Retirement Planning
SALES KIT

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Conversation guide

How to address clients' concerns in any market

If you and your clients are feeling anxious right now, you're not alone. Between oil prices, interest rates, political uncertainty around the world, and myriad other factors, no one knows for certain what the markets will do next week — or next quarter. Facing such extreme volatility just drives home a fundamental truth: you can't deliver good news about the markets to your clients every week.

Manage the anxiety with Lincoln solutions

In times like these, remember to share some optimism with your clients: You've added annuities and insurance solutions to their retirement portfolios, which are designed to help manage risk during all types of markets. Lincoln solutions and your guidance make a great team, helping your clients stay on track toward their retirement goals.

Lincoln knows that our solutions can play a valuable role for your clients during volatile times. By adding insurance solutions to client portfolios, you can feel confident staying invested. And with a 110-year history of strong financial ratings for Lincoln and an unblemished reputation for disciplined financial and risk management, you'll always have a good news story to share.

Telling the story

How can you help clients understand the value of solutions designed to help them achieve their retirement goals while guarding against risk? You know that it's hard for clients to watch their net worth go up and down at the whim of the market. They may feel that their chances of retiring happily go up and down with it. But you can help clients feel more confident if you address their biggest concerns and add the right solutions to their portfolios. We've put together some tips to make your conversations easier and help soothe clients' fears.

If your clients worry about being able to retire when and how they imagine...

Ask them, "How would you feel if we put guaranteed retirement income into your strategy?"

Help your clients figure out how much income they need to feel confident about their retirement lifestyle. Explain how an annuity allows them to receive guaranteed monthly payments in retirement. Knowing they have solutions designed to generate reliable income in their portfolio may reduce the uncertainty they feel about living in retirement and may even help them handle market swings more calmly.

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If your clients fear the market will rock their security and their retirement cash flow...

Ask them, "Would you feel safer knowing that your loved ones are financially secure — and that you're growing market-protected cash flow for retirement?"

Explain how life insurance can help protect their family's lifestyle regardless of market performance through a tax-free death benefit.[1] Then introduce them to a range of life insurance solutions that offer the opportunity for tax-advantaged growth and options to generate cash flow when the market rises, while also providing a degree of growth even when the market is down. Dollar cost averaging options allows clients to focus on longer-term growth potential rather than attempting to time the markets.[2]

If your clients worry about health costs, particularly long-term care...

Ask them, "What if we could ensure that you could afford the long-term care you want without worrying the market will eat away your retirement savings?"

Educate your clients on how long-term care solutions, particularly hybrid solutions, can help secure their choice of care and relieve their family from the work of caregiving. If clients plan to self-fund, they may worry with every market swoon. Instead of risking a depleted funding pool or encountering a care need when their market holdings are down, clients can transfer their risk of needed long-term care funding to an insurance company and gain financial leverage by paying less in premiums than they would pay out of pocket for their care costs. They'll know they've taken solid steps to provide funding for the kind of care they want, such as a home health aide or nurse, should a long-term care situation occur, and to help cushion their family from the financial and emotional impact of caregiving.

If your clients are worried about the bite of taxes...

Ask them, "Are you taking advantage of tax-deferred investment vehicles?"

Many clients, including small-business owners, overlook the role of employer-sponsored retirement plans in mitigating the impact of taxes on their investment growth. Help clients see that now is the right time to increase contributions to their sponsored retirement plan. This strategy provides a tax benefit for clients' small businesses through tax deductions on matched contributions, overhead, and plan administration, as well as for their personal taxes through pretax plan contributions. The value of dollar cost averaging of their contributions also provides a valuable way to take advantage of volatility over the long term.

[1] With VUL products, death benefit and account values may fluctuate with the performance of your investment options.

[2] Dollar cost averaging (DCA) does not assure a profit or protect against loss in declining markets. Because dollar cost averaging involves continuous investment regardless of changing price levels, clients should consider their ability to continue purchasing through periods of all price levels.

For more information and resources on helping your clients protect their wealth in any kind of market, contact your representative.

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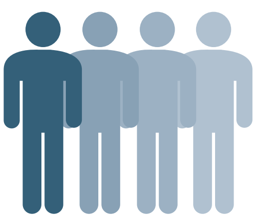
Preparing clients for the challenges of a longer retirement

Conversation guide

You know that retirements spanning 30-plus years may present unique planning considerations. But are your clients getting the message? While 93% of advisors say they help clients set a realistic retirement planning horizon, only 52% of clients report receiving this guidance.[1]

With advances in healthcare and lifestyle, one in four of your clients can expect to live until age 97.[2] However, consumers have a hard time taking these facts to heart, with almost 50 percent incorrectly predicting they will not live to age 75.[3] Even when they can understand the statistics, clients may not always understand the daily realities that accompany a longer retirement.

Insurance and annuities can play an important role in longevity planning. We've put together our top tips for engaging clients on the challenges of making income last, accessing cash flow, funding long-term care expenses, and growing and protecting their retirement principal. Use these resources to make longevity a fundamental retirement planning topic for clients and their families.



1 IN 4

of your clients can expect to live until age 97.[2]

The challenge: Making income last

Without a plan to make income last, clients could find themselves curtailing their lifestyle as they age—or living in fear of running out of money. By adding an annuity that offers guaranteed lifetime income to clients' portfolios, you can transfer some of this longevity risk to an insurance company and help clients feel comfortable about maintaining their standard of living.

Your talking points:

- With today's health advances, you may live to be much older than your grandparents or parents.
- To enjoy your retirement, you'll need to have a monthly income you can depend on—no matter how long you live.
- Adding a guaranteed income stream to your retirement plan is an important part of ensuring you never run out of money—not just for basic expenses, but for the lifestyle extras that you're looking forward to in retirement.

[1] Lincoln Financial Group and Hanover Research, Inc., "Wealth Protection Survey, 2015." For questions regarding this survey, please call 877-ASK-LINCOLN.

[2] Society of Actuaries, Individual Annuitant Mortality Tables, 2012.

