A Tool for your Success

Retirement Planning

Sales Kit

Strategy Guide: Accumulation & Protection Planning | Consumer Brochures | Case Studies | Producer Checklist

Brought to you by Pinney Insurance Center, Inc.
2266 Lava Ridge Court | Roseville, CA 95661 | PinneyInsurance.com

A Dynamic Duo:

IRAs/Qualified Plans and Life Insurance

The first wave of Baby Boomers has started to retire. Retirement planning is on the minds of millions of Americans. For many people, volatility in the investment markets and changes in workplace compensation have forced a re-evaluation of their retirement plans. Many whose investments and incomes haven't performed as previously anticipated need retirement planning advice and services. They want help in making the critical retirement planning decisions that will impact their finances for the rest of their lives.

As a result, many financial professionals have found the "retirement market" to be one with great opportunity. Many Baby Boomers will pay for financial products and advice designed to help minimize changes in their lifestyles when they retire. They are keenly interested in strategies and products that will help maximize their retirement savings and provide reliable streams of lifetime income.

IRAs and work-based qualified retirement plans are established ways to save money for retirement. Many employers have adopted some type of qualified retirement plan to help employees save for retirement. Some plans are funded with employer contributions (e.g. defined benefit, defined contribution, profit sharing, cash balance and H.R. 10/Keogh plans) while others are funded with contributions from the employees (401(k) plans, IRAs, etc.). Some plans use contributions from each.

Income tax deferral on contributions and investment growth make IRAs and qualified retirement plans attractive retirement savings tools. Unfortunately, many employees find them complex and difficult to manage. They often need professional assistance to effectively invest their account balances. Many financial professionals seek qualified account owners as clients and will help them manage their accounts for a fee. Often, these are financial professionals who specialize in retirement planning whose goal is to have as many qualified plan assets under management as possible.

For agent use only. Not for public distribution.

What about **Life Insurance?**

One financial product that is often overlooked in retirement planning is life insurance. That's because over the years many people have understood that life insurance is a financial tool with only one main purpose: to provide a spouse and children with cash to preserve their lifestyle if the worker dies prematurely. From this viewpoint, the purpose of life insurance is to replace the income that will be lost should the insured die before retiring. While this is an important use of life insurance, it is hardly the only one. People with this view often believe there is no need for life insurance after retirement.

For some people this one dimensional view of life insurance may be accurate. If they have planned properly before retirement and if everything goes as expected during their retirement, they may not need life insurance. Unfortunately, this is the exception rather than the rule; events seldom go exactly as we have hoped and planned. People who retired recently probably didn't expect that the stock market would go up and down like a yo-yo, that real estate values would drop sharply or that the United States and Europe would have financial crises that would impact the value of their retirement accounts. Sadly, unexpected things happen all the time. Life insurance death benefits can provide a financial "cushion" or margin of safety to maintain the financial security for the people we love regardless of when we die.

Disasters (financial and otherwise) can strike after we retire just as easily as they can while we are working. **Clients need to understand that as they retire from the workforce, they are moving from one set of potential financial problems to another. Retirement is a new stage in life that has new financial goals. It involves moving from the asset accumulation stage of life to the asset/income protection phase.**

In retirement we want to stop working for an income ourselves and allow the assets we've saved to generate the income we need to live on. In this new stage, we may have different goals and objectives. Many retirees will want to focus on preserving their assets and manage them in a way that maximizes the income they produce while minimizing the potential for loss. Married retirees and unmarried retirees with significant others may want to preserve assets and maximize income over two lives instead of just one. Life insurance may be able to help them.

Life Insurance "Touch Points"

Financial professionals who help clients manage their qualified plan/IRA accounts have many opportunities to discuss life insurance. The different elements of the retirement planning process create a series of opportunities to discuss whether life insurance makes sense as a component of a client's overall retirement plan. Once clients reach age 50, the law creates a number of specific times when they can make decisions about their qualified retirement accounts and government benefits like Social Security and Medicare. These are specific client "touch points" and they create a potential timeline for contacting clients about their overall retirement planning, their qualified account and their life insurance.

Annual Opportunities

Each year retirement-focused financial professionals have opportunities to talk with clients between the ages of 50 and 70½ about regular strategic planning decisions for their qualified accounts. Some of these annual touch points include:

- Account investment and rebalancing decisions
- Account distribution decisions (especially after client reaches 59½)
- Use of the IRA account as a possible source for making charitable contributions (during years when Congress allows this opportunity)
- Full or partial conversions to a Roth IRA
- Planning IRA beneficiary designations for a possible spousal rollover, Stretch IRA or charitable transfers at death.

These annual "touch points" offer financial professionals multiple opportunities to review clients' existing life insurance coverage and discuss whether additional life insurance might help them protect their loved ones and achieve their wealth transfer goals. These discussions should be ongoing because the ability to purchase life insurance coverage depends on a client's overall physical and mental condition. If a client's health deteriorates, coverage may become too expensive or unavailable.

Age 50

Catch Up Contributions

Under current law, working account owners who are 50 or older have new opportunities to contribute more money to their qualified accounts.

Age 55

Early Separation from Service

Clients who are considering early retirement could elect to withdraw assets from their 401(k) account under the "separation from service after age 55" rule and pay only ordinary income tax on the amount withdrawn with no penalty. The portion of these distributions which they roll over into an IRA in a qualified rollover can continue to grow income tax deferred.

Age 59½

Penalty-Free IRA Withdrawals Become Possible

The 10% penalty on withdrawals from IRAs is not applicable after clients reach age 59½.

Age 62

Election to Take Early Social Security Benefits

Once a client reaches age 62, he/she may file an election with the Social Security Administration to begin receiving Social Security benefits. Although the amount of benefits payable will be less than what would be payable at full retirement age, many Americans will consider making this election. The decision of when to begin taking Social Security benefits is a critical one. Once a decision is made, changing it can be extremely difficult. Thus, planning for when to begin taking Social Security benefits is important, particularly since the decision may impact the amount of benefits payable to the client's spouse.

Age 65

Medicare Sign Up

Clients should determine and confirm their Medicare health insurance elections on or before reaching age 65.

Age 66

Election to Take Full Social Security Benefits

First wave Baby Boomers (born between 1943 and 1955) are eligible for full Social Security benefits on their 66th birthday (sometimes called "full retirement age"). The payment of these benefits could impact how a person manages his/her qualified account and their strategy for taking distributions.

Age 70

Maximum Social Security Benefits

Clients who have not yet elected to take their Social Security benefits should do so on their 70th birthday. Further delay in taking benefits no longer increases the benefit payable. In most cases, they should act now.

Age 70½

Required Minimum Distributions (RMDs) for Traditional IRAs

Failure to begin taking required distributions results in a 50% penalty. Thus, not beginning RMDs may be hazardous to the client's wealth. If the client doesn't need the full RMD, he/she may use the excess to make gifts to children/grandchildren, charities or purchase a life insurance policy for estate liquidity (if they can meet the medical and financial underwriting guidelines).

Conclusion

Financial professionals who specialize in providing retirement planning services have many opportunities to explain how life insurance can potentially increase family financial security. Whether it's replacing lost income, protecting a surviving spouse's finances, paying off a home mortgage, providing estate liquidity, or building college funds for grandchildren, life insurance is a multi-dimensional financial tool with the potential to enhance a family's financial position long after they retire. As retirees move from the asset accumulation stage to the asset/income protection stage of life, they face an entirely new series of financial challenges. Life insurance may help with some of them. Discussing life insurance in your regular retirement "touch point" meetings could help clients with their retirement planning decisions.

