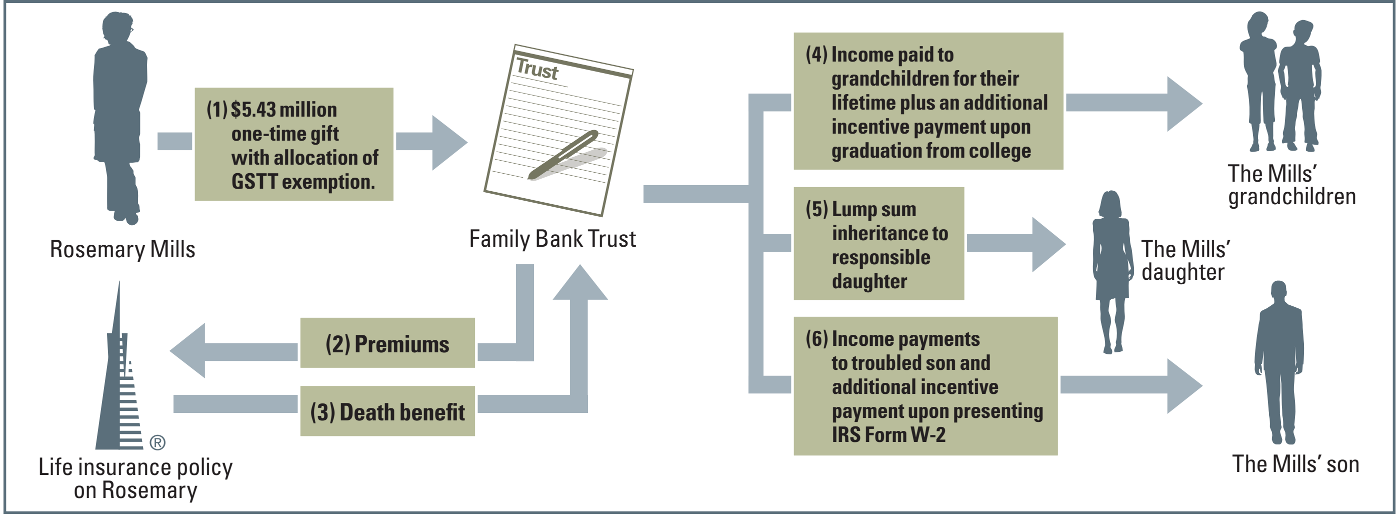
Start with permanent protection

Life insurance, such as a TransNavigator® Index universal life policy, provides leverage for a client's premium dollars, enhancing the legacy left behind for the next generation.

Be prepared with cash value accumulation

Having the flexibility to manage changing family dynamics, long-term needs, and economic conditions is important. With TransNavigator® and the potential to accumulate cash value, a policy owner can build the cash value in the policy and make income tax-free withdrawals up to basis and may also take income tax-free policy loans if there is sufficient cash value, should the need for immediate liquidity arise in the future.

Here's how a Family Bank Trust works:



Example

- Rosemary Mills, age 71, is a retired professional with two children and two grandchildren.
- Her children are polar opposites. One child is an advertising executive who is married with two children. The other has never been married and has a history of trouble with the law and some substance abuse.
- Her current estate value exceeds $10 million, so she will probably have an estate tax liability.

Goals and Objectives:

- Rosemary is considering transferring a large portion of her estate directly to her grandchildren and would therefore like to leverage her GSTT exemption.
- She places a strong value on education and wants future generations to incorporate this value in their own lifestyles; therefore, she would like to provide incentives in her trust document that would encourage all of her descendants to obtain a college degree.
- Because of her son's history, Rosemary is nervous about leaving him a lump sum inheritance. Additionally, she would like to encourage him to settle down and get a steady job. Consequently, she decides to include an incentive provision in the trust which requires the trustee to match her son's salary—hoping this will provide him the incentive to get his life in order.

Why Transamerica?

- A TransNavigator® policy provides permanent protection in the form of a death benefit payable to the trust at the time of Rosemary's death.
- TransNavigator® Index universal life allows for flexible premium funding patterns, and can be funded over a shorter timeframe to match a client's income earning period or a trust asset's income stream.

TransNavigator® IUL is an index universal life insurance policy issued by Transamerica Life Insurance Company, Cedar Rapids, IA 52499. Policy Form # ICC14 IUL08 REV or IUL08 REV. Policy form and number may vary, and this product may not be available in all jurisdictions.

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TRANSAMERICA®

Survivor Supplemental Retirement Income Funded with Life Insurance

The Purpose…

- Survivor supplemental retirement income funded with life insurance uses insurance proceeds to provide a supplemental spousal benefit that is higher than the "joint-and-survivor" benefits offered under the worker's employer-sponsored retirement plan.
- This allows the employee to choose the higher, single-life (life-only) annuity distribution option.

The Concept…

- The joint-and-survivor annuity option automatically provided by pension plans can greatly reduce the monthly benefit amount paid to retirees, since the benefit is designed to make payments over two lifetimes.
- By choosing survivor supplemental retirement income funded with life insurance, a retired worker receives the maximum monthly pension benefit amount—paid over the retired worker's lifetime only.
- This is a workable option because life insurance proceeds will provide the surviving spouse with an income source if the retiree is the first to die.

The Joint-and-Survivor Annuity Requirement…

- Current law requires most defined benefit and money purchase pension plans to provide a joint-and-survivor annuity option automatically.
- The required annuity must provide lifetime benefits for the retiree along with a survivor annuity for the lifetime of the spouse. The survivor benefit may not be less than 50% nor more than 100% of the retiree's benefit.
- To implement an arrangement other than the joint-and-survivor option, the spouse must waive the right to the plan's annuity survivorship benefits in writing.

The Need for an Alternative…

- A survivorship annuity offered under an employer's retirement plan can result in a substantial reduction in monthly retirement income.
- If the spouse dies first, no survivor benefit is paid, yet the retiree benefit has been permanently reduced.
- If a retiree remarries, no benefit is provided for the new spouse.
- With survivor supplemental retirement income funded with life insurance, however, the retiree receives the maximum monthly benefit for life without compromising income for a surviving spouse.

When This Alternative Is Not Advisable…

- The employee is close to retirement.
- The retiree is in poor health.
- The retirement plan provides an inflation-indexed payout.

The Reduced Joint-and-Survivor Benefit…

- The ages of the worker and spouse are important as they affect the amount by which the retiree benefit will be reduced if the retiree chooses the joint-and-survivor annuity.
- The table shows the cost of reduction over time when a retiree receives 75% of the otherwise available benefit. For example, a worker who would otherwise receive a maximum benefit of $1,500 monthly would lose $375 per month—a loss that totals $45,000 over 10 years and $90,000 over 20 years. This loss can never be made up, even if the spouse dies first.

Dollar Loss in Joint-and-Survivor Benefit (25% Reduction to Retiree)				
Monthly Life Income Option	**One Month**	**One Year**	**10 Years**	**20 Years**
$ 500	$125	$1,500	$15,000	$ 30,000
$1,000	$250	$3,000	$30,000	$ 60,000
$1,500	$375	$4,500	$45,000	$ 90,000
$2,000	$500	$6,000	$60,000	$120,000
$2,500	$625	$7,500	$75,000	$150,000
$3,000	$750	$9,000	$90,000	$180,000

- Obviously, the cost is high in terms of a substantial reduction in benefits to pay for a contingency that may or may not happen.
- Workers and their spouses must elect or waive the survivorship benefit within 90 days of the benefit start date. If they don't make an election, the survivorship election applies automatically.
- After benefits begin, the choice is irrevocable.
- In deciding whether to implement survivor supplemental retirement income, individuals must work with their tax advisors to determine the tax consequences.