[3] Abraham, K.G. and B.H. Harris. "Better Financial Security in Retirement? Realizing the Promise of Longevity Annuities." The Brookings Institution, November 2014. p. 10. http://www.brookings.edu/~/media/research/files/papers/2014/11/06%20retirement%20longevity%20annuities%20harris/06_retirement_longevity_annuities_harris.pdf.

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48% of consumers feel likely to run out of retirement savings.[4]

The challenge: Accessing cash flow for unexpected expenses

A good retirement plan doesn't just consider life's smooth patches—it prepares clients to comfortably live through the unexpected. And the longer your clients live, the more likely they are to encounter expenses like a major repair on a paid-off home, a ballooning tax bill, or even a child or grandchild who needs financial support.

Dipping into clients' principal can be risky, with consequences for their tax bill and future income potential. Consider introducing them to life insurance solutions for asset accumulation and as a source of income-tax-free policy loans. Loans and withdrawals will reduce the policy's cash value and death benefit, may cause the policy to lapse, and may have tax implications.

Your talking points:

- Once you retire, you'll want to feel comfortable enough to handle any unexpected expense that may arise without endangering your overall investment plan or incurring taxes by selling an investment asset.
- Having the financial freedom to help your children through a difficult time, contribute to a grandchild's education, make a luxury purchase, or access cash for emergencies is an important component of your emotional well-being during this stage of life.
- You may not have thought of your life insurance this way, but it can be an effective way to access tax-free loans from the value of your policy. A range of policies exist, including those tied to indexes to potentially increase in value along with the market.

$83/hr. is the average national cost for an in-home registered nurse.[6]

The challenge: Staying ahead of long-term care expenses

Consider this: Of Americans over age 85, 32% suffer from Alzheimer's, and a 65-year-old woman without dementia has a 20% chance of developing dementia during the remainder of her life.[5] Now consider that the average yearly cost of a private room in a nursing home is $99,645, and in-home care from a registered nurse averages $83 per hour.[6] Your clients can't afford to ignore the relationship between longer lives and the increased chances of facing a long-term care need.

Long-term care may involve recoverable events, like strokes and falls, or unrecoverable ones, like dementia. Planning ahead with clients can help ease the emotional and financial impacts.

Your talking points:

- Planning ahead for long-term care funding may make the situation easier and less painful for your entire family. Should the need arise, you'll want your family to know that you've planned ahead financially for a home healthcare worker or nursing home and don't expect them to shoulder the financial and emotional burden of care alone.
- Self-funding long-term care costs comes with risks—such as the possibility of drawing down your retirement principal during a down market and incurring a significant tax bill when selling assets.
- Long-term care funding solutions are more flexible than ever. In addition to traditional long-term care insurance policies, hybrid solutions based on life insurance and annuities may allow policyholders to repurpose benefits for heirs, avoid rising premiums, and use funds for either reimbursement of care expenses or lifestyle needs such as help with home maintenance or errands.

[4] Lincoln Financial Group and Hanover Research, Inc., "Wealth Protection Survey, 2015." For questions regarding this survey, please call 877-ASK-LINCOLN.

[5] Hebert LE, Weuve J, Scherr PA, Evans DA. Alzheimer disease in the United States (2010–2050) estimated using the 2010 Census. *Neurology* 2013;80(19):1778–83; Seshadri S, Beiser A, Kelly-Hayes M, Kase CS, Au R, Kannel WB, et al.

[6] Long Term Care Group, Inc., "What Care Costs," https://www.whatcarecosts.com/Lincoln (access code: LTC).

The challenge: Growing and protecting clients' retirement principal over time

When clients spend 30 or more years in retirement, the effects of inflation, taxes, and market volatility may be magnified. Consider that an inflation rate of just 3% would cause consumers' purchasing power to decline 45% within 20 years.[7] Living longer leaves clients more exposed to experiencing dips in the market value of their equity portfolio when they need the funds most. Add to that the ability of taxes to chip away at their wealth over time, and the need to protect and grow clients' retirement principal in light of longevity becomes clear.

Your talking points:

- During a long retirement, you'll need to make sure you have enough money to live comfortably and keep up with prices that rise with inflation. That means thinking about ways to grow your retirement principal while protecting it from market swings and taxes.
- Some types of annuities and life insurance solutions offer the opportunity for potential growth, either with actively managed or indexed funds, while offering a guaranteed minimum payout no matter how those investments perform. They're a tax-efficient way to grow your wealth. They also let you stay invested in the equities market, which may help your assets keep pace with inflation.

3% inflation rate would cause consumers' **purchasing power to decline 45%** over 20 years.[7]

Consider these Lincoln solutions

Retirement income

- Variable annuities with income benefit riders
- Fixed indexed annuities with guaranteed lifetime withdrawal benefits
- Immediate and deferred annuities

Insurance solutions with potential cash value

- Indexed universal life insurance
- Variable universal life insurance

Long-term care funding

- Hybrid long-term care funding solutions
- Life insurance with accelerated benefit riders for long-term care funding
- Indexed and variable universal life insurance with accelerated benefits riders for long-term care funding
- Annuities with riders for long-term care funding

Protecting and growing principal

- Indexed universal life insurance
- Variable universal life insurance
- Variable annuities
- Fixed indexed annuities

[7] Lincoln Financial Group, "Understanding the Financial Challenges: Take Charge of your Future," 2014. For questions regarding this survey, please call 877-ASK-LINCOLN.

Some features and benefits available for an additional cost. Guarantees are subject to the claims paying ability of the issuing company.

Put Lincoln Wealth Protection Expertise to work for you. Contact your Lincoln Financial representative or call 855-831-7067 for further information.

The value of partnering with Lincoln Financial Group

Lincoln Financial Group delivers sophisticated strategies and products for the creation, protection, and enjoyment of wealth. We are committed to helping Americans plan for retirement, prepare for the unexpected and protect their wealth from five key financial challenges: taxes, long-term care expenses, longevity, inflation, and market risk.

Rely on Lincoln for the knowledge and experience to help you address these challenges. Lincoln Wealth Protection Expertise combines state-of-the-art products, seasoned wholesalers and specialists, and powerful visualization tools to assist you in protecting client wealth and planning financial outcomes.

For more information about protecting client wealth from the risks of longevity, contact your representative.