162489 09/01/2014

Accumulation & Protection Planning (A.P.P.) Combo

A Protection and Retirement Strategy All in One

Producer Guide

The Accumulation & Protection Planning Combo is, first and foremost, a concept. It is **not** a product or contract.

For agent/registered representative use only. Not for public distribution.

RETIREMENT | INVESTMENTS | INSURANCE

VOYA FINANCIAL™

The Opportunity

Now more than ever Americans need to save for retirement and protect their families. They need to accomplish this using their dollars as wisely as possible in the face of multiple challenges.

The challenges are clear. Your clients need to:

1. **Protect more** for a secure future.
2. **Save more** for retirement.*

Show them Voya™'s...

Accumulation & Protection Planning Combo

These challenges make finding a supplemental source of retirement income very important.

- Regulations and limitations on qualified retirement plans
- The uncertainty of Social Security
- Longevity and increased health care costs increases retirement income needs

Voya's Accumulation & Protection Planning Combo uses life insurance to provide death benefit protection in a cost-efficient manner while leaving money, if properly funded, available to potentially grow tax-deferred to provide supplemental retirement income through policy loans and withdrawals.*

Plus there are no contribution limits, reporting or possible Internal Revenue Service penalties that are involved with a qualified plan.

This is income tax-free money that can be used in whatever way your clients choose.

- Supplemental retirement income
- College funding
- Future life insurance premium suspension

Really, however your clients wish to spend their money.

* A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Policy loans/partial withdrawals may have tax implications and may cause the policy to lapse. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. Policy loans and withdrawals may reduce the policy's death benefit and available net surrender value. In addition, in the case with an Indexed Universal Life policy, they may reduce or eliminate index credits and may limit your ability to make elections to the Indexed Strategy.

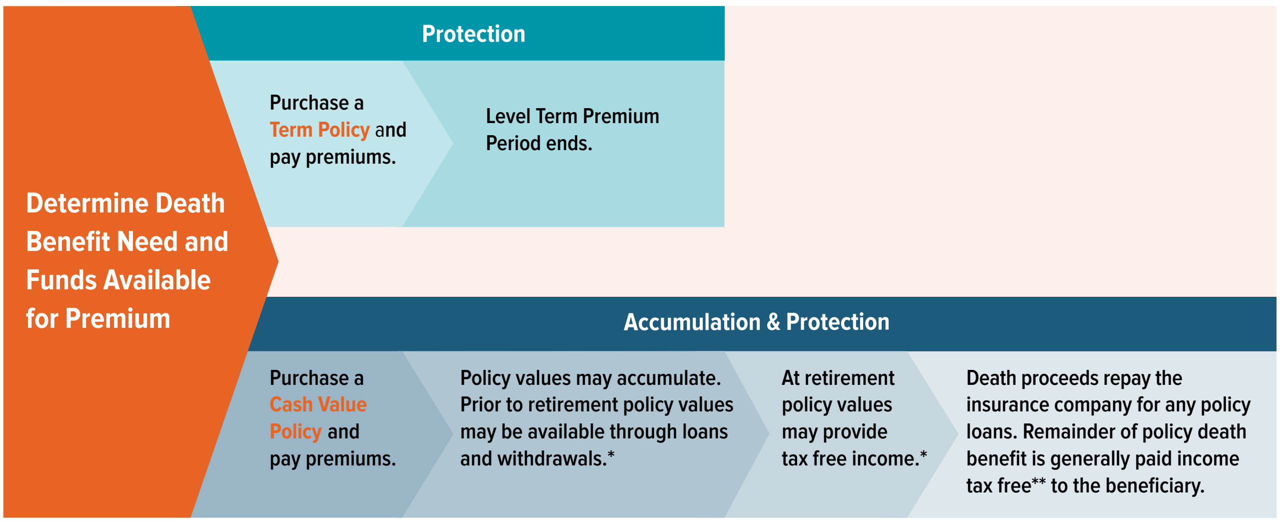
** Death proceeds from a life insurance policy are generally income tax-free and if properly structured, may be free from estate tax.

Preparing Your Clients to Protect & Accumulate More

Voya's Accumulation & Protection Planning Combo concept combines the purchase of two life insurance policies: one term policy and one cash value policy.

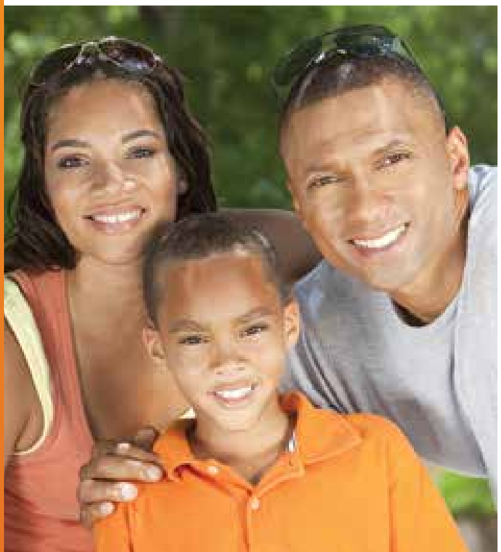
The use of term insurance in the Accumulation and Protection Planning Combo reduces the costs associated with your client's total life insurance coverage. The cash value life insurance policy, while also providing death benefit protection, has the potential to provide policy cash values for tax advantaged supplemental retirement income.*

Here's How It Works



Benefits may include:

1. More affordable and adequate life insurance protection that can provide income tax-free** money in the event of a premature death.
2. Flexible contributions
3. Income tax-deferred cash value growth – No income tax is payable while cash values accumulate inside the cash value life insurance policy.
4. Income tax-free supplemental retirement income through a combination of policy withdrawals and loans.*
5. No IRS distribution requirements or penalties – Unlike many tax-deferred investment options, distributions from a policy's cash values may occur before age 59½ without a premature distribution penalty from the IRS, and there are no required minimum distributions at age 70½ or thereafter.



Choosing the Right Products for Your Clients

The Term Policy

Term life insurance can be purchased in term periods of 10, 15 or 20 years. Once the level term premium period ends (either 10, 15, or 20 years), the term insurance coverage will terminate and only the cash value insurance policy will remain in force.

Using term life insurance in the Accumulation & Protection Planning Combo will give your client more adequate financial coverage for their family when they need it most, at a price that is more affordable than if they purchased one larger cash value policy.

Many clients believe that as they near retirement their need for death benefit protection will decrease. However, your clients will need to determine how long their term insurance coverage should last.

The Cash Value Policy

The cash value life insurance product chosen to fund the Accumulation and Protection Planning Combo will depend on the needs and circumstances of each client.

However, look for these key product features that may help maximize the benefits of an Accumulation and Protection Planning Combo strategy:

Long-Term Performance

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

Flexibility

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

Waiver of Specified Premium

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

Near-Zero Net Interest Cost Loans

With the Accumulation and Protection Planning Combo strategy, at retirement, the policy owner may choose to withdrawal up to his/her cost basis and then begin borrowing cash via loans from the policy for supplemental retirement income.*

When the interest rate credited on borrowed funds is close to the interest rate charged for the loan, the interest earned may cover the majority of the loan interest to be paid, and the policy owner gets a near-zero net interest cost loan.