How It Works…

- This arrangement involves purchasing a life insurance policy that will provide the surviving spouse with a benefit equal to the retiree's maximum pension benefit.
- The worker must be able to qualify for life insurance.
- The policy covers the life of the worker and names the spouse as beneficiary. The surviving spouse uses the proceeds to provide supplemental income if the worker dies first.
- The fund created with the policy proceeds should be equal to the pension benefit.
- If desired, just the earnings may be withdrawn from the capital account and paid to the surviving spouse instead of using a settlement option that provides lifetime income from the capital.
- After the insurance company issues a policy covering the worker's life, and with the spouse's written consent, the worker selects the life income option from the employer's retirement plan, which ensures that the full monthly benefit is available. These benefits end when the retiree dies, and the life insurance proceeds are paid to the surviving spouse.

Benefits of the Survivor Supplemental Retirement Income Alternative…

- Life insurance provides great flexibility.
- If the spouse dies first, the retiree can surrender the policy and use the surrender value to supplement retirement income. Alternately, the retiree can continue the policy and name another individual or a charity as beneficiary.
- During the retiree's lifetime, policy cash values accumulate on a tax-deferred basis.
- Should a retiree remarry, life insurance can provide benefits to a new spouse—an option that is not available with the joint-and-survivor annuity.

- The surviving spouse will have maximum control over the insurance proceeds, which can be used for a wide variety of income and planning needs.
- The surviving spouse can receive benefits as a tax-free lump sum or through any one of several settlement options.

Tax Considerations…

- If the retiree's employer made all contributions to the pension plan, benefits paid to the retiree are fully taxable.
- If the beneficiary takes the insurance death benefits in a lump sum, they are not subject to income tax.
- Interest earned on proceeds held by the insurer under a settlement option is generally subject to income tax when received by the beneficiary.
- Death benefits that are paid over a period of time as an annuity are taxable only to the extent that the payment represents income. The portion that is considered to be a return of capital is not taxed.
- The taxable portion of an annuity payment is calculated by applying an exclusion ratio that reflects the amount that can be excluded from gross income annually.

The Best Prospects…

- Healthy workers in their 40s or 50s who are married, currently employed and covered by an employer pension plan.
- Any married worker concerned about providing lifetime income from a pension plan.

The Bottom Line…

Survivor supplemental retirement income funded with life insurance can provide the maximum retirement income to a retiree while ensuring that the surviving spouse will not suffer a loss of income after the retiree's death. The retiree can use the additional income received under the life income option to pay for the cost of insurance, often with a significant surplus. If the spouse dies first, the retiree can withdraw policy cash values to enhance retirement income. Withdrawals and policy loans will affect cash values and death benefits, and may have tax consequences.

SUMMARY

What Is Survivor Supplemental Retirement Income Funded with Life Insurance?

This is a strategy a worker can employ to provide a comfortable retirement income for a surviving spouse while maximizing the benefit amount the retiring worker receives for life from an employer pension plan. Instead of splitting the pension benefit with the spouse, the retiree retains the full monthly benefit available. The pension benefit will cease when the retiree dies. To protect the spouse if the retiree dies first, the retiree purchases a life insurance policy payable to the surviving spouse, which can be arranged to provide a monthly benefit.

Why Is This Alternative Desirable?

Under current law, most pension plans are required to automatically provide a joint-and-survivor annuity to married retirees, providing lifetime annuity benefits for both the retiree and a surviving spouse if the retiree dies first. The spouse's lifetime benefit must be no less than 50% and no more than 100% of the retiree's benefit.

The retiree's benefit will always be less with the spousal requirement than it would have been without, and this reduced benefit will not revert to the higher single-life amount if the spouse dies first. In other words, it's quite possible that the retiree will reduce his or her monthly benefit for life and the spouse will never use the spousal benefits.

With survivor supplemental retirement income funded with life insurance, however, there is no need to provide spousal benefits from the pension. Note: To implement this arrangement, the spouse must waive, in writing, the right to receive survivorship benefits. This typically must be accomplished within 90 days of the benefit start date.

How Does It Work?

The worker purchases a life insurance policy on his or her life providing a benefit equal to the worker's pension benefit, naming the spouse as beneficiary. The purpose of the policy is to pay proceeds that can become a capital account to pay the spouse a lifetime supplemental income if the retiree dies first. If the spouse prefers, the capital account can pay earnings only, keeping capital intact.

The worker selects a life income option, which provides the full monthly benefit when the worker retires. When the retiree dies, these payments end and the life insurance proceeds provide income to the surviving spouse.

Who Can Benefit from This Arrangement?

This arrangement is best suited for healthy people in their 40s or 50s, married, currently employed and covered by an employer pension. The plan can also benefit workers concerned about providing retirement income from a pension plan.

This plan is not suitable for workers very close to retirement, anyone in poor health, or workers whose pension plans provide an inflation-indexed payout.

What Are the Benefits of This Alternative?

Life insurance is flexible and can be used for different purposes if changing circumstances require. If the spouse dies first, the retiree can use loans and withdrawals to supplement retirement income.

Alternately, the retiree may continue the policy and change the beneficiary to another individual or a charity. This option is helpful if the retiree remarries, providing benefits for the second spouse that would not have been available with the joint-and-survivor annuity.

A spouse who receives policy benefits has complete control over how they are taken (either in a tax-free lump sum or in installments) and how they are used.

What Is the Tax Situation?

All employer contributions to the pension plan are fully taxable when paid to the retiree or the spouse. However, insurance proceeds paid in a lump sum are not taxable to the spouse (or other beneficiary). If the life insurance benefit is paid under a settlement option, only the interest is taxable to the beneficiary when paid. The portion that represents a return of capital is not taxed.

Let’s deliver on our promises. **Together.**

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Retirement Income Sources

Retirement Income Sources…

- Social Security benefits
- Employer retirement plans
- Individual retirement accounts (IRAs)
- Personal savings and investments
- Post-retirement employment

Social Security…

- Social Security retirement benefits provide a basic amount of monthly income, depending on the recipient's earnings history and age when benefits begin.
- The normal retirement age for Social Security was traditionally 65. Now, the age when the full benefit amount becomes payable increases in stages depending on date of birth.
- An individual may take a reduced monthly benefit as early as age 62.
- Benefits are subject to annual cost-of-living adjustments.
- Benefits are generally nontaxable, but become partially taxable if other income exceeds certain threshold amounts.
- According to the Social Security Administration, about 40 percent of Social Security recipients pay some taxes on their benefits. *(Source: www.socialsecurity.gov/pubs/10024.html.)*

Employer Retirement Plans and Personal IRAs…

- Defined benefit plans pay a promised monthly benefit to employees, usually at retirement.
- Defined contribution plans, on the other hand, provide a benefit determined by the individual's account balance at retirement. Common defined contribution plans include 401(k)s, 403(b)s and profit-sharing plans.
- Individual retirement accounts may be "traditional" or "Roth" IRAs. Contributions to traditional IRAs are tax deductible in certain cases, while contributions to Roth IRAs are never deductible.
- Distributions from traditional IRAs are taxable (in whole or in part) as ordinary income. Distributions from Roth IRAs are generally tax free when requirements are met.

Personal Savings and Investments…

- Traditional savings vehicles include savings accounts, certificates of deposit, money market mutual funds and government savings bonds.
- Investments include stocks, bonds and mutual funds.
- Bonds are debt instruments issued by the federal government, state and local governments, and corporations. They may be owned directly or indirectly through mutual funds, investment accounts and trusts.
- Real estate includes personally owned property and property owned through an entity such as a limited partnership. Retirees may also use the equity in their homes as a source of retirement income, but must keep in mind the drawbacks of borrowing money to pay living expenses.
- Annuities offer tax-deferred growth and a variety of payout options, including payments guaranteed to last for the annuitant's lifetime or until the death of a second annuitant. All annuity guarantees are subject to the claims-paying ability of the issuing insurance company.