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Tax-efficient retirement planning

Supplement your client's income strategy with life insurance

*Lincoln WealthAccumulate*SM Indexed UL

CASE STUDY

Meet Elaine, age 43 and John, age 44

Elaine and John are married working professionals with two adolescent sons. They're concerned about current and future tax risk. A few years ago, they never expected their taxes to rise significantly. Because they have nonqualified assets invested in corporate bond funds, their dividend and capital gains tax exposure increased.

Since Elaine and John want their sons to go to college, they need sufficient financial protection for income replacement. In addition, John has a 162 Executive Bonus Plan at his firm, so he feels he has enough coverage. But Elaine needs more death benefit protection.

Did you know that 3 in 4 people feel concerned about how changes in taxes could impact their retirement savings?[1] Life insurance can be a tax-efficient financial resource to complement a client's retirement income strategy. Policy cash values grow tax-deferred and allow for income tax-free distributions in the form of policy loans and withdrawals.[2] These distributions do not affect a client's income bracket, Social Security tax, or increase Medicare premiums. And if early retirement is a goal, policy loans and withdrawals taken prior to age 59½ are not subject to IRS penalties.

Elaine and John's challenges

Conservative investors in the 37% tax bracket, who need:

- Death benefit protection while their sons are dependent upon them
- A tax-efficient resource for their retirement

The wealth protection strategy

Their advisor recommends that Elaine purchase a *Lincoln WealthAccumulate* IUL policy. It offers tax-deferred growth opportunities from three indexed account options tied to S&P 500 performance and downside protection.[3] Elaine will pay $25,000 annual premiums for 15 years, a total premium of $375,000.

If her family needs income replacement, the policy provides

- $869,942 of initial death benefit that can grow to $1,360,191 at age 60.

In retirement, she can supplement her income

- Starting at age 66, she can take annual distributions of $79,224 for 25 years, which is a total of $1,980,600 from income tax-free policy loans.

She can leave a legacy for her children

- At age 90, she will still have a $674,775 income tax-free death benefit, even after taking distributions for 25 years.

The value of *Lincoln WealthAccumulate* IUL as a retirement supplement

Tax-efficient retirement resource Policy loans taken		**Taxable asset**	
$79,224	pretax annualized policy loans	**$79,224**	pretax annualized distribution
–$0	tax	**–$29,313**	tax
$79,224	net annual cash flow	**$49,911**	net after-tax annual cash flow
Tax advantages: Does not affect your client's tax bracket, Social Security tax or Medicare premiums.		**Tax disadvantages:** Could increase your client's tax bracket, reduce their Social Security benefits, and increase their Medicare premiums.	

To equal the $79,224 tax-free cash flow, the taxable asset would need to distribute $125,752 per year.*

*Assumes 37% tax.

*Lincoln WealthAccumulate*SM IUL assumes female, age 43, preferred plus nontobacco, increasing death benefit, switching to a level death benefit in year 21. $25,000 annual premium paid for 15 years, monthly participating loans taken in years 23 through 47, 6% assumed rate. **Assuming 0% return and fixed loans, policy lapses in year 25.**

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Tax code provisions make life insurance a tax-efficient portfolio asset

Tax advantages of life insurance	Tax code provision
Death proceeds are generally income tax-free.	IRC Sec. 101(a)(1)
The inside build-up of cash surrender values is generally not taxed.	IRC Sec. 7702(a)
Policy loans are not includable in income if the policy is not a modified endowment contract (MEC).	IRC Sec. 72(e)(5)
No penalties for distributions prior to age 59½. No requirements for a minimum distribution at any age.	IRC Sec. 72(v)
Life insurance can even be exchanged, income tax-free, into an annuity.	IRC Sec. 1035(a)

[1] Lincoln Financial Group, "2017 Consumer Tax Study," http://newsroom.lfg.com/sites/lfg.newshq.businesswire.com/files/doc_library/file/Lincoln_Financial_Group_2017_Consumer_Tax_Study.pdf, January 2, 2018.

[2] Positive returns are not guaranteed. Loans and withdrawals reduce a policy's cash surrender value and death benefit, and may cause the policy to lapse. Loans are not considered income and are tax-free. Withdrawals and surrenders are tax-free up to the cost basis, provided the policy is not a modified endowment contract (MEC).

[3] Excluding dividends.

Plan to protect wealth by reducing tax risk in retirement.

Contact your representative for more information about planning with Lincoln life insurance.

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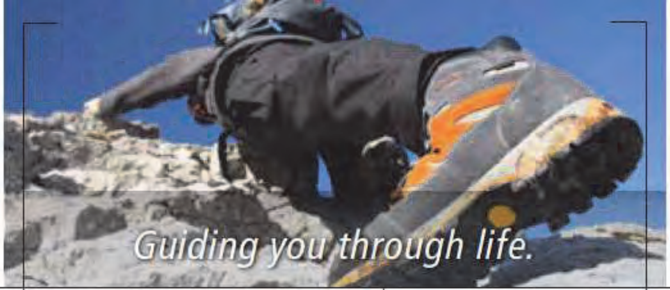

CLIENT PROFILE

INDIVIDUAL NEEDS | Advanced Markets

Life Insurance in Retirement Planning (LIRP)

Using Life Insurance to Supplement Retirement Income

CLIENT PROFILE	
Age	40–60
Status	Maxed out on contributions to qualified retirement plans.
Concern	Would like additional options for supplementing retirement savings.

Situation

- Client would like to save money for retirement but has maxed out on available qualified plans, such as 401(k)s and/or IRAs.
- Client would like additional life insurance protection for income replacement needs if death occurs prior to retirement.

Solution

- Client can purchase a permanent life insurance policy. The policy builds a cash value account over time, based on premiums paid into the policy. Pre-retirement, the policy will provide income tax-free death benefit protection; post-retirement, the potential policy cash value can be used to supplement retirement income.