* A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Policy loans/partial withdrawals may have tax implications and may cause the policy to lapse. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. Policy loans and withdrawals may reduce the policy's death benefit and available net surrender value. In addition, in the case with an Indexed Universal Life policy, they may reduce or eliminate index credits and may limit your ability to make elections to the Indexed Strategy.

Cash Value Product Choices

Universal Life (UL), Indexed Universal Life (IUL), and Variable Universal Life (VUL) insurance products can be well suited for the Accumulation and Protection Planning Combo.

Of course there are pros and cons to each product type and your client's individual needs should be considered. Below are some things to keep in mind.

These benefits and disadvantages are shared by all UL, IUL or VUL policies.

Benefits

- Potential cash value accumulation
- Access to cash value through loans and withdrawals*
- Flexible premium payments allow fine-tuning of premium paying scenarios to match premium payments
- Death benefit adjustability

Some Disadvantages

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

* Policy loans/partial withdrawals may have tax implications and may cause the policy to lapse. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. Policy loans and withdrawals may reduce the policy's death benefit and available net surrender value. In addition, in the case with an Indexed Universal Life policy, they may reduce or eliminate index credits and may limit your ability to make elections to the Indexed Strategy.

How can cash value accumulate?

UL, IUL and VUL have cash value accumulation potential, but each can grow in different ways.

Most Conservative → **Most Aggressive**

Universal Life	Indexed Universal Life	Variable Universal Life
A **fixed rate of interest** is credited to the policy as declared by the insurance company.	**Fixed Strategy:** A fixed rate of interest is credited **and/or** **Indexed Strategy:** **Greater growth potential** than UL through indexed crediting while having the security of a **guaranteed minimum** interest rate (ie: the "floor") that decreases the impact of market volatility.	**Fixed Strategy:** A fixed rate of interest is credited **and/or** **Variable Investment Options:** **Opportunity for highest returns** compared to UL and IUL through allocation of part of the cash value to sub-account selections from a wide range of variable investment options. **Note the risks for your client:** ▪ Not suitable for all policy owners (policy owner bears investment risk and it is possible to lose money) ▪ No guaranteed minimum interest rate ▪ Expense loadings are generally higher than with other types of policies

All guarantees are based on the financial strength and claims paying ability of the issuing insurance company, who is solely responsible for all obligations under its policies.

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

Target Markets

The Accumulation and Protection Planning Combo is suitable for clients looking for a cost-efficient way to protect their families and add to their retirement savings. You may find the best opportunities in the following market segments.

Professionals with **or** without a company-sponsored retirement plan

Many professionals, particularly business owners or physicians, may not have a company-sponsored retirement plan. Even if they do, the IRS imposes strict contribution limits which still leaves great concern as to whether they may have enough protection and retirement savings when they want to retire.

Needs/Motivating Factors

- Qualified plans or IRAs have a penalty tax on early distributions prior to age 59½. This is a problem especially for those planning to retire before age 59.
- Pension and profit sharing plans limit the amount of money professionals can contribute and require contributions for other employees.

Women

Needs/Motivating Factors

- Women tend to live longer than men. In 2012 a National Center for Health Statistics report found the life expectancy for men is 76 years while the life expectancy for women is 81 years, over five years more. Because women tend to live longer, they are more likely to outlive their retirement assets.
- For women over age 65, Social Security payments represent the largest source of income compared to other sources, including earnings, pensions and income from assets such as savings accounts.

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

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

– Ruth Helman,
Senior Research Associate,
Greenwald Associates

The **Accumulation and Protection Planning Combo** using life insurance is potentially a way for these markets to save for retirement while protecting their loved ones in the present.

- Income tax-free death benefit**
- Income tax-deferred growth potential
- Tax-free income*
- Flexible contributions
- No IRS distribution requirements or penalty tax on life insurance policy withdrawals or loans taken before age 59½.

(Remember, however, if the policy lapses or is surrendered, the IRS will tax distributions in excess of total premiums paid.)

* A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Policy loans/partial withdrawals may have tax implications and may cause the policy to lapse. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. Policy loans and withdrawals may reduce the policy's death benefit and available net surrender value. In addition, in the case with an Indexed Universal Life policy, they may reduce or eliminate index credits and may limit your ability to make elections to the Indexed Strategy.

** Death proceeds from a life insurance policy are generally income tax-free and if properly structured, may be free from estate tax.

Sample Prospecting Letter

Dr. (Mr./Ms.):

Are you concerned about protecting your loved ones and saving for your financial future? Are you looking for an alternative that provides a tax-free death benefit for your family and tax advantaged savings during your working years?

If so, you're not alone. Many Americans are establishing strategies to provide death benefit protection for their families as well as supplemental income in retirement. Generally these strategies are funded with after-tax dollars and can give you strong tax advantages. Consider the potential advantages of the Accumulation and Protection Planning Combo:

- Efficient use of your earnings
- Income tax-deferred earnings while you are working
- Income tax-free retirement income payments after you retire*

The Accumulation and Protection Planning Combo puts you in control of your retirement income. You'll need to spend only a few minutes to hear about what it can do for you. I will call next week to schedule a meeting time.

Sincerely,

Jane Q. Producer

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

How to Illustrate

The Accumulation and Protection Planning Combo is designed to maximize the dollars being spent for accumulation purposes while still providing the death benefit protection needed. Illustrating this concept is easy in Voya Presents 2!

How should the total death benefit be split between the term and cash value policy?

A tool found in the Accumulation and Protection Planning Combo will easily help you answer this.

How should I fund the cash value policy?

The cash value policy should be maximally funded (up to the non-MEC limit).

What is the optimal death benefit option to use?

The default in Voya Presents 2 is set to use the increasing death benefit option and then change to the level death benefit option when premiums end. After the death benefit option is changed to level, any increases in cash value due to policy performance or index crediting will reduce the net amount at risk and therefore reduce cost of insurance expenses. This reduction in expenses reduces the possibility of policy lapse once distributions begin. Usually, the most effective method of accessing policy cash value to supplement retirement income is to use cash withdrawals to the cost basis (total premiums paid) then begin taking policy loans. The annual loan interest is paid by the insurance policy and is added to the cumulative loan balance.

Points to consider when illustrating:

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

Now more than ever, your client's financially secure retirement requires advance planning. Voya's **Accumulation & Protection Planning Combo** is a strategy designed to help your clients better plan for a future that includes a retirement they deserve.

Marketing Support

Phone Support

Voya Insurance Sales Support is available to support your Accumulation and Protection Planning Combo sales. For more information, call **866-464-7355 Option 4**.

Web Support

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

167007 09/01/2014

A protection and retirement strategy all in one

Accumulation & Protection Planning Combo

The Accumulation & Protection Planning Combo is, first and foremost, a concept. It is **not** a product or contract.

RETIREMENT | INVESTMENTS | INSURANCE

VOYA FINANCIAL

The need to protect

Life is full of challenges. You're working hard to protect and provide for your family now, yet you also need to financially protect their future. And all the while saving for your retirement.

Premature death: You may not even think about it. Because it certainly "can't" happen to you. But the unexpected can happen. A breadwinner is gone and the family is left without the financial resources they may need for the future.