Post-Retirement Employment…

- Working after retirement is a common way to supplement retirement income, but these earnings come with tax ramifications.
- Post-retirement earnings are subject to federal, state and local income taxes, as well as Social Security and Medicare taxes.
- Post-retirement earnings may also boost the retiree's income high enough that Social Security benefits are subject to federal income tax.

The Bottom Line…

Numerous sources of potential retirement income are available to those looking toward a comfortable retirement free from financial concerns. The key is to prepare as early as possible and save as much as possible during the working years. Thanks to the power of compounding, each year's income and gains build on prior growth. Therefore, the sooner a retirement strategy begins, the more likely it is that the strategy can achieve targeted goals.

SUMMARY

Creating Retirement Income

There are four potential sources for retirement income: Social Security, employer retirement plans and IRAs, personal savings and investments, and continued work after retirement.

Social Security

Social Security benefits are based on a person's earnings history and age when payments begin. Traditionally, the normal retirement age was 65, but under current law it increases in stages depending on date of birth. Payments are subject to annual cost-of-living adjustments.

Social Security retirement benefits are generally nontaxable, although they become partially taxable when a retiree's income (or joint return income) exceeds certain threshold amounts. According to the Social Security Administration, about 40 percent of people receiving Social Security pay some taxes on their benefits. *(Source: www.socialsecurity.gov/pubs/10024.html.)*

Employer Plans and IRAs

An employer-sponsored retirement plan may be a defined benefit plan that pays a pre-established monthly benefit to the retiree, or a defined contribution plan, in which the employee's individual account balance at retirement typically determines the retirement benefit.

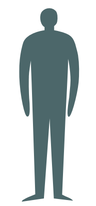
Individual retirement accounts and annuities (IRAs) may be "traditional" or "Roth" IRAs. Contributions to traditional IRAs are tax deductible, accumulate on a tax-deferred basis and are then taxed as ordinary income when received. Roth IRA contributions are made with after-tax dollars, are not deductible, accumulate on a tax-deferred basis and are tax free upon receipt (provided certain requirements are satisfied).

Personal Savings and Investments

Savings accounts, certificates of deposit, money market mutual funds and government savings bonds are among the most widely used savings vehicles. Investments such as stocks, bonds and mutual funds are also popular. Annuities can also provide supplementary retirement income in fixed or variable amounts over the annuitant's life or the life of a second annuitant, such as a surviving spouse.

Real Estate

Real estate—including personally owned property and property owned in a limited partnership—can also generate retirement income.



1. A retiree must reach normal retirement age under Social Security to receive full benefits, but can collect reduced benefits as early as age 62.

2. Employer retirement plans and IRAs are other important sources of retirement income.

3. Personal savings and investments produce income that a retiree can liquidate if needed.

4. Some retirees work part-time or full-time after retirement to provide an additional source of income.

Let's deliver on our promises. **Together.**

Protective®
Life Insurance Company

www.myprotective.com

Legacy Planning

Maximize the legacy you leave to loved ones

Transamerica®

PLAN YOUR LEGACY.

Ensure that your assets transfer to your loved ones as you wish.

Whether you are getting started with the planning process, or need to review your existing plans, your legacy requires careful planning and the appropriate legal documents to ensure that your assets and belongings transfer to your loved ones as you wish.

A well-designed legacy plan can help you:

- Arrange for the guardianship of your minor children
- Preserve wealth and promote your values throughout generations
- Protect assets from creditors, divorces and lawsuits
- Minimize family discord
- Provide for orderly family business succession
- Promote a charitable cause
- Provide for loved ones who have special needs while preserving eligibility for government assistance
- Avoid probate and probate fees
- Minimize or eliminate estate taxes at death

Taxes and Transfer Costs

Whether you do bare bones planning by drafting a will or fail to plan altogether, you have an estate that is subject to probate administration. Your estate must be administered through the probate court located in the county of your legal residence at the time of death. The overall cost of probate will vary according to state law and will generally hinge on the size of the estate—the more you own, the more you owe.

In addition, generally the federal government imposes an estate tax on all property you pass to your loved ones upon your passing. Every asset you own at that time will be included in determining the value of your estate and any taxes due. Any amount that is above the applicable estate tax exemption in the year you pass away will be subject to federal estate taxes. In 2015, the estate tax exemption is $5.43 million.

Some states impose their own separate estate tax. For example, in New Jersey, the estate tax exemption is $675,000.[1] It is possible that an estate that is too small to generate federal estate taxes may nonetheless trigger state estate taxes.

Some states impose an inheritance tax in addition to the state estate tax. Inheritance tax is imposed on the right to receive property by inheritance or legal succession. The tax imposed is based on the beneficiary's relationship to you and the amount of property received from your estate.

When it comes to legacy planning, here are a few things to consider:

1. Do you have current legal documents, including a will, medical and financial powers of attorney, advanced healthcare directives, and if needed, a family trust or guardians for minor children? Have you written a letter of instruction, including your burial wishes?
2. Do your beneficiary designations on your life insurance, annuities, employer-sponsored retirement plans and IRAs reflect your wishes?
3. Do you have children, parents, or other family members or dependents with special needs?
4. Have you thought about your legacy including a charity, educational institution, or other nonprofit organization at your death?
5. Have you taken any action to reduce the amount of estate taxes that may be due at death?
6. If you will have an estate tax liability, have you arranged your life insurance so that the proceeds will be excluded from your estate to minimize federal estate taxes at death?

If you have not found the time to address these questions, this brochure should help you and your advisor assess your estate quickly and simply. After completing this evaluation, you can expect to receive suggestions from your advisor on how you can meet your planning objectives. These recommendations may help you build your legacy by reducing estate erosion due to taxes and probate costs, allowing more of your assets to pass on to your loved ones.

The Bottom Line

To ensure your wishes are carried out you need a legacy plan. Without a plan, taxes, transfer costs or even a family member's lack of financial management skills threaten to erode your hard-earned legacy.

Legacy Planning Data - Part I

Client Information

PERSONAL INFORMATION

Name *(Husband)*	Date of Birth	Health Status
Name *(Wife)*	Date of Birth	Health Status

ADDRESS INFORMATION

Street *(Home)*	City	State	ZIP Code
Street *(Business)*	City	State	ZIP Code
Street *(Other Residence)*	City	State	ZIP Code

Citizenship (if other is applicable, please specify)

Husband
- ☐ U.S. Citizen
- ☐ Resident Alien
- ☐ Non-resident Alien Country of Citizenship ________________ ____________________

Wife
- ☐ U.S. Citizen
- ☐ Resident Alien
- ☐ Non-resident Alien Country of Citizenship ________________ ____________________

Children

Name	Date of Birth	Health Status
Name	Date of Birth	Health Status
Name	Date of Birth	Health Status

Grandchildren

Name	Date of Birth	Health Status
Name	Date of Birth	Health Status

Other Dependents

Name	Date of Birth	Health Status
Name	Date of Birth	Health Status

Prior Marriage Date	Former Spouse's Name(s)	Date of Dissolution	Court Involved	Alimony Support Amount

Legacy Planning Data - Part II

Life Insurance Policies

Policy 1

Issued by: ______________________

Name of Insured: ______________________

Policy Owner: ______________________

Face Amount: $ ______________________

Cash Surrender Value: $______________________

Annual Premium: $ ______________________

Beneficiary(ies):	Relationship to Insured:
____________	____________
____________	____________
____________	____________
____________	____________

Policy 2

Issued by: ______________________

Name of Insured: ______________________

Policy Owner: ______________________

Face Amount: $ ______________________

Cash Surrender Value: $______________________

Annual Premium: $ ______________________

Beneficiary(ies):	Relationship to Insured:
____________	____________
____________	____________
____________	____________
____________	____________