How it Works

- Client applies for and purchases life insurance policy on his/her own life. Client pays the premium on the policy.
- During the client's working years, the policy will provide an income tax-free death benefit to the client's heirs.
- At retirement, the client can access any potential policy cash value via tax-favored loans and withdrawals to supplement retirement income.[1]

Benefits

- Life insurance can increase the amount left to heirs.
- Life insurance provides an income tax-free death benefit.
- The life insurance policy cash value grows on a tax-deferred basis.
- Life insurance, depending on the state, can offer creditor protection.
- Withdrawals from insurance policies are not mandatory and may occur at any time or not at all, unlike distributions from qualified retirement plans which may be subject to an early withdrawal penalty at age 59½ and/or mandatory distributions at age 70.

Considerations

- Plan requires evidence of insurability.
- Using life insurance as a form of supplemental retirement income is not tax deductible.
- Policy should not be structured as a Modified Endowment Contract (MEC). Policies classified as MECs may be subject to tax when a loan or withdrawal is made, and a federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½.
- 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.

CASE STUDY

CLIENTS: **Lily Rowan**, Female, Preferred Non Smoker, Age 40, 28% Tax Bracket, Massachusetts Resident. The proposed strategy is to purchase a John Hancock Indexed UL policy with an initial death benefit of $175,000; $4,900 initial premium for 25 years, Death Benefit Option 2, yrs 1–25; Option 1, thereafter; Guideline Premium Test assumes annual income payment of $20,000 is taken from policy from age 66 through age 85.

Year	Annual Premium	Cumulative Amount Received from Policy	Net Cash Surrender Value	Net Death Benefit
1	$4,900	$0	$300	$178,750
10	$4,900	$0	$49,400	$225,450
20	$4,900	$0	$150,800	$325,800
25	$4,900	$0	$231,100	$388,000
26	$4,900	$20,000	$225,000	$368,000
27	$4,900	$40,000	$218,450	$348,000
30	$0	$100,000	$197,400	$288,000
40	$0	$300,000	$100,250	$116,000

This is a supplemental illustration. Benefits and values may not be guaranteed; the assumptions on which non-guaranteed elements are based are subject to change by the insurer. Actual results may be more or less favorable. Refer to the basic illustration for guaranteed elements and other important information. The hypothetical rate of return in the above example is based on an allocation of premium to an indexed account that credits interest based on the changes to the S&P 500®.[2] Income assumes withdrawal to basis and then taking Standard Loans. Example also assumes that the net premium is allocated to 100% of John Hancock's Capped S&P 500 Account, with a hypothetical rate of return of 6.0% and is not indicative of future results. The death benefit amount is calculated assuming that no policy withdrawals and/or loans are taken prior to age 66. The income may be tax-free when withdrawals up to basis are taken, and thereafter policy loans are taken. Withdrawals above basis are income taxable.

For additional information, please contact your local John Hancock Representative or call the Advanced Markets Group at (888) 266-7498, option 3.

1. 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 and potential adverse income tax consequences.
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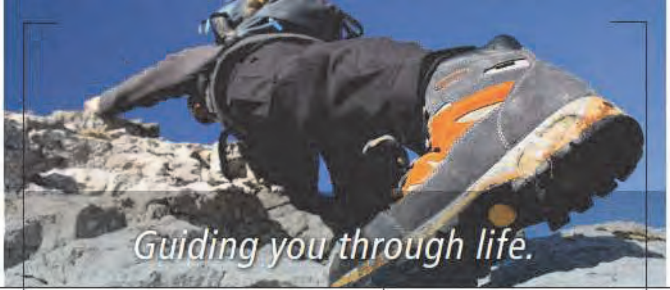

SALES STRATEGY

INDIVIDUAL NEEDS | Advanced Markets

Life Insurance in Retirement Planning (LIRP)

Using Life Insurance to Supplement Retirement Income

The Concerns

For many of your clients, planning for retirement has become one of their biggest financial priorities and one of their greatest financial challenges. Many workers believe that they will need to partially fund their retirement from their own savings efforts. Social Security and company-sponsored pension plans may not provide sufficient income for their retirement goals. As a result, your clients recognize that they need to save as much money as possible.

Often, some clients may not be able to put away as much money as they would like. Qualified plans such as 401(k)s are an excellent way to save for retirement, but are only available if your client's employer offers one. If offered, employee contributions to a 401(k) are limited to $18,000 per year in 2017, which may not meet your client's full savings needs. IRAs and Roth IRAs both offer additional qualified savings opportunities, but your client must meet income limits to use them and ultimately may still need to put away more money.

The Solution

What other vehicles can you offer your clients to help them supplement their retirement savings after they have fully funded their available qualified plans and IRAs? Life insurance may be the solution.

Life insurance can be used as a tool to supplement your client's retirement planning efforts. During your client's working years, the life insurance policy death benefit can protect your client's family and replace income that would otherwise be lost should something happen to them. At retirement, your client can access the policy cash value via tax-favored loans and withdrawals.

How It Works

Your client will apply for a John Hancock permanent life insurance policy on his or her life and will pay the premiums for that policy. Early on, the life insurance policy will provide a death benefit that will be received by the heirs income tax-free.[1] A permanent life insurance policy also has the potential to develop a cash value, which will grow on a tax-deferred basis. At retirement, your client may access any potential policy cash to supplement his or her retirement income via tax-favored loans and withdrawals.

Benefits

- Life insurance can increase the amount left to heirs.
- Life insurance grows tax-deferred, cash surrender value can be accessed tax-free (through withdrawals and loans) and the death benefit can be received tax-free.
- Life insurance, depending on the state, can offer creditor protection.
- Withdrawals from insurance policies are not mandatory and may occur at any time or not at all, unlike distributions from qualified retirement plans which may be subject to an early withdrawal penalty at age 59½ and/or mandatory distributions at age 70.

Considerations

- Life insurance purchased to help supplement retirement income should not be structured as a Modified Endowment Contract (MEC). Policies classified as MECs may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59½.
- Plan requires evidence of insurability.
- 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.
- 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 and potential adverse income tax consequences.

CASE STUDY

CLIENTS: **Lily Rowan,** Female, Preferred Non Smoker, Age 40, 28% Tax Bracket, Massachusetts Resident. The proposed strategy is to purchase a John Hancock Indexed UL policy with an initial death benefit of approximately $150,000; Approximately $4,500 in premium for 25 years, Death Benefit Option 2, yrs 1–25; Option 1, thereafter; assumes annual income payment of $20,000 is taken from policy from age 66 through age 85.