Disability: The chances that you may become disabled probably are greater than you realize. Studies show that a 20-year-old worker has a 3-in-10 chance of becoming disabled before reaching full retirement age and is six times more likely to have a serious disability than die. If you were to become disabled, you may lack the sufficient funds to fund your retirement plans altogether.
(Social Security Administration, Disability Benefits Publication No. 05-10029, June 2012)

Longevity: With today's medical advancements and healthier lifestyles, the U.S. average life expectancy has increased to age 78. Americans are living longer, thus spending more time in retirement.
(CIA World Factbook, 2012)

The need to save

Planning for retirement is difficult. There are several potential sources of retirement income, but they either may not be available or simply won't be enough.

Social Security: As more "baby boomers" reach retirement age, and with fewer workers available to pay Social Security taxes, projections indicate resources will shrink and reductions in benefits may be necessary. In fact, according to the Social Security's 2012 Trustees Report it's estimated that the Social Security trust fund will run dry by 2033 if changes are not made to the system.

Personal assets: Personal assets come from a combination of what people save on their own and what they acquire – and keep – from employers. Assets such as IRAs and Roth IRAs may be subject to complex restrictions and regulations. Other assets, such as savings accounts, CDs or money market funds, may be diminished by income taxes and inflation.

Employer Sponsored Plans (Pension, Profit Sharing, 401(k), 403(b), SEP, SIMPLE): These plans include a "permanent partner:" The Internal Revenue Service. They're not available to everyone and, even if available, the IRS imposes strict contribution limits based on salary earnings. Plans can be terminated by the employer at any time. Also, any retirement benefits received from these plans are taxable. This can further complicate matters as tax rates can change at any time, which can derail even the best planning.

The challenges are clear. You need to:

1. **Protect more** for a secure future.
2. **Save more** for retirement.

Prepare to protect & accumulate more

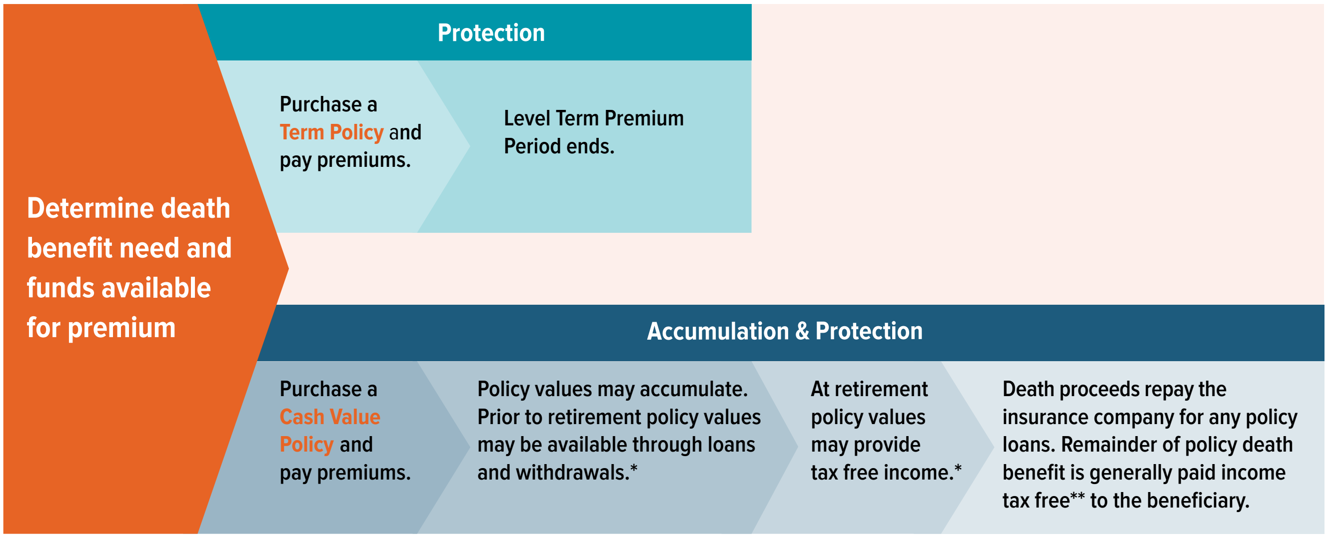
Voya®'s **Accumulation & Protection Planning Combo** provides death benefit protection in a cost-efficient manner while leaving funds, if properly funded, available to potentially grow tax-deferred to provide supplemental retirement income.*

This concept combines the purchase of two life insurance policies: one term policy and one cash value policy.

Term insurance is pure life insurance protection. It does not build cash value which is why it's typically less expensive than any other kind of life insurance. The use of term insurance reduces the costs associated with your total life insurance coverage. The term insurance coverage is only available for the term period (10, 15, or 20 years).

The cash value life insurance policy, while also providing death benefit protection for the life of the insured if properly funded, has the potential to provide policy cash values for tax advantaged supplemental retirement income.*

Here's how it works



Benefits may include:

1. More affordable and adequate life insurance protection that can provide income tax-free** money (the death benefit) to your family in the event of your death.
2. Income tax-deferred cash value growth – No income tax is payable while cash values accumulate inside the cash value life insurance policy.
3. Income tax-free supplemental retirement income through a combination of policy withdrawals and loans.*
4. No IRS distribution requirements or penalties – Unlike many tax-deferred investment options, distributions from a policy's cash values may occur before age 59½ without a premature distribution penalty from the IRS, and there are no required minimum distributions at age 70½ or thereafter.

Now more than ever, a financially secure retirement requires advance planning. Voya's **Accumulation & Protection Planning Combo** can be a strategy which may help you better plan for a future that includes a retirement you deserve. So plan ahead. Because it sure beats planning from behind.

Contact your Voya Financial® professional today.

* A portion of the policy's surrender value may be available as a source of supplemental retirement income through policy loans and withdrawals. Policy loans/partial withdrawals may have tax implications and may cause the policy to lapse. Income tax free policy distributions may be achieved by policy loans or withdrawing to the cost basis (usually premiums paid). This assumes the policy qualifies as life insurance, is not a modified endowment contract and is not lapsed or surrendered with an outstanding loan. Policy loans and withdrawals may reduce the policy's death benefit and available net surrender value. In addition, in the case with an Indexed Universal Life policy, they may reduce or eliminate index credits and may limit your ability to make elections to the Indexed Strategy.

** Death proceeds from a life insurance policy are generally income tax-free and if properly structured, may be free from estate tax.

167006 05/04/2015

North American Company for Life and Health Insurance
Since 1886

Life

Retirement Planning Using Life Insurance

A Death Benefit & Retirement Planning Strategy

Marketing Guide

FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.

NAM-1630 R3 11/15

Protect what's important for your clients now, and help them enjoy freedom later

As your clients look ahead, there may be several unknowns along the road of life. There are two key unknowns, however, that with the right strategy may help your clients reach their destination: premature death and outliving assets.

Without financial protection, a premature death typically results in financial hardship for a family along with emotional distress. Outliving assets during retirement may also bring about the same unfortunate outcome. However, there is an approach to help your clients in these situations.

To help your clients protect what's important now, while giving them a way to enjoy freedom later, consider permanent life insurance to help with your clients' retirement planning needs.