Policy 3

Issued by: ______________________

Name of Insured: ______________________

Policy Owner: ______________________

Face Amount: $ ______________________

Cash Surrender Value: $______________________

Annual Premium: $ ______________________

Beneficiary(ies):	Relationship to Insured:
____________	____________
____________	____________
____________	____________
____________	____________

Policy 4

Issued by: ______________________

Name of Insured: ______________________

Policy Owner: ______________________

Face Amount: $ ______________________

Cash Surrender Value: $______________________

Annual Premium: $ ______________________

Beneficiary(ies):	Relationship to Insured:
____________	____________
____________	____________
____________	____________
____________	____________

Policy 1/Face Amount: ______________________*

Policy 2/Face Amount: ______________________*

Policy 3/Face Amount: ______________________*

Policy 4/Face Amount: ______________________*

*Amount to be copied to **Total Life Insurance Face Amount** line in **PART III** (next page)

Legacy Planning Data - Part III

Current Assets	Husband	Wife	Jointly Owned
Cash and Cash Equivalents such as bank accounts and CDs			
Notes, Accounts Receivable, Mortgages, and Other Receivables			
Bonds			
Stocks and Mutual Funds			
Closely Held Business Interests			
Real Estate			
Total Life Insurance Face Amounts Per Owner–copy totals from Part II here			
Includible Trusts			
Retirement Plans such as 401(k), pension, profit-sharing, ESOP, and IRA			
Miscellaneous Personal Effects such as automobiles, jewelry, collections, art, patents, trademarks, and copyrights			
TOTAL			
Current Liabilities*			
Real Estate Mortgages			
Notes to Financial Institutions			
Loans on Life Insurance Policies			
Other Obligations			
Tax Liabilities			
TOTAL			
Net Worth**			

*Estimate for general legacy planning only.
**Totals are net of Current Assets and Current Liabilities columns.

Legacy Planning Data - Part IV

Client Information	Husband	Wife
Monthly Salary		
Other income		
Pay off mortgages or other debts at death? (y/n)		
Provisions for children		
Provisions for grandchildren		
Beneficiaries with special needs		

Current Gifts	Husband	Wife
Annual exclusion gifts		
Planned lifetime gifts		

Charitable Gifts	Husband	Wife
Annual gifts		
Planned lump sum gifts		

Other Goals

[1] Retrieved November 2013 from http://www.state.nj.us/treasury/taxation/revesttax.shtml, New Jersey Department of the Treasury

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TRANSAMERICA®

OLA 821 0115

FAMILY BANK TRUSTS

A SMART WAY TO HELP PRESERVE YOUR WEALTH FOR FUTURE GENERATIONS

You've worked hard to build your estate, so it's natural to want to provide a significant financial legacy for your family.

To create an estate plan that maximizes the legacy you leave, it's important to know that the Internal Revenue Service generally imposes a generation skipping transfer tax—known as the (GSTT). The GSTT can have a significant effect on the amount you are able to leave for future generations.

Establishing a Family Bank Trust will not only help to address the GSTT, it can also be an integral part of an estate plan that allows you to build a "wall" around your wealth by minimizing transfer taxes and providing significant asset protection for countless generations of beneficiaries.

You may be subject to a Generation Skipping Transfer Tax (GSTT) imposed on large gifts made to grandchildren or unrelated persons who are at least 37½ years younger than the person making the gift. This is a flat tax, equal to the highest estate tax rate at the time of the gift—40% for 2015. This tax is in addition to the estate, income and gift tax—all of which can quickly erode the legacy you intended to leave for your grandchildren and future generations.

Fortunately, a lifetime GSTT exemption is available to each taxpayer which allows GSTT-free transfers of $5.43 million in 2015.

But GSTT is not the only threat to wealth preservation.

Assets can be lost from generation to generation due to claims from creditors and/or a divorcing spouse. Sometimes, the loved ones you want to help most can themselves pose a significant threat to wealth preservation. They may lack asset management skills or indulge in an excessively materialistic lifestyle, losing in a few months what it took you a lifetime to accumulate.

A Family Bank Trust Funded with Life Insurance Can Be a Smart Solution

By establishing a Family Bank Trust you can, in effect, build a wall around your wealth—minimizing transfer taxes, providing asset protection and offering incentives to beneficiaries to help ensure that your legacy is being used in the way you intended. A central feature of the trust is its term.

In theory, this trust is intended to last forever, allowing assets to pass from generation to generation without the burden of transfer taxes (including: estate, gift, and the GSTT).

Furthermore, the death benefit of a trust-owned life insurance policy will generally pass federal income tax-free to your loved ones.[1]

[1] Life insurance death benefits are generally excludable from the beneficiary's gross income for income tax purposes.

The Family Bank Trust offers several potential benefits to help you create a lasting legacy for many generations to come.

- **Leveraging the GSTT Exemption** The GSTT exemption can be leveraged by purchasing life insurance in a Family Bank Trust because the exemption will be based on premiums, as opposed to the death benefit or policy cash value.

  Whereas, if you made an outright gift to grandchildren in the amount of the death benefit, you would use a significant portion of, if not exhaust, your GSTT exemption.

- **Protect Loved Ones from Creditors** One of the most compelling reasons for implementing the Family Bank Trust is that it offers significant protection for your loved ones against potential creditors.

  The trust includes provisions that forbid your loved ones from selling their interest in the trust. This limits the right of your loved ones' potential creditors to reach trust assets to pay any outstanding debts.

  This protection is reinforced by terms of the trust that grant the trustee ultimate control over trust distributions and limit your loved ones' access to trust assets.

- **Incentives that Match Your Values** Additionally, the terms of the trust can offer loved ones incentives that correspond with your values. For example, there may be financial incentives for loved ones upon graduation from college. Or, you may want to include an incentive to develop or continue a family business or encourage involvement in a charitable organization.

Take the Next Step

To get started, it's important to work with your insurance professional or financial advisor and have an experienced estate-planning attorney draft the trust documents.

Our Business was Built on Helping Families

For over 100 years, Transamerica has been providing insurance products designed to help families just like yours.

While the world has certainly changed, our objective has always remained the same—to help families and individuals enjoy a more secure financial future.

For more information on how Transamerica life insurance, used within a Family Bank Trust, may help you secure your family's future, please contact your financial or insurance professional.

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TRANSAMERICA®

ADVANCED PLANNING

Cash Value

Life Insurance in Retirement Planning

Life insurance provides death benefit protection in the event of a premature death, for any number of needs, including to pay off a mortgage, replace a salary, pay estate and transfer taxes, or fund a college education.

But did you also know that life insurance can have living benefits?
The policy's cash value can grow tax-deferred, and any accumulated cash value can be accessed tax-free via loans and withdrawals, as long as they are properly structured.

Moreover, these features can also make the policy cash value a good choice to supplement primary sources of retirement income.

LIFE INSURANCE IN RETIREMENT PROVIDES THE FOLLOWING BENEFITS:

1. In the event of premature death during your working years, the income tax-free death benefit can protect your family, replace income, and complete financial obligations.[1]
2. The policy's cash value can be used to help supplement the income from your other retirement assets.

Take a look at the chart below.