Year$128,300	Approximate Annual Premium	Cumulative Amount Received from Policy	Approximate Cash Surrender Value	Approximate Death Benefit Net of Loans/Withdrawals
1	$4,500	$0	$600	$153,650
10	$4,500	$0	$50,400	$200,500
20	$4,500	$0	$155,600	$305,600
26	$0	$20,000	$233,750	$350,650
30	$0	$100,000	$208,100	$270,650
40	$0	$300,000	$112,400	$128,300

The figures used in this case study are hypothetical, for discussion purposes only, are not guaranteed and may not be used to project or predict results. Actual results may be more or less favorable. Specific product and policy elements would be found in a policy illustration provided by an insurer. With any decision regarding the purchase of life insurance, a client would need to determine which type of life insurance product is most suitable for their specific needs. The hypothetical rate of return in the above example is based on an allocation of premiums to an indexed account that credits interest based on the changes in an underlying index and is not indicative of future results. The net premium in the example is allocated to the Capped Indexed Account that credits up to 11.5% and has a floor of 0%. The hypothetical average annual rate of return assumed for the Capped Indexed Account is 6.5%. The death benefit amount is calculated assuming that no policy withdrawals and/or loans are taken prior to age 66. The income may be tax-free when withdrawals up to basis are taken, and thereafter policy loans are taken. Withdrawals above basis are income taxable.

Summary

As the above chart indicates, the John Hancock Indexed UL policy provides death benefit protection for Lily and her family during Lily's working years. At retirement, Lily will be able to access the potential policy cash value via tax-favored loans and withdrawals to help supplement her retirement income. Would you like to illustrate this concept in a client-friendly presentation? Use JH Solutions, our proprietary software.

For additional information, please contact your local John Hancock Representative or call the Advanced Markets Group at (888) 266-7498, option 3.

1. Life insurance death benefit proceeds are generally excludable from the beneficiary's gross income for income tax purposes. There are a few exceptions such as when a life insurance policy has been transferred for valuable consideration. Please consult your professional tax advisor.

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INSURANCE PRODUCTS:		
Not FDIC Insured	Not Bank Guaranteed	May Lose Value
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One Policy. Three Strategies.

Protective® Strategic Objectives Variable Universal Life is ideally suited for use as part of a life insurance retirement planning strategy. In addition to protection with a death benefit, it offers the potential for tax-deferred growth of cash value that can one day provide tax-advantaged supplemental retirement income.

Help your clients execute three distinct life insurance in retirement planning strategies with the help of Protective Strategic Objectives VUL. The source of client premium payments will determine which can best meet individual needs.

1. Basic Life Insurance Retirement Planning Strategy

Do you have high income clients who have maximized contributions to their 401(k) or IRA and may not be eligible to participate in Roth IRAs? Protective Strategic Objectives VUL can help those clients meet their protection, growth and supplemental retirement income needs with:

- ✓ Unlimited contributions, regardless of income
- ✓ Tax-deferred growth of cash value
- ✓ Tax-advantaged withdrawals and loans* to supplement retirement income
- ✓ Optional, complimentary Defined Objectives program to help clients define, monitor and realize retirement goals
- ✓ Tax-free death benefit to protect loved ones

For more information about this strategy, please see the Using Protective Strategic Objectives VUL in Retirement Planning flyer.

2. Life Insurance Executive Bonus Plan (IRC Section 162)

Do you have small business owner clients who are looking for ways to reward and retain key employees? Protective Strategic Objectives VUL can help those clients in the form of an executive bonus plan. The employer pays the premiums on a policy owned by the key employee. Thus, the coverage is available at little (single bonus) or no (double bonus) out-of-pocket expense to the employee. The employee simply pays tax on the bonus reported as additional compensation.

- ✓ Employer chooses eligible employees
- ✓ Employer-paid premiums are tax deductible (must be reasonable compensation)[1]
- ✓ Employee obtains tax-free death benefit to protect loved ones
- ✓ Employee grows tax-deferred cash value
- ✓ Employee receives tax-advantaged supplemental retirement income[2]

For more information about this strategy, please see the Using Protective Strategic Objectives VUL in Executive Bonus Planning flyer.

Protective.
Life Insurance Company

3. Life Insurance Pass-through Entity Plan

Do you have clients with a business set up as a single-owner sole proprietorship or S corporation? What about multi-owner entities of a partnership, LLC or S corporation? The results of their operations are passed through and taxed to the individual partners, members or shareholders. Protective Strategic Objectives VUL can be funded with after-tax business profits to provide additional tax-advantaged benefits.

- ✓ Personally-owned policy and not an asset of the business
- ✓ Death benefit and cash value may be protected from creditors (varies by state)
- ✓ Business owner obtains tax-free death benefit to protect loved ones
- ✓ Business owner grows tax-deferred cash value
- ✓ Business owner receives tax-advantaged supplemental retirement income*

For more information, please see the Using Protective Strategic Objectives VUL in Pass-through Entity Planning flyer.

Protective Strategic Objectives VUL can meet both the personal and business retirement planning needs of your clients. To learn more about each life insurance in retirement planning strategy and to order materials, please contact your Protective Life representative.

[1] Deductions are limited to bonuses paid to employees. Pass-through owners who obtain coverage on themselves cannot deduct the premiums.

[2] Assumes the policy is not a Modified Endowment Contract. Loans can impact policy values and death benefits and may result in taxable income upon lapse, maturity or surrender of the policy. Loan interest charges may be applicable. Please see the product prospectus for more details.

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

Variable universal life insurance policies issued by Protective Life Insurance Company (PLICO). Securities offered by Investment Distributors, Inc. (IDI), the principal underwriter for registered products issued by PLICO, its affiliate. Both companies are located in Birmingham, AL.