RETIREMENT PLANNING

The life insurance strategy to help supplement retirement income is fairly straightforward—permanent life insurance provides your clients with death benefit protection during their working years, while the potential accumulated cash values can be accessed during retirement to provide supplemental income.

In this guide, we'll help you explore this strategy so you can put it to work and help grow your sales. Topics include:

A Close Look at Retirement Planning

- Understanding the concept

Why Life Insurance?

- Key advantages
- Items to consider
- Supporting features

Retirement Planning Alternatives
How it Works
Client Profile
Why North American?

A CLOSE LOOK AT RETIREMENT PLANNING

Permanent life insurance provides your clients with death benefit protection and can be designed for flexibility to address changing needs, such as adjustable death benefit and flexible premiums. Permanent life insurance may also help with financial needs during the retirement years due to its cash value growth potential. The cash value growth offers an opportunity to provide potentially tax-free income as a supplement to other retirement income.[1]

Retirement planning has become a key concern for many people. Here are a few reasons why:

- Employers changing or cutting back on retirement plans. Your clients' employers may no longer offer the same beneficial retirement plans as they did in the past, or they may have gotten rid of the plans completely.
- Concern about reaching maximum contribution limits. You may have clients wishing to allocate more money to a qualified plan, but they have met the contribution limit and want to make up for a possible gap in retirement income needs.
- Lack of flexibility and protection with plan options. Many financial planning vehicles have contribution limits and are subject to market volatility.

If you have clients with these concerns, life insurance could be a viable alternative and provide them with a solution.

Understanding the concept

Life insurance protection during the working years

The cornerstone of a solid financial plan typically begins with life insurance. With a life insurance strategy to help supplement retirement income, your clients gain comprehensive death benefit protection to replace income should they die prematurely. Beyond the working years, it's important to remember that the life insurance protection can remain in place to pass to beneficiaries or create a legacy.

Potential tax-free income stream at retirement[1]

Permanent life insurance designed with the potential for cash value growth gives your clients options. The key option is the ability to withdraw the policy's potential cash values through policy loans or withdrawals[2,3] to provide supplemental retirement income.

Additional benefits of life insurance

With accelerated death benefits, your clients can accelerate a portion of the policy's death benefit.[4] This is an important living benefit that applies both through the working years and through retirement with no additional premium at the time of issue.[5]

WHY LIFE INSURANCE?

Key advantages

- **Immediate death benefit protection.** Your clients can gain confidence in their financial futures from the start with death benefit protection that will be there when their loved ones need it most.
- **Death benefit protection for retirement years.** In addition to death benefit protection during a client's working years, the life insurance can continue into retirement and may provide a death benefit to the surviving spouse or other beneficiary.
- **Flexible premium.** With a universal life or an indexed universal life (IUL) insurance policy, your clients can adjust their premium payments based on their available resources. Additionally, life insurance is not a qualified plan, so it is not subject to tax-qualified plan contribution limits. (However, see "items to consider" below regarding Modified Endowment Contracts.)[6]
- **Client control.** Clients have full control of their life insurance policies to make changes based on their needs. This same flexibility may not be available with other planning vehicles.
- **Tax-deferred growth.** With life insurance, any cash values grow on a tax-deferred basis.[7]
- **Generally tax-free distributions.**[1] Any accumulated cash values within a policy can be taken as generally income tax-free loans and withdrawals, as long as the policy is not a Modified Endowment Contract (MEC).[6] Withdrawals are income tax-free up to the cost basis.
- **No penalties for early access.** Clients can access the policy's potential cash values without a tax penalty for early withdrawals[3] like certain qualified plans, as long as the policy is not a MEC.[6]
- **No required minimum distributions (RMDs).** Your clients may leave any accumulated cash values alone and are not required to take distributions.

Items to consider

- **Avoid Modified Endowment Contract status (MEC).**[6] Life insurance policies that surpass certain premium limits can be classified as a MEC. A policy that is considered a MEC may be subject to tax when a client accesses the cash values with loans or withdrawals. Avoid this structure when putting together a strategy for retirement planning.
- **Non-guaranteed performance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated.[2,3] Keep in mind that your client must pay sufficient premium to maintain the policy in force to provide for cash value growth, and avoid lapse if the policy becomes over-loaned.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include the cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.
- **Specified amount of coverage.** Be sure the specified amount is appropriate to meet your clients' pre-retirement life insurance needs.
- **Expected changes in premium.** While money may be tight now, a client may want to increase premiums later to help further grow supplemental retirement income. If that is a reasonable possibility, avoid a specified amount that is too low, which may cause premium limitations in the future. However, having a higher specified amount may limit potential cash value growth for retirement planning.
- **An increasing death benefit option (DBO).** Increasing DBO may allow higher premiums to avoid becoming a MEC.[6] If choosing this option and it is consistent with your client's needs, consider changing to a level DBO in the year following the last premium payment to help limit mortality charges.
- **Husband and wife scenarios.** For husband and wife situations, it may be beneficial to consider a survivorship (second-to-die) policy if that aligns with the clients' needs.

Supporting features

Several life insurance policies feature added benefits that help with retirement planning. Consider these features found on many North American products that may help address changing needs as your clients look ahead.

- **Automatic Distribution Option (ADO) –** The ADO makes it easy for your clients to access potential cash value to help supplement retirement income. The ADO establishes automatic monthly, quarterly, semi-annual, or annual systematic distribution (loans or partial withdrawals) from the policy as long as there is sufficient net cash surrender value. With the ADO, withdrawals are not subject to the withdrawal fee.
- **Overloan Protection Benefit –** The Overloan Protection Benefit keeps a policy from lapsing due to excessive loans, so the policy can continue to provide death benefit coverage. If elected, the guarantee provided by this benefit may help avoid adverse tax consequences that may result from a policy lapsing from excessive loans or withdrawals.[2,3,8]
- **Protected Death Benefit[11] –** This benefit is an excellent option for clients who want to help supplement their retirement income and wish to guarantee a specific death benefit after the policy has been in effect for a number of years. The guarantee allows the client to select a minimum death benefit amount that is guaranteed, while he or she continues to access accumulated cash values through loans or withdrawals.[2,3]
- **Accelerated Death Benefits for Critical, Chronic, or Terminal illness[4] –** Options are available that allow a policy owner to access a portion of the death benefit if the insured diagnosed with a qualifying condition as described in the endorsement forms. These benefits are subject to certain eligibility requirements.

For availability and for more information about these benefits, please contact North American's Sales Development team.

RETIREMENT PLANNING ALTERNATIVES

Your clients have several retirement planning options, and there are many items to consider when deciding upon the appropriate strategy. Two key considerations include a client's current financial plan and projected income needs during retirement. Overall, it's important to consider the client's entire financial picture when weighing options.

Along with the various options, you'll want to look at items such as annual contribution limits, income restrictions, early withdrawal penalties,[3] required distributions, and any tax differences[1] between the various options. Life insurance is a competitive choice within these categories and may offer your clients a way to help supplement their retirement income needs.

HOW IT WORKS

After establishing a need for using life insurance for retirement planning, help your client find the appropriate universal life or indexed universal life insurance (IUL) product from North American. Here's how it works:

- The client's premiums provide death benefit protection during his or her working years.
- The death benefit would be paid generally income tax-free[1] to the beneficiaries.
- The potential cash values within the policy grow tax-deferred.[7]
- When the client decides to retire, he or she may access any potential cash values within the policy to help help supplement income.