COMPARISON OF RETIREMENT INCOME SOURCES

	Supplemental Income from Cash Value	Primary Sources of Retirement Income				
	Life Insurance	**Taxable Investments**	**Qualified Plan/ Traditional IRA**	**ROTH IRA**	**Non-Deductible IRA**	**Muni Bonds**
Deductible Contributions	No*	No	Yes	No	No	No
Tax-Favored Withdrawals	Yes	No	No	Yes[12]	Yes[7]	Yes[11]
Mandatory Withdrawals	No	No	Yes	No	Yes	No
Tax-Deferred Accumulation	Yes	No[6]	Yes	Yes	Yes	Yes[9]
Income Tax-Free Death Benefit[13]	Yes[1]	No	No	No	No	No
Tax Penalties for Early Withdrawals[10]	No[2]	No[5]	Yes	Yes	No[8]	No
Contribution Limits[2]	No	No	Yes	Yes	Yes	No
Cost of Insurance Charges	Yes	No[3]	No	No	No	No
Market Risk	Yes[4]	Yes	Yes	Yes	Yes	Yes

* Paying more than the required minimum premium can help build cash value.

[1] Life insurance death benefit proceeds are generally excludible from a beneficiary's gross income for income tax purposes per IRC §101(a). There are a few exceptions, such as when a life insurance policy has been transferred for valuable considerations.

[2] Provided sufficient death benefit is purchased to ensure the policy is not a Modified Endowment Contract (MEC).

[3] If the investment is a deferred annuity, cost of insurance charges may apply.

[4] There is no downside market risk when using certain Prudential products.

[5] If the taxable investment is a non-qualified annuity, withdrawals taken prior to age 59½ may be subject to an additional 10% federal income tax penalty.

[6] If investment is a non-qualified deferred annuity, tax-deferred accumulation applies. Also, the capital gain can be deferred in a taxable investment until shares are sold.

[7] Withdrawals will be pro-rata (partially taxable and partially nontaxable) if you have other traditional IRAs or gain in the contract.

[8] The tax penalty only applies to taxable amounts from an early withdrawal. Withdrawals will be pro-rata (partially taxable and partially nontaxable) if you have other traditional IRAs or gain in the contract.

[9] Tax-deferred accumulation refers to appreciation in the context of municipal bonds.

[10] Withdrawals and distributions of taxable amounts are subject to ordinary income tax and, if made prior to age 59½, may be subject to an additional 10% federal income tax penalty.

[11] May impact taxation of Social Security benefits and may have AMT consequences.

[12] Qualified withdrawals are federal income tax-free. To be a qualified withdrawal, the withdrawal must occur after the owner (1) has had a Roth IRA for at least 5 tax years, and (2) is age 59½, is disabled, or has died.

[13] Some account balances that transfer to a surviving spouse may transfer tax-free.

Prudential
Bring Your Challenges®

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BENEFITS OF LIFE INSURANCE IN RETIREMENT PLANNING

1. The life insurance death benefit will generally be received income tax-free by heirs.
2. The life insurance cash values can grow tax-deferred.
3. As long as the policy is not a Modified Endowment Contract (MEC), the client can generally take tax-free withdrawals up to basis out of the policy, and tax-free loans thereafter from the available cash value.
4. Accumulated cash value may be accessed by you or remain in the policy.

The chart on the previous page outlines some of the important features of a variety of financial vehicles. An understanding of these features may help you to determine which of these products may meet your needs and whether cash value life insurance can complement an existing financial portfolio. Some additional information you may wish to consider:

THINGS TO CONSIDER

The primary purpose of life insurance is for death benefit protection, and this strategy assumes this to be a priority objective for the policyowner.

1. Life insurance premiums are not tax-deductible.
2. Life insurance policies classified as Modified Endowment Contracts (MECs) may be subject to tax when a loan or withdrawal is made, and a federal tax penalty of 10% may also apply to a MEC if the loan or withdrawal is taken prior to age 59½.
3. The policy cash value available for loans and withdrawals may be worth more or less than the original investment amount, depending on the performance of the policy crediting rate. Life insurance policies may also have surrender charges in the early policy years. Other factors that will affect cash values are the timely payments of premium and the performance of underlying investment accounts, where applicable.
4. Withdrawals and loans can reduce the policy death benefit and cash surrender value and may cause the policy to lapse. Lapse of a life insurance policy can cause the loss of the death benefit. Lapse of a life insurance policy with an outstanding loan may cause adverse income tax consequences.
5. For life insurance, the cash value available for loans and withdrawals may be worth more or less than the original premiums paid. Withdrawals from a life insurance policy may be subject to income tax after withdrawals exceed cost basis.
6. Taxable investments may be subject to income tax and/or capital gains tax.
7. Distributions from non-deductible IRAs must be pro-rated if the client has deductible IRA monies or earnings in the non-deductible IRA.
8. Contributions to qualified plans and traditional IRAs may be tax-deductible, subject to certain limits.
9. While qualified distributions from a ROTH IRA are generally federal income tax-free, if the ROTH IRA is a rollover IRA, a waiting period may apply before distributions will be tax-free.
10. The tax treatment of income from municipal bonds will vary with the type of bond and the issuing municipality.

Life insurance is issued by The Prudential Insurance Company of America and its affiliates, Newark, NJ. Each company is solely responsible for its own financial condition and contractual obligations. Like most insurance policies, our policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. A financial professional will be glad to provide you with costs and complete details.

All guarantees are based on the claims-paying ability of the issuing company.

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Not Insured by FDIC, NCUSIF, or Any Federal Government Agency. May Lose Value. Not a Deposit of or Guaranteed by Any Bank, Credit Union, Bank Affiliate, or Credit Union Affiliate.

Prudential Financial and its financial professionals do not give legal or tax advice. Your clients should consult their own advisors.

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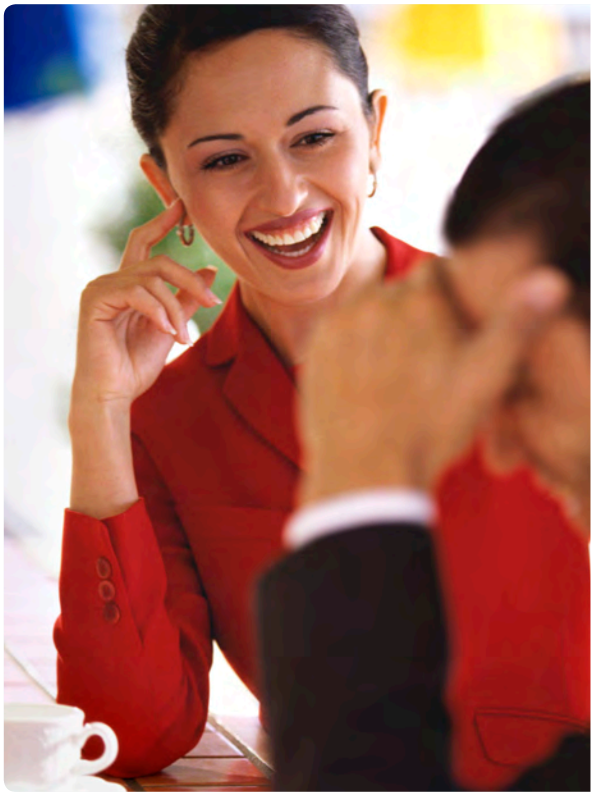
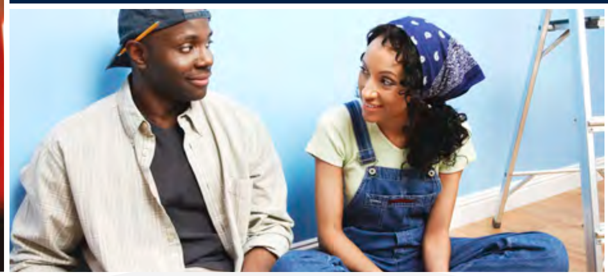



Permanent Life Insurance

FINANCIAL PROTECTION FOR THE PEOPLE YOU LOVE.
LIVING BENEFITS FOR YOU.




Life Insurance

Prudential
Bring Your Challenges®

Issued by Pruco Life Insurance Company or
Pruco Life Insurance Company of New Jersey.