Variable universal life insurance involves the risks of investing in stocks, bonds and other securities; market, interest rate and credit risk; and, loss of principle. If the investment performance of underlying investments is poorer than expected (or if sufficient premiums are not paid), the policy may lapse or not accumulate sufficient value to fund the intended application. Investments in variable universal life insurance policies are subject to fees and charges from both the insurance company and the managers of underlying investments. Loans and withdrawals may negatively impact policy value, investment performance, death benefit and any lapse protection.

Variable universal life insurance policy issued under policy form number VUL-14 9-15 and state variations thereof. Product features and availability may vary by state.

Investors should carefully consider the investment objectives, risks, charges and expenses of Protective Strategic Objectives Variable Universal Life insurance and its underlying investment options before investing. This and other information is contained in the prospectus for Protective Strategic Objectives Variable Universal Life and its underlying investment options. Investors should read the prospectuses carefully before investing. Prospectuses may be obtained by contacting PLICO at 800.456.6330.

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Advanced Markets

smooth sailing on uncertain waters

frequently asked questions

What is Smooth Sailing?

AXA's **Smooth Sailing on Uncertain Waters** helps show how cash value life insurance can provide clients and their families peace of mind as part of an overall financial plan, both before and after retirement.

- During a client's working years, the life insurance death benefit offers a client's family a means to help complete some or all of their retirement goals in the event a breadwinner dies prematurely.
- During retirement, the life insurance cash value may offer clients a safety-net to draw upon in the event their traditional retirement assets suffer losses.

By combining life insurance cash values and traditional retirement assets, a client using the Smooth Sailing approach has an opportunity to preserve, and perhaps grow, their retirement account. Smooth Sailing allows a client to turn off withdrawals from their traditional retirement assets during market loss years. During those years, a client can turn to their life insurance cash values as a source of funds, thereby avoiding selling into losses and exacerbating market losses in their retirement portfolio.

AXA offers a wide array of support for the Smooth Sailing on Uncertain Waters concept. These include a detailed client marketing piece, a shorter producer focused overview and several PowerPoint presentations. This Frequently Asked Questions piece helps address some of the commonly asked questions on this approach to retirement planning aided by life insurance.

does your client fit this profile?

- Has a life insurance need.
- In their 40s or 50s and saving for retirement.
- Traditional savings options such as IRAs and 401(k)s may not be sufficient.
- Concerned about retirement assets given the market instability in recent years, and what might happen if the market drops during their retirement years.

Isn't Smooth Sailing just another way to show life insurance cash values supplementing retirement income?

Yes and no. In most presentations using cash value life insurance to help supplement retirement, policies are maximum-funded relative to the death benefit, during a client's working years, to provide the maximum retirement income for the client. This is typically illustrated to show 20 years of income starting at age 65. In this approach the annual policy distributions (via loans or withdrawals[1]) help supplement, but are a core component of, a client's annual retirement income. This is the approach most carriers promote; AXA competes very well in this area with strong 20-year monthly income distributed from maximum funded life policies. We also offer a range of marketing support for this planning approach, including concepts called the Roth IRA Alternative, Private Reserve, Dialing Your Tax Bracket and general Supplemental Income materials.

1 Loans and withdrawals reduce the policy's cash value and death benefit and increase the chance that the policy may lapse. If the policy lapses, terminates, is surrendered or becomes a Modified Endowment Contract, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distributions of policy cash values.

Smooth Sailing differs from the traditional accumulation sale in that clients don't need to maximum fund their life insurance policy for annual retirement income. Instead, they need to adequately fund their life insurance policy to generate cash values that can be selectively accessed during retirement. Under the Smooth Sailing approach, a client draws on the policy cash values via withdrawals or loans only in years after there is a down stock market.[2]

Tom's Retirement Account Balance With and Without Life Insurance Planning & Smooth Sailing			
Starting Balance	Balance in 20 Years **Without** Smooth Sailing	Balance in 20 Years **With** Smooth Sailing	Number of Down Market Years Funds are Drawn from Life Insurance
$1,000,000	$444,791	$3,587,386	5

In short – Using the Smooth Sailing approach, policy cash values help a client avoid selling during loss years and exacerbating the loss. The policy cash values offer a client a potential source of funds they can access on an as needed basis to help smooth out one's drawing down on retirement assets during the retirement years.

Does Indexed Universal Life (IUL) offer any advantage with the Smooth Sailing concept?

In general, cash value accumulation products can help a client accumulate funds during their working years while also offering death benefit protection for a client's family. This helps protect the family in the event a breadwinner passes away before they've fully accumulated funds for retirement. We have a range of competitive cash value accumulation products, including a VUL product (IL Optimizer® III) and a cash value focused death benefit product (BrightLife® Protect). However, Smooth Sailing is designed for clients who are concerned about market losses and want some protection against those loss years. In this instance, Indexed Universal Life (IUL) may be attractive and our BrightLife® Grow product is an IUL designed to potentially generate strong cash values and retirement income while still offering death benefit protection for a client's family.

With BrightLife® Grow, clients have the potential to receive some upside potential, based on the caps offered and the market indices selected by the client. BrightLife® Grow also offers the ability to lock in the prior policy crediting through the use of a floor during loss years. This floor (zero percent) helps protect accumulated cash values during down market years, as clients cannot see negative returns based solely on a down market.

It is important to keep in mind that not all IUL products are alike. Many IUL products offer high caps that illustrate well because most illustrations show the same crediting rate year over year. However, often those products showing high crediting rates also carry high internal charges. In down market years, the crediting that a client thought was protected by a floor might be eroded by these charges.

BrightLife® Grow product may be particularly appropriate for clients who are interested in the Smooth Sailing approach as a way to provide a safety net in retirement. BrightLife® Grow is among the lowest cost IUL products offered. These lower charges allow a client to preserve more of what they've accumulated. This fits well with the Smooth Sailing concept where a client wants to preserve assets in down market years.

BrightLife® Grow also doesn't put clients at potential risk by coupling the access to policy cash values with variable or participating loans.

The Smooth Sailing marketing materials feature the market performance from 1973 to 1993. Why did AXA pick those years? Can you show the Smooth Sailing concept using different years?

AXA was very particular in showing 1973-1993, for the reasons described below. In the client white paper, we also show how a client's retirement income would have performed under a different cross section of market performance (from 1990 – 2010) to contrast the differences that market performance can have on a client's retirement fund.