CLIENT PROFILE

Each client will have different needs. Important considerations include age, family size, and financial standing. North American can help you bring it all together. Here you'll find common traits of clients seeking a retirement planning solution.

- Ages 30 to 60
- Middle to high income
- Concerned about family's financial needs if death occurs during working years
- Self-employed, member of a partnership, or corporate-employed
- Looking to enhance financial stability in retirement years

And may include those who:

- Have maxed out their qualified benefit programs (or lack a qualified plan)
- Are unhappy with planning vehicles that may lose money due to market performance
- Are looking for ways to find taxed-advantaged solutions[1]

WHY NORTH AMERICAN?

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

- **Competitive Products** – A robust product portfolio that meets your clients' needs. Consider North American's indexed universal life insurance (IUL) products. Here's why:
  - **Flexibility** – Several index selections offer a credited interest rate linked to domestic and international indices to help your clients build cash value within their policies without the risk of investing directly in the market.
  - **Access to policy cash values** – Your clients gain a choice of options, including standard loans, net zero-cost loans,[9] and variable interest rate loans (which have a maximum interest rate of 6%) along with withdrawals.
  - **Accelerated Death Benefits** – Available to help with living needs should conditions be met.
- **Fair and Consistent Underwriting** – You can depend on North American to help provide fast turnaround times on your submitted business.
- **Competitive Compensation** – North American offers generous compensation. Plus, we take a collaborative approach in helping to grow your business and are here to answer your questions and provide guidance along the way.
- **Financial Stability** – Sound financial ratings and private ownership keep us focused on long-term value.[10]
  - A+ (Superior) A.M. Best
  - A+ (Strong) Standard & Poor's

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 Friday

North American Company
for Life and Health Insurance
Since 1886

Life

CALIFORNIA NOTE: Agents offering, marketing, or selling accelerated death benefits in this state for chronic illness must be able to describe the differences between benefits provided under an accelerated death 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 (NAM-3013) that includes this comparison. Comparison is for solicitation purpose only, not for conversions.

Index 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.

1 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.

2 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and relay on their own tax advisor or attorney for advice on their specific situation.

3 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.

4 Subject to eligibility requirements. Availability varies by state and products.

5 An administrative fee may be required when benefits are elected. 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.

6 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).

7 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.

8 If the Overloan Protection benefit is elected, Accelerated Benefits cannot be elected. The Overloan Protection Benefit cannot be elected if the Protected Death Benefit is in effect.

9 Zero Cost Loans are loans charged and credited at the same percentage for a net zero cost. The policy year and amount available vary by product. Please refer to the specific marketing guide or contact the marketing department for details.

10 Rating Agencies: A.M. Best and Standard and Poor's are third party independent reporting and rating companies that rate insurance companies on the basis of the company's financial strength, operating performance, and ability to meet its obligations to policyholders. For detailed information about these companies, their ratings, and to learn more about North American's financial strength, please visit the About Us section of www.NorthAmericanCompany.com.

11 If Policy has a Premium Guarantee Rider attached to it, such rider will be terminated upon the election of the Protected Death Benefit. The Protected Death Benefit cannot be elected if the Over loan Protection Benefit is in effect.

North American Company
for Life and Health Insurance
Since 1886

Life

Agent Checklist

Retirement Planning

A retirement planning strategy using life insurance can help your clients meet their needs for financial protection and additional income during their retirement years. Use the checklist below as a guide for your retirement planning cases.

☐ Identify current death benefit needs.

Notes:

☐ Identify the client's retirement goals.

Notes:

☐ Discuss the retirement planning strategy in detail with the client.

Notes:

☐ Have your client complete the client worksheet (NAM-1634).

Notes:

☐ Review client's financial standing and current retirement plans.

Notes:

☐ Ask the client about other advisors he or she may be working with and prepare to work alongside these advisors.

Notes:

____

____

____

☐ Identify client's current life insurance coverage (if any).

Notes:

____

____

____

☐ Review life insurance product options.

Notes:

____

____

____

When Illustrating

☐ Consider the specified death benefit in the event the client might choose to add more premium in the future.

☐ Show the value of life insurance during the working years and in retirement.

☐ Discuss and look at the various ways to access the potential cash value.

☐ Consider using InsMark to aid your presentation.

☐ Avoid modified endowment contract (MEC) status.[1]

☐ Aim for a minimum non-MEC death benefit: If consistent with the life insurance needs of the client, a lower death benefit may allow the policy to accumulate greater cash value.

☐ If consistent with the life insurance needs of the client, keep the death benefit low to help produce the highest supplement retirement income. This typically involves using the Guideline Premium Test (GPT) instead of the Cash Value Accumulation Test (CVAT). The initial death benefit is higher under the GPT, but in the later policy years, the death benefit under the CVAT can grow to be much higher as the policy enters the corridor.

☐ When using the GPT, it may be beneficial to use the increasing death benefit option during the funding years, while changing the death benefit option to level during the income years. If consistent with the life insurance needs of the client, this strategy may allow for higher distribution projections.

For help putting together your retirement planning cases, contact Sales Development at (800) 800-3656 ext. 10411 or salessupport@nacolah.com.

1 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).

North American Company for Life and Health Insurance Since 1886 | Life

Using Permanent Life Insurance to Help with Retirement Planning

A Sales Strategy to Help You Succeed

QUICK LOOK

Life insurance provides your clients with death benefit protection, but it may also help with financial needs during their retirement years due to its cash value growth potential. Indexed universal life insurance (IUL) in particular may provide additional stability for those nearing retirement. In addition to death benefit protection, IUL offers an opportunity for significant cash value growth, downside protection in a poorly performing market, and the potential for generally tax-free income.[1]

THE SITUATION

Karl is a 45-year-old vice president at an engineering company. Jane, his wife, works part-time as a paralegal. The couple has two children ready to enter their teen years, and the family has a full schedule between soccer practice, piano lessons, and gymnastics.

Karl is concerned about financially protecting his family should he die prematurely. With a large mortgage, cell phone bills, automotive insurance, and kids not too far off from college, he knows there's a need to financially protect his family should he not be around for them.

The other item on Karl's mind is retirement. He and Jane have always talked about traveling during their golden years and helping their children, and possibly their grandchildren. He contributes the maximum to his qualified plan at the office and funds his children's college savings plans, but he would like to allocate more for retirement. Karl wants a way to supplement his retirement income that he can control. He doesn't want one with numerous restrictions, and he would like some tax advantages.[1] He's not sure how to go about doing it.

Is there a way to help Karl financially protect his family now while helping him supplement his retirement dreams later?

A SOLUTION

Through a co-worker, Karl meets with a life insurance agent to discuss the situation. Karl and the agent take a thorough look at the family's finances and consider several options. Karl decides that an indexed universal life insurance policy may help him meet his needs today and in the future. Here's why:

- **Immediate death benefit protection.** Karl can feel more confident in his family's future with death benefit protection. The policy also provides death benefit protection in retirement, as long as the policy stays in effect.
- **Generally tax-free distributions.**[1] Karl can access accumulated cash values within his policy generally income tax-free in the form of loans and withdrawals,[3,4] as long as the policy is not a Modified Endowment Contract (MEC).[5] Withdrawals are income tax-free up to the cost basis.
- **Flexible premium.** Life insurance is not a qualified plan. Karl can make premium payments that are not subject to limitations associated with tax qualified plans. Also, any cash values grow on a taxed-deferred basis.[2]
- **No penalties for early access and no required minimum distributions.** Should Karl need to access the policy's cash value before retirement, he can do so without a tax penalty associated with certain tax-qualified plans.[1] Plus, should Karl later discover that he doesn't need to access the cash values, he's not required to take distributions and may then leave the death benefit as a legacy for his two children.