1014770-00001-00 Ed. 12/2018 Exp. 06/30/2020

Financial Protection for Them. Cash Value Access for You.[1]

Permanent Life Insurance Can Provide Both.

First and foremost, the purpose of life insurance is to provide a death benefit to your loved ones. The death benefit from a life insurance policy can help them to continue living the life you envisioned for them.

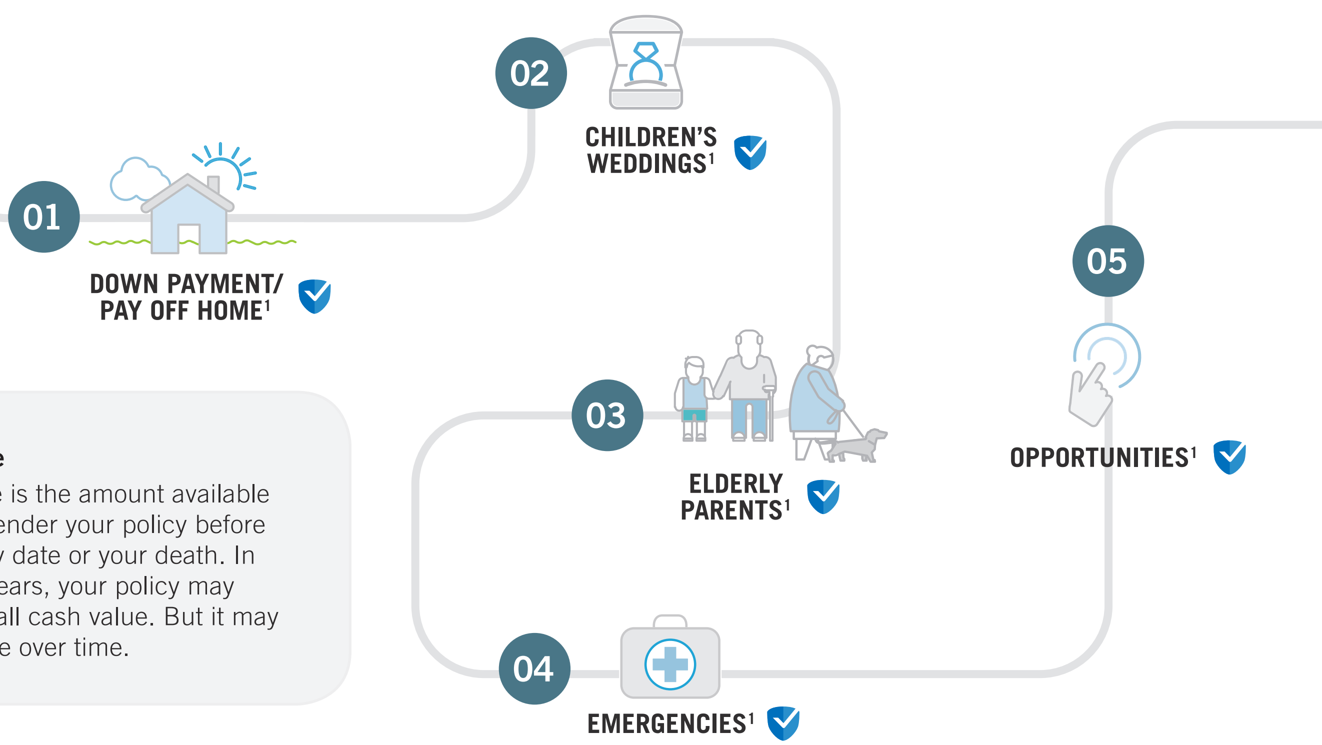
Your family is important to you. That's why you work so hard to see to it that they have what they need—a place to live, food on the table, and, sometimes, the little extras that make them smile.

But if there's one thing in life that's certain, it's uncertainty. Without warning, life may drastically change. What would happen to those who depend on you most if you were to die, get laid off, become disabled, or any number of things that would bring to an end the income your loved ones have come to depend on?

PERMANENT LIFE INSURANCE CAN HELP

Permanent life insurance provides financial protection for those who depend on your income, **plus the potential to accumulate cash value on a tax-deferred basis**. Such a policy will remain in force for as long as you continue to pay your premiums.

Your Permanent Life Insurance Policy's Cash Value[1]



Cash value
Cash value is the amount available if you surrender your policy before its maturity date or your death. In the early years, your policy may have a small cash value. But it may accumulate over time.

[1] You can access cash value through policy loans and withdrawals. Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.

06

GENERATE INCOME[1]

07

SUPPLEMENTAL RETIREMENT INCOME[1]

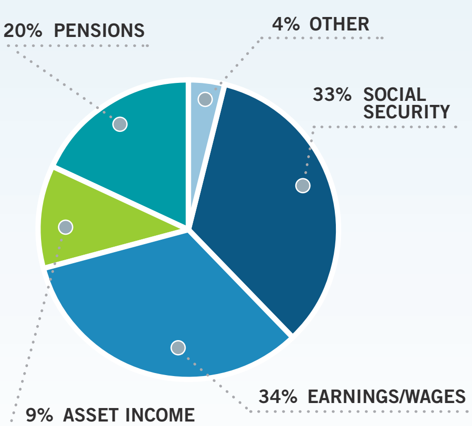
Flexibility

How you use the cash value in your permanent life insurance policy is up to you.[1]

SOURCES OF RETIREMENT INCOME

Your retirement income can come from several sources. The below chart shows the aggregate total income sources of those age 65 and over. Consider whether or not you have access to all of these forms of retirement income or adequate balances. If you have a gap, life insurance may be able to help you to close it.[1]

TOTAL AGGREGATE RETIREMENT INCOME BY SOURCE:*



*Source: Fast Facts & Figures About Social Security, 2017. Data for 2015 are SSA calculations from the March 2016 Annual Social and Economic Supplement to the Current Population Survey. https://www.ssa.gov/policy/docs/chartbooks/fast_facts/2018/fast_facts18.pdf

LIFE INSURANCE CAN PROVIDE FLEXIBILITY

Your permanent life insurance policy has the potential to accumulate cash value over time. This cash value offers you flexibility and can be used for any purpose you wish. For example, you can borrow cash value[1] from your policy to:

- Put toward a down payment on a home or pay off a mortgage later on.
- Help pay for your children's weddings.
- Assist aging parents or other loved ones who may need your support.
- Use as a resource for emergencies—or opportunities.
- Allow you to delay Social Security to increase your Social Security benefits later on.
- Provide supplemental income when you retire.

LIFE INSURANCE CAN PROVIDE TAX-ADVANTAGED SUPPLEMENTAL RETIREMENT INCOME

As you prepare for the future, life insurance may offer options that can supplement your retirement income.

- You have access to the policy's cash value, without a tax penalty, prior to age 59½.[1,2]
- You can pay additional policy premiums over time as your life changes and/or earned income increases.
- Your income level won't preclude you from applying for life insurance.

There is a limit to how much can be paid into a policy in relation to the death benefit and still be considered to be life insurance for tax purposes. If your premiums exceed certain limits, your policy will be classified as a modified endowment contract (MEC).[2]

[2] Distributions from MECs (such as loans, withdrawals, and collateral assignments) are taxed less favorably than distributions from policies that are not MECs to the extent there is gain in the policy. For distributions from a MEC prior to age 59½, a federal income tax penalty may apply to the extent there is gain in the policy. However, death benefits are still generally received income tax-free pursuant to IRC §101(a). The death benefit will be reduced by any withdrawals or loans (plus unpaid interest). Clients should consult a tax advisor.

How you use your permanent life insurance policy's cash value is up to you. And, unlike loans from many financial institutions, when you borrow money from your permanent insurance policy, the loan is not dependent on credit checks or other restrictions. It's important to understand that, if you don't repay the loan, your beneficiaries will receive a reduced death benefit.