First, we selected a 20-year time period because it was a reasonably rounded period of time. Under the 2008 VBT Life Expectancy tables, a 65-year-old client has a life expectancy of approximately 22-23 years (ages 87-88). The same 20-year period shown in Smooth Sailing carries that client from age 65 to age 85, approximately that same timeframe, but rounded into even decades.

Secondly, if you review the performance of the S&P® 500®, in any given twenty year period there are typically 4-6 years when the market suffers losses. In some years the losses can be significant, while others may be low single digit loss years. If a client faces losses during their early retirement, the losses can have a significant impact on the long-term performance of their retirement funds. By drawing on the life insurance cash values in the year following those down market years, a client can help mitigate the drain on their traditional retirement assets. Of course, past performance is not indicative of future results and this performance cannot be guaranteed. Clients may not invest directly in the S&P 500® Index.

AXA selected 1973-1993 because it was reasonably representative of a 20-year time period beginning with losses. The Smooth Sailing approach is intended to protect clients from loss years in their retirement portfolio; these losses can be particularly devastating if they occur early in retirement. The 1973-1993 period has five years of losses (a reasonable middle ground). Although these years capture the general up market years seen in the 1980s, they also began with losses in the first two years. There was a similar loss period in the mid-1960s, but that timeframe had six periods of losses over 20 years and didn't temper those losses by capturing the up market in the 1980s. Instead, it centered on the years of market and economic stagnation of the 1970s. As such, the higher number of loss years and the down market in the 1970s exaggerated the losses. Using 1973-1993 offered a more balanced approach.

To further balance the discussion, in the client piece we also showed how the Smooth Sailing approach might look using the timeframe from 1990-2010. That timeframe is, in many ways, the mirror image of 1973-1993. The 1990s were, arguably, one of the best performing decades. They were followed by the 2000s, arguably one of the worst performing decades in recent memory. However, a client retiring in the early 1990s would not have experienced down market years early in retirement so they would not have started retirement with early losses. In effect, their retirement assets increase, even with steady withdrawals because there are few early years of losses. This is despite the underperforming market in the later years of the timeframe.

Keep in mind, slicing different iterations of 20 year periods misses the point of Smooth Sailing. The idea is to have cash value life insurance protection during a client's working years. That cash value then provides additional options and protections during a client's retirement years, particularly if a client suffers losses in those years. Because you cannot predict how the market will actually perform, the Smooth Sailing materials show a good 20-year timeframe (1990-2010) as well as a bad timeframe (1973-1993) to compare and contrast. Showing each different 20 year iteration would be redundant.

AXA is frequently asked how this might look with the losses in the 2000s, coming from the dot.com bust and the 2008 market collapse. While that will be of great interest to many, there are still several years to go before we complete the 20-year track record from 2000-2020.

In the Smooth Sailing materials, you are showing a client drawing down 7% of their retirement assets. Isn't this too aggressive a rate of withdrawal? Shouldn't they withdraw a lower amount, such as 4% of their traditional retirement assets?

The 4% drawdown rate on retirement assets is strongly embraced by many in the planning community. However, it may not fit all clients in all instances. Also, the origins of the 4% drawdown rate are based on an article from the 1990s that focused on segments of the markets over decades to determine the safest rate of interest. As discussed below, the exact circumstances that produced the 4% drawdown number may not fit all clients.

In the case of many clients, they may not have the option to only draw down at a 4% rate and meet their standard of living. Any number of factors could contribute to this, including a high standard of living and a low savings rate. In many instances, a client may have a reasonable standard of living, a reasonable source of fixed retirement income (Social Security, a pension, etc.) but may still not have assets to maintain his standard of living without accessing more than 4% each year.

In 1996, William P. Bengen wrote an article for the *Journal of Financial Planning*,[3] that has been widely adopted over the years and recognized as the cornerstone of the 4% rule. In that article, Bengen looked at historic market performance over extended periods of time, using different bond/stock portfolio models and making assumptions for inflation. He concluded that if a portfolio had a high stock ratio (75% in his high stock ratio models), and should historical performance be repeated in a worst sequence of returns, a 4% withdrawal rate would sustain the portfolio for over 30 years. Such would not be the case at a 5% withdrawal rate under the same circumstances. However, it is important to note that in Bengen's model he was assuming a worst case scenario for the 4% model. Bengen was not recommending any specific withdrawal rate, but instead considering a withdrawal rate that was based on a client's overall assets and what he believed might be a reasonable return over a period of time.

Why is AXA showing a lower amount coming out the life insurance policy cash values than the client might need on an annual basis?

As shown in the chart below, different asset types offer different characteristics. These can range from how funds accumulate within a given product, their taxation when accessing values, creditor protection, etc. Which assets are appropriate for a client's retirement will vary widely based on their individual planning needs, the available retirement accumulation options, risk tolerance, etc.

In the case of life insurance, withdrawals and policy loans from a properly structured non-MEC (Modified Endowment Contract) life insurance policy can be received income tax free. This offers the client the ability to receive policy income without the erosion faced by taxable assets. As a result, clients in a 28% tax bracket can receive the pre-tax equivalent of $70,000 (year one income) by only taking out $50,000 from their life insurance policy:

$50,000/(1-.28) = $69,445

In our Smooth Sailing pieces, as inflation increases a client's income need over the 20-year retirement period, we've shown larger amounts coming out of a policy to roughly match that income need.