CONSIDERATIONS

- **Avoid Modified Endowment Contract status (MEC).**[5] A policy that is considered a MEC may be subject to tax when a client accesses the cash values with loans or withdrawals.[3,4] Avoid this structure when putting together a retirement planning strategy.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.
- **Specified amount of coverage.** Two items: 1) be sure the specified amount is enough to meet your client's pre-retirement life insurance needs, and 2) make sure the client has room to add more premium in the future, if desired. However, having a specified amount larger than necessary may limit potential cash value growth for retirement income.
- **Non-guaranteed perfomance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated.[3,4]
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.[3]
- **Loss of premium.** Depending on funding, life insurance may not guarantee avoiding loss of premium.

Need help with your retirement planning cases? Contact Sales Development today at (800) 800-3656 ext. 10411 or email salessupport@nacolah.com.

Index 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.

1 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.

2 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.

3 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and relay on their own tax advisor or attorney for advice on their specific situation.

4 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).

Using Permanent Life Insurance to Help with Retirement Planning

A Strategy For Small Business Owners

QUICK LOOK

Life insurance provides your clients with death benefit protection, but it may also help with financial needs during their retirement years due to its cash value growth potential. Indexed universal life insurance (IUL) in particular may provide additional stability for those nearing retirement. In addition to death benefit protection, IUL offers an opportunity for significant cash value growth, downside protection in a poorly performing market, and the potential for generally tax-free income.[1]

THE SITUATION

James is a 52-year-old owner of a small restaurant. His wife, Sue, takes care of their two kids and helps to host at the restaurant in the evenings.

James realizes that good economic times come and go, and he may not be able to fully rely on the success of the business for his future needs. The restaurant doesn't offer a retirement plan because of the cost and administration that's involved in offering a plan for a small business.

As James thinks ahead, he's concerned about retirement and whether he can maintain his lifestyle. He's counting on the value of his business to fund retirement. The value of the restaurant is unpredictable, and he won't know what the final figure will be until he tries to sell. Also, there's no certainty that a buyer will be available when he reaches retirement.

Adding to these concerns, James realizes that his family would have a difficult time continuing their lives should he die prematurely.

A SOLUTION

James decides on a life insurance policy that will offer death benefit protection should he die prematurely along with the potential to accumulate cash values that may be accessed during retirement. He gains immediate death benefit protection and adds to his sources of retirement income outside his restaurant. With flexible premiums, he's in control, and he likes that any accumulated cash values grow tax-deferred[2] and that upon retirement the distributions are generally tax-free.[1] Also, should he die prematurely, the funds pass to his beneficiaries generally income tax-free.[1]

- **Immediate death benefit protection.** James gains death benefit protection as soon as the policy is in-force. The policy also provides death benefit protection in retirement as long as the policy stays in effect.
- **Less restrictive.** Life insurance is not a qualified plan. James can make premium payments that are not subject to limitations associated with tax-qualified plans. Also, any cash value grows on a tax-deferred basis.[2]
- **Generally tax-free distributions.**[1] James can access any accumulated cash values within his policy generally income tax-free in the form of loans and withdrawals,[3,4] as long as the policy is not a Modified Endowment Contract (MEC).[5] Withdrawals are income tax-free up to the cost basis.
- **No penalties for early access and no required minimum distributions.** Should James need to access the policy's cash value before retirement, he can do so without a tax penalty associated with certain tax-qualified plans.[1] Plus, should James later discover that he doesn't need to access the cash value, he's not required to take distributions and may then leave the full death benefit as a legacy for his two children.

CONSIDERATION

- **Avoid Modified Endowment Contract status (MEC).**[5] A policy that is considered a MEC may be subject to tax when a client accesses the cash values with loans or withdrawals.[3,4] Avoid this structure when putting together a retirement planning strategy.
- **Non-guaranteed performance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated.[3,4]
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.[3]
- **Loss of premium.** Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Specified amount of coverage.** Two items: 1) be sure the specified amount is enough to meet your client's pre-retirement life insurance needs, and 2) make sure the client has room to add more premium in the future if desired. However, having a specified amount larger than necessary may limit potential cash value growth for retirement income.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.

Need help with your retirement planning cases? Contact Sales Development today at (800) 800-3656 ext. 10411 or salessupport@nacolah.com.

Index 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.

1 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.

2 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.

3 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and relay on their own tax advisor or attorney for advice on their specific situation.

4 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).

North American Company
for Life and Health Insurance
Since 1886

Retirement Planning

Using Life Insurance For Death Benefit Protection & A Strategy to Help Supplement Retirement Income

Consumer Brochure

Financially protect your family & and help supplement income for your retirement

If you're concerned about the financial security death benefit protection can provide for your family today should something happen to you, and you're also uneasy about the future and falling short of retirement income, it may be time to consider life insurance. With life insurance you gain death benefit protection that will help your family pay the mortgage, utility bills, and other expenses should you die. Now, imagine your retirement. What retirement lifestyle do you imagine? It's easy to underestimate the cost of your ideal retirement. Permanent life insurance can help bridge any gap between what you have already saved and what you will need in the future. If you're looking to control your financial future, consider a permanent life insurance policy with the potential to build cash value that can be used to help supplement your retirement income.

KEY QUESTIONS	MEETING OBJECTIVES WITH PERMANENT LIFE INSURANCE
Why life insurance?	Permanent life insurance can meet your death benefit needs, and the potential cash value can help supplement your retirement income.
Who can benefit?	Anyone with a need for death benefit protection and have the ability to accumulate cash value.
How does it work?	Your agent can design a policy that can meet your life insurance needs and help provide additional income during retirement.

WHY LIFE INSURANCE?

Life insurance can help you with two unknowns—the loss of income from a premature death and having sufficient income to enjoy your retirement. With life insurance:

- You gain death benefit protection not only during your important working years, but also in retirement. In the event of death, the proceeds are distributed to your beneficiary(ies), generally income tax-free.[1]
- Your premium payments into a permanent life insurance policy pay for the insurance coverage and expenses and a portion may accumulate cash value on a tax-deferred basis.[2] Through policy loans and withdrawals,[3,4] the cash value may then be used during retirement as a source to help supplement income.

Cash value on our policy can be used how you see fit.

WHO CAN BENEFIT?

There are a few items to consider when deciding whether to use life insurance as part of your retirement planning. First, consider your need for life insurance today—think about the items your family will need to pay on their own without your income, should you die prematurely. Next, take a close look at your retirement plan. Will you have sufficient assets to live your planned retirement lifestyle? Is there a potential need to help supplement your retirement income. If these items concern you, you're not alone.

> *The average U.S. household with life insurance owns enough to replace only 3.5 years of income. This measure is consistent across all income groups.**
>
> *Almost two-thirds of pre-retirees say they don't expect Social Security and employee pensions to cover basic living expenses in retirement.**

* Life Insurance and Market Research Association (LIMRA), "The Facts of Life and Annuities," Sept. 2014.