OPTIONAL RIDERS

Some forms of life insurance may offer optional riders that accelerate the death benefit in the event of chronic or terminal illness.[3]

PREMIUM PAYMENT FLEXIBILITY

If you need or want to stop paying premiums to free up cash for other expenses, you can use the cash value to continue your current insurance protection. This could be for a specified time or to provide a lesser amount of death benefit protection covering you for your lifetime.

THE VALUE OF PROFESSIONAL GUIDANCE

Your financial professional can help you make an informed decision about financially protecting your family with life insurance. It starts with a conversation—reach out to your financial professional today.

A FINANCIAL LEADER FOR OVER 140 YEARS

Prudential Financial is a worldwide financial leader with a long tradition of serving the public interest. Prudential Financial has approximately 50 million customers. The well-known Rock symbol is an icon of strength, stability, expertise, and innovation that has stood the test of time.

[3] Accelerating the death benefit of a life insurance policy will reduce and may eliminate the death benefit.

Prudential Financial and its financial professionals do not give legal or tax advice. Please consult your own advisors.

Life insurance is issued by The Prudential Insurance Company of America, Pruco Life Insurance Company (except in NY and/or NJ), and Pruco Life Insurance Company of New Jersey (in NY and/or NJ). All are Prudential Financial companies located in Newark, NJ.

Securities products and services offered through Pruco Securities, LLC, a Prudential Financial company, 751 Broad Street, Newark, NJ 07102-3777.

You should consider the investment objectives, risks, and charges and expenses carefully before investing in the contract and/or underlying portfolios. This and other important information can be found in the prospectus and, if available, the summary prospectus. A copy of the prospectus may be obtained from www.prudential.com. You should read the prospectus carefully before investing. It is possible to lose money by investing in securities.

Investment and Insurance Products:
Not Insured by FDIC, NCUSIF, or Any Federal Government Agency. May Lose Value. Not a Deposit of or Guaranteed by Any Bank, Credit Union, Bank Affiliate, or Credit Union Affiliate.

Our policies contain exclusions, limitations, reductions in benefits, and terms for keeping them in force. A financial professional can provide you with costs and complete details.

1014770

1014770-00001-00 Ed. 12/2018 Exp. 06/30/2020

MANAGING YOUR COSTS IN RETIREMENT

Life insurance issued by Pruco Life Insurance Company and by Pruco Life Insurance Company of New Jersey.

Prudential

1040495-00001-00 Ed. 09/2020

Have you accounted for health care in your retirement plan?

Health care is one of the largest expenses you'll need to plan for during retirement. Yet many people don't take the time to consider these expenses when putting together a retirement plan. That could be because of a common misconception that Medicare will cover all your health care expenses. Also, with life expectancies on the rise, you'll most likely need to account for health care expenses for a longer period of time.

Did you know?

- Health care is the second-largest expense in retirement[1]
- Medicare is not free
- Medicare does not cover all of your health expenses

The amount you'll spend on health care during your retirement depends on a number of factors, including how healthy you are, how long you'll live, and the level of health care coverage you want. When you decide to retire can make a significant difference to your health care costs. On average, **a retiring couple will need about $10,000 – $11,000 per year** to pay for out-of-pocket healthcare costs.[2]

How much money will I need?

Since Medicare is the primary source of health care coverage for most retirees, a good place to start planning is understanding what Medicare actually covers.

For example, Medicare does not cover hearing aids, eye exams related to prescribing glasses, acupuncture, long-term care, or most dental care.

A financial professional can:

- Help you estimate your future health care costs and incorporate them into your overall retirement income plan.
- Show you strategies that can generate supplemental income to help you address your health care costs in retirement.

Married couple retiring at age 65

Average health care costs
$285,000[2]

MEDICARE ONLY COVERS APPROXIMATELY

64%

of health care expenses.[3]

[1] Bureau of Labor Statistics, Consumer Expenditure Survey 2018; Table 1300 Mean annual expenditures by age; Age 75+.
[2] Fidelity Benefits Consulting estimate, 2019. Health care and nursing home costs may vary by state.
[3] EBRI, *Savings Medicare Beneficiaries Need for Health Expenses in 2019,* May 16, 2019.

How does Medicare work?

Taking time now to learn about your Medicare options can help you choose the plan that is best for you. You can choose from two Medicare approaches: **unbundled** or **bundled**.

The unbundled approach to Medicare

Also referred to as Original Medicare, the unbundled approach allows an individual to purchase Medicare options separately. Seventy percent of Medicare recipients choose this approach.[1]

UNBUNDLED – ORIGINAL MEDICARE
Part A: Hospital Insurance
Part B: Medical Insurance
Part D: Prescription Drug Coverage
Medigap: Fills gaps of coverage for Parts A, B, and D (deductibles, copayments, coinsurance)

The ABCs of Medicare

MEDICARE PART A: HOSPITAL INSURANCE

Provides hospital coverage and limited skilled nursing facility coverage.

Part A enrollment	You'll get Part A automatically if ■ You reach age 65 and are already receiving benefits from Social Security ■ You are under age 65, have a disability, and have been receiving Social Security disability benefits for at least 24 months If you are not automatically enrolled, you can apply in the seven-month period beginning three months before the month of your 65th birthday and ending three months after.
Part A monthly premium	You won't pay a monthly premium for Part A if ■ You are receiving or are eligible to receive Social Security benefits (including spousal and survivor benefits) ■ You or your spouse has Medicare-covered government employment Otherwise, your cost for Part A will be based upon your Social Security eligibility and the number of quarters you paid into the system.
Part A hospital inpatient deductible and coinsurance	You pay ■ \$1,408 deductible for each benefit period ■ Days 1 – 60: \$0 per hospital stay deductible ■ Days 61 – 90: \$352 per day co-insurance ■ Days 91 – 150: \$704 per "lifetime reserve day" ■ Days 151+: All costs paid by patient
Part A skilled nursing facility deductible and coverage	Beyond lifetime reserve days, you pay all costs ■ Days 1 – 20: \$0 for each benefit period ■ Days 21 – 100: \$176 coinsurance per day ■ Day 101 and beyond: You pay all costs

Sources: U.S. Dept. of Health and Human Services, Notice CMS-8071-N, November 8, 2019; Centers for Medicare & Medicaid Services, Medicare Coverage of Skilled Nursing Facility Care, CMS Product No. 10153, July 2019.

[1] Medicare.gov, accessed March 2020.

MEDICARE PART B: MEDICAL INSURANCE

Provides non-hospital medical coverage, including doctor visits and outpatient care. Does not include routine vision, dental, foot care, and hearing aids.

Part B enrollment	You'll get Part B automatically if ▪ You reach age 65 and are already getting benefits from Social Security ▪ You are under 65 and have a disability and have been receiving Social Security disability benefits for at least 24 months If you are not automatically enrolled, you can apply during the months surrounding your 65th birthday; i.e., the 3 months before, the month of, and the 3 months following your birthday		
Part B monthly premium – based on Modified Adjusted Gross Income (MAGI)	**2018 yearly income by filing status**		**2020 monthly Part B premium is**[1]
	File Individual Tax Return	File Joint Tax Return	
	$87,000 or less	$174,000 or less	$144.60
	$87,001 – $109,000	$174,001 – $218,000	$202.40
	$109,001 – $136,000	$218,001 – $272,000	$289.20
	$136,001 – $163,000	$272,001 – $326,000	$376.00
	$163,001 – $500,000	$326,001 – $750,000	$462.70
	$500,001 or more	$750,001 or more	$491.60
Part B deductible	$198 per year		
Additional costs	You are responsible for a 20% coinsurance on doctor's services and outpatient care and any amounts over the Medicare allowed charge		

[1] U.S. Dept. of Health and Human Services, Notice CMS-8073-N, Nov. 8, 2019

[2] U.S. Dept. of Health and Human Services, 2020 Part D Income-Related Monthly Premium Adjustment, Sept. 27, 2019

MEDICARE PART D: PRESCRIPTION DRUG COVERAGE

To get Medicare Part D, you must be enrolled in Parts A and/or B, and you must join a plan run by an insurance company or other private company approved by Medicare. Each plan can vary in cost and drug coverage.

Part D enrollment	Initial enrollment is held during the 7-month period surrounding your 65th birthday: the 3 months before, the month of, and the 3 months following. If you miss enrolling during this time period, you may have to wait until annual open enrollment, which is October 15 – December 7.				
Premiums	You are responsible for a premium which varies by plan and income. 2020 Estimated Average Monthly Part D Premium $42.05**				
Part D coverage		Prescription drug costs	What you pay	What Part D pays	Your cumulative out-of-pocket expenses
	Annual deductible	$0 – $435	100%	0%	$435
	Initial coverage phase	$435 – $4,020	25%	75%	$896.25
	Donut Hole	$4,021 – $9,038.75***	100%	0%	$5,018.75†
	Catastrophic	$9,719.38***	5%	95%	$5,018.75+

Source: CMS Announcement of CY 2020 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter, April 1, 2019.

** Source: Kaiser Family Foundation; "Medicare Part D: A First Look at Prescription Drug Plans in 2020; November 14, 2019.

*** Participants qualifying for Low Income Subsidies (LIS) attain out-of-pocket threshold at $9,038.75 of drug spending; participants who do not qualify for the LIS attain the out-of-pocket threshold at $9,719.38.

† In the donut hole, you'll get a 75% discount on Part D-covered brand-name prescription drugs, and a 75% discount on covered generic prescription drugs, which is applied automatically at your pharmacy.

Optional Medigap Insurance

Medicare supplement (Medigap) insurance is sold by private companies to provide reimbursement for out-of-pocket medical costs. It helps "fill in the gaps" of Parts A and B by paying some of the health care costs that Medicare doesn't cover, such as copayments, extended hospitalization, coinsurance, and deductibles.

Medigap enrollment	Enrollment: 6-month automatic enrollment period starts the first day of the month you are age 65 or older and are enrolled in Part B. ▪ During this period, you can't be turned down for pre-existing conditions – If you miss this enrollment period, you could pay more or be denied coverage for pre-existing conditions (the Affordable Care Act ban on denying coverage does not apply to Medicare)
Medigap coverage and information	▪ Flexibility to see any doctor that accepts Medicare ▪ 10 standard plans offering different coverage, and plans vary depending on state ▪ Cost of coverage will vary by plan and state. The average monthly premium is $165* ▪ Some Medigap policies offer coverage for services that Original Medicare doesn't cover, like medical care when you travel outside the U.S. ▪ Medigap policies generally don't cover long-term care, vision or dental care, hearing aids, eyeglasses, or private-duty nursing ▪ Any standardized Medigap policy is guaranteed renewable even if you have health problems. This means the insurance company can't cancel your Medigap policy as long as you pay the premium. ▪ You cannot have a Medigap policy at the same time you have a Part C Medicare Advantage Plan

* Medicare.gov, Medigap Policy Search, accessed November 2019. Data for average cost for Medigap Policy G in Overland Park, KS (66013), assuming good health.

The bundled approach to Medicare

BUNDLED – PART C MEDICARE ADVANTAGE
An All-In-One Plan
– Includes Parts A and B
– Often includes Part D

Also referred to as Medicare Advantage, the bundled approach allows an individual to purchase a health insurance plan from a private provider that covers Parts A, B, and often D.

PART C: MEDICARE ADVANTAGE Combines parts of Medicare A, B, and D

- It's a Medicare health plan offered through private insurers that contract with Medicare to provide you with all of your Parts A and B benefits
- Available in three formats: managed care plans (HMOs and PPOs), private fee-for-service plans, or medical savings accounts
- Private insurers may be able to offer lower premiums than Original Medicare, but can limit you to in-network providers

Medicare Advantage enrollment	Initial enrollment is held during the 7-month period surrounding your 65th birthday: the 3 months before, the month of, and the 3 months following. Open enrollment: October 15 – December 7
Medicare Advantage coverage and information	▪ Hearing, dental, and vision may be covered ▪ Most offer prescription drug coverage ▪ Most plans require that you use in-network doctors, hospitals, and other providers or costs may increase for out-of-network providers ▪ Each plan can charge different out-of-pocket costs, but annual out-of-pocket expenses cannot exceed $6,700** ▪ You usually pay one monthly premium to the plan in addition to your Part B premium and copayments. The average monthly premium is $36***

** Centers for Medicare & Medicaid Services, *Announcement of Calendar Year (CY) 2020 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment policies and Final Call letter;* Table 19; April 1, 2019.

*** Kaiser Family Foundation; *Medicare Advantage 2020 Spotlight: First Look;* Jacobsen, Freed, Damico, & Neuman; October 2019.

Here is an average cost example using the unbundled approach. This example shows Medicare coverage for a married couple with Modified Adjusted Gross Income (MAGI) of less than $174,000 per year.

Coverage	Average annual cost
Part A: Hospital Insurance: Provides hospital coverage and limited skilled nursing facility coverage	$0 Premium
Part B: Medical Insurance: Provides non-hospital medical coverage; for example, doctor's visits	$1,735 Premium
Part D[1]: Prescription Drug Coverage: Medicare drug coverage	$505 Premium
Medigap[2]: Optional Medicare supplement insurance that's sold by private companies to provide reimbursement for some out-of-pocket medical costs (Does not cover vision, hearing, or dental)	$1,980 Premium
Out-of-pocket expenses (deductibles, co-pays and coinsurance not covered by Medigap, plus dental, vision, hearing expenses)[3]	$2,152 Premium
Total per person	$6,372 Premium

[1] Kaiser Family Foundation *Medicare Part D: A First Look at Prescription Drug Plans in 2020* November 14, 2019.

[2] Data for average cost for Plan G in Overland Park KS (66013) from Medicare.gov Medicare Plan Finder; https://www.medicare.gov/find-a-plan/questions/medigap-home.aspx November 2019.

[3] Kaiser Family Foundation; *How Much Do Medicare Beneficiaries Spend Out of Pocket on Health Care?;* November 2019; Excludes expenses for long-term care.

How life insurance can help

Life insurance coverage protects the people you love when you die. But some policies may also offer benefits that can help you pay health care expenses while you're still living:

- **Chronic or terminal illness rider.** An optional rider that will allow you to access the death benefit if you become chronically or terminally ill. How you use the money is up to you. Such riders will have qualifying terms and conditions and are typically available for an extra cost.
- **Access to cash value.** If your policy offers the potential for cash value accumulation, you may be able to take loans or withdrawals from it to use in any way you choose.

It's important to know that accessing your policy's death benefit will reduce, and may even eliminate, the death benefit for the policy's beneficiaries. Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.

Make a plan to pay for health care in retirement

Working with a financial professional, you can determine how prepared you are to pay for health care during retirement. A financial professional can suggest strategies, including those that use life insurance. If you start planning today, you can face the future with more confidence.

REF# 10547212

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PINNEY
INSURANCE

Providing All the Tools for Your Success[sm]

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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- Insureio
- Case Status
- Get a Quote
- Forms
- Contracting

Most Popular Tools

- **Full-Service Brokerage**
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  Access to carrier forms, quote tools, and 24/7 case status.
- **Insureio**
  Insureio.com - Insurance marketing evolved!
  Innovative Features
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