Here are a few questions to consider to help you determine if using life insurance for financial protection and a strategy to help supplement your retirement income is right for you.

- Do you have a need for life insurance protection today to help replace your income in the event of your death, to help your family pay for items such as the mortgage or rent, insurance premiums, automotive expenses, property taxes, and groceries?
- Are you planning for retirement and are between the ages of 30 and 60?
- Are you interested in having additional retirement income stability?
- Have you utilized a qualified plan (such as an IRA, tax-qualified annuity, 401(k), or savings plan offered through your employer) or don't have access to a qualified plan for retirement planning?

This list is not complete and there are other items to consider. Your life insurance representative can take a closer look and help you evaluate your needs.

Life Insurance Advantages

- **Immediate financial protection and control.** Gain death benefit protection for your loved one. You own and control the life insurance policy.
- **Tax-deferred growth.** Your premium payments may earn interest and grow on a tax-deferred basis.[2]
- **Flexible premium.** With a universal life or an indexed universal life (IUL) insurance policy, you can adjust your premium payment based on available resources. However, there are limits on the amount of premium that may be paid into a policy to qualify as life insurance.[5]
- **Generally tax-free distributions.** Any potential cash values within your policy can be taken as generally income tax-free loans and withdrawals,[3,4] as long as the policy is not a Modified Endowment Contract (MEC).[5] Withdrawals are income tax-free up to the cost basis. (Cost basis is the amount equal to the total premiums paid.)

Life Insurance Disadvantages

- **Reduced death benefit.** Additional premiums may be necessary to continue the desired death benefit, depending on funding. Policy loans and withdrawals will reduce the death benefit and may cause the policy to lapse. Withdrawals may be subject to surrender charges that may reduce the death benefit and cash value.[3,4]
- **Non-guaranteed performance.** Cash values for loans and withdrawals[3,4] in later years may be more or less than originally planned. Minimum premium payment requirements must be met to maintain the policy, provide for cash value growth, and avoid lapse if the policy becomes over-loaned. Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Premium payments are not tax-deductible.**[1] Your premium payments for life insurance are not tax-deductible.
- **Avoid creating a Modified Endowment Contract (MEC).**[5] Life insurance policies that surpass certain premium limits can be classified as a MEC. MECs may be subject to unfavorable tax treatment.[1] Talk with your life insurance representative for more details and learn how to structure your policy appropriately.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.[3]

North American Company for Life and Health Insurance Since 1886 | *Life*

North American Company for Life and Health Insurance has been providing quality life insurance products since 1886. As one of the leading life insurance companies in the U.S., we'll make it as easy as possible for you to become one of our insureds. Please visit our Website at www.NorthAmericanCompany.com to find out more about our company.

HOW DOES IT WORK?

After a thorough needs-based discussion with your life insurance representative, you select a life insurance policy that matches those needs. Your representative will help structure the policy to match the desired death benefit coverage, and provide you the ability to access any potential cash values to help supplement your retirement income.

Ready to get started? Contact your North American representative and financially protect what's important now, while helping to supplement your retirement income later.

Index 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 insurance policies have terms under which the policy may be continued in force or discontinued. Permanent life insurance requires monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy. Current cost of insurance rates and current interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. For costs and complete details, refer to the policy or call or write North American Company for Life and Health Insurance, One Sammons Plaza, Sioux Falls, SD 57193. Telephone: (877) 872-0757.

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

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

3 Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation.

4 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).

North American Company for Life and Health Insurance Since 1886 | Life

Client Worksheet

Using Life Insurance to Help with Retirement Planning

Permanent life insurance offers you financial protection for life's uncertainties. With it's ability to build cash values, it can also help you meet long-term goals. It's important that the life insurance you choose today is also the right fit for years to come. This worksheet is meant to help you understand your current situation. Please return this worksheet to your insurance professional.

GENERAL INFORMATION

Immediate Family			
		Gender	Date of Birth
You	Name	Male ☐ Female ☐	
Married?	Yes ☐ No ☐		
Spouse	Name	Male ☐ Female ☐	
Children			

Address			
Home Phone		Work Phone	
Cell Phone		Email	

Preferred Contact Method and Time	

Occupation	
Business Owner?	Yes ☐ No ☐

INCOME

Immediate Family		Monthy Expenses	
Salary		Mortgage/Rent	
Rental Income		Automobile Loans	
Investment Income		Credit Cards	
Secondary Income		Student Loans	
Interest Income		Utilities	
		Food	
		Other Insurance	
		Life Insurance/ Annuities	
		Transportation	
		Healthcare	
		Child Care	
		Entertainment	
Expected Growth Percentage		Other	
Total		**Total**	

CURRENT INFORMATION

Assets			Liabilities		
Item	**Current Value**	**Use for Retirement Income?**	**Item**	**Amount Owed**	**Paid Off at Death?**
Residence			Mortgage 1		
Other Property			Mortgage 2		
Automobiles			Home Equity Loan		
RV/Other			Automobile Loans		
Retirement Accounts			Credit Cards		
Checking Accounts			Student Loans		
Saving Accounts			Line of Credit		
Investment Accounts			Business Loan		
Business Interest			Other		
Assets Total			**Liabilities Total**		

NET WORTH

Assets Total	(minus)	Liabilities Total	(equals)	Surplus or (Deficit)
	-		=	

TAXES[1]

	Current	Expected at Retirement
Federal Tax Bracket		
State Tax Bracket		

GOALS

Age You Would Like to Retire	
Estimated Amount of Income You Need at Retirement A few considerations: • Will your mortgage(s) be paid off? • Consider increasing or decreasing expenses.	
Current Life Insurance Concerns	
Retirement Income Concerns	
Additional Comments	

RETIREMENT INCOME SOURCES

Retirement Vehicles	Current Value		Amount You Contribute			
	You	Spouse	Monthly		Yearly	
			You	Spouse	You	Spouse
401(k), 403(b), SEP-IRA						
IRA (traditional)						
Roth IRA						
Annuities						
Cerificates of Deposit (CDs)						
Pension Plan						
Social Security						
Other Retirement Assets						

OTHER CONSIDERATIONS

Inflation Rate Prior to Retirement	
Estimated Inflation Rate During Retirement	
Expected Growth Rate of Contributions	
Estimated Interest Growth Rate of Retirement Vehicles	

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

PINNEY

INSURANCE

Providing All the Tools for Your Success℠

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.

Quick Links

- Pinney Insurance
- DataRaptor
- EZLifeSales
- Case Status
- Get a Quote
- Forms
- Contracting

Most Popular Tools

- **Full-Service Brokerage**
  www.pinneyinsurance.com
  Access to carrier forms, quote tools, and 24/7 case status.
- **DataRaptor.com**
  www.dataraptor.com - Insurance marketing evolved!
  Innovative Features
  Client Management Preview
- **EZLifeSales.com**
  www.ezlifesales.com - Learn How it works.
  Features customizable marketing materials,
  1 page app, and customizable quoting tool.
- **Policy Assessment**
  Learn about our hassle-free Policy Assessment Kit.
- **Ask the Underwriter**
  Introducing Our In-House Agency Underwriter
  Click here for a Basic Underwriting Questionnaire