		Qualified Plans/ IRA[4]	Equities	Tax-Free Bonds	Annuities	Life Insurance
Acquisition	Contribution Legal Limits	Limited	NONE	NONE	NONE	NONE
	Acquisition Dollars	Tax Deductible	After Tax	After Tax	After Tax	After Tax
Accumulation	Income (dividends and/or interest)	Tax Deferred	Taxable	Tax Free	Tax Deferred	Tax Deferred
	Growth	Tax Deferred	Tax Deferred	Tax Deferred	Tax Deferred	Tax Deferred
	Repositioning	Tax Free	Taxable[5]	Taxable	Tax Free	Tax Free
Distribution	Income Tax on Annual Income	Account Taxable (prior to age 59½, 10% penalty may apply)	Gain Taxable	Gain Taxable	Account Taxable (prior to age 59½, 10% penalty may apply)	Basis Tax Free[6] Loan Tax Free[7]
	At Death, Included in Taxable Estate	Included Max Rate 40%	Included Max Rate 40%	Included Max Rate 40%	Included Max Rate 40%	Trust or Third Party Owned – NO!
	Taxed Upon Liquidation at Death	Taxable	Step Up	Step Up	Taxable	Tax Free
	Creditor Protection?	Yes	No	No	State Law Controls	State Law Controls

4 Does not include Roth IRAs.
5 Dividends already taxed excluded.
6 Withdrawals other than loans and in excess of basis, taxable.
7 While non-MEC policy remains in force, loans remain tax-free. Termination may trigger tax.

Why are you not showing Required Minimum Distributions (RMDs) out of a client's retirement assets in the down market years?

Most clients will have some or all of their retirement funds in qualified retirement plans, 401(k)s, 403(b)s or IRAs that mandate required minimum distributions (RMDs) — usually beginning the year following a client's 70½ birthday.[8] As a result, a client won't be able to turn off all withdrawals out of their retirement accounts.

Also keep in mind, a client can distribute assets from their IRA in kind, thus maintaining their existing position. The client would still have to pay income tax on the value of the distributed assets.

The Smooth Sailing presentation and materials are intended to show a concept — what will happen if a client can eliminate drawing down on assets at the time of a loss. The core focus of the Smooth Sailing concept was never intended to go into specifics of various asset types and their taxation – beyond showing how life insurance could help. Building in a chart that also showed RMDs would have blurred the point being made in the Smooth Sailing client white paper.

Additionally, every client will be different. Some may have all of their assets in accounts that mandate RMDs. Other clients may have little or no assets in these accounts. Moreover, how much clients will have in these qualified accounts will vary widely, particularly with the advent of Roth IRAs and Roth 401(k) accounts.

Even though most clients will have at least some assets that require RMDs, in most instances these required distributions can be kept low in the early years following retirement. Keep these items in mind:

- Assuming a client retires at age 65, the RMDs won't be required until the year following a client's age 70½. That would likely be 6 years after the concept shown in the Smooth Sailing marketing items, and beyond the early years of retirement. In the Smooth Sailing marketing piece showing values for 1973-1993, RMDs won't come into play until the client would have seen three of the five years of losses.
- Because of the way the RMD calculation works, the mandated withdrawals in the early years are low because the divisor offered by the Treasury and IRC Regulations to calculate RMDs is high. As a result, minimal dollars might need to come out of a retirement account in these early years.

The Impact of Life Insurance Planning on Tom's Retirement Account Balance

Starting Balance	Balance in 20 Years **Without** Smooth Sailing	Balance in 20 Years **With** Smooth Sailing	Balance in 20 Years **With** Smooth Sailing and Adjusting for RMDs
$1,000,000	$444,791	$3,587,386	$3,228,356

Because of these two items, RMDs have some effect on the calculations shown in the Smooth Sailing marketing pieces, but the approach still offers the client a safety net. Assuming 100% of a client's assets require RMDs, the overall impact of Smooth Sailing at a client's age 85 would change from $3,587,386 to $3,228,356, but the effect of the Smooth Sailing approach is still applicable.[9]

In effect, the difference in this specific example with and without RMDs is $359,040, or about a 10%.

What would it look like if I took the same premium dollars and put them into something other than life insurance?

AXA offers a great deal of support to show what a client might experience if they were to direct their premium dollars into a hypothetical portfolio, as opposed to life insurance. Work with your AXA representative and ask them to show you support concepts we offer called 1) Life Insurance as an Asset, or 2) Return on a Lifetime. Using these presentations, we are able to show a client how a life insurance death benefit can offer clients an additional facet to their overall wealth transfer strategy through a strong IRR at death.

However, the heart of this question misses the point of what Smooth Sailing is intended to do. Here the focus is on an accumulation life insurance product to help protect a client while also offering cash accumulation versus a death benefit. With the Smooth Sailing approach a client has:

- Life insurance protection during their working years.
- A tax deferred way in which to accumulate cash values, particularly if they have already maximized their traditional retirement accounts, such as IRAs and 401(k) accounts.
- Life insurance cash values that can be accessed in a tax-free manner.[1]
- Protection against wide market fluctuations through use of a conservative low-cost IUL product.

Wouldn't a client be better off buying term insurance and investing the difference?

Some might argue that term insurance is the most cost-efficient product during a client's working years and that they would be better off simply investing the difference. Assuming a client is disciplined enough to invest the difference, they may still be better off with BrightLife® Grow. First, the cash values grow on a tax-deferred basis and can be accessed in a potentially tax-free manner. Moreover, by using an indexed UL policy, a client can capture some of the upside of the market while protecting gains against when market drops below zero. Moreover, BrightLife® Grow's low charges also help preserve gains in low or zero crediting years. Finally, the life insurance cash values become an asset in a silo separate and distinct from traditional assets that are earmarked for retirement, so a client will know to focus on these assets only following down market years.

What is the best way to illustrate a life insurance policy for the Smooth Sailing concept?

This will vary widely from client to client, and will be based on their overall objectives, year by year cash flow and overall needs. In most instances, it will be easier for a client to budget an annual or monthly premium. In other instances, they may wish to direct a bonus or periodic cash infusion into their policy and an indexed universal life insurance policy will allow them the flexibility to do so.

In most instances, a client won't need to maximum fund a policy, which is the traditional approach when using life insurance cash values to help supplement retirement. They could simply fund a policy to build reasonable cash values to act as a safety net in retirement.

How reasonable a cash value will depend on the client's sentiment? Because clients will never know when losses will hit, focus on a worst case scenario. Generally, a worst case scenario would be 2-3 years of market losses at the outset of a client's retirement, followed by a few other random years when one may need to draw on the policy values. Any policy design should have substantial enough premium payments relative to the face amount to be able to hold up beyond a client's targeted life expectancy, or beyond. In modeling an illustration you may want to show some random years for withdrawals from the policy.

A final item concerns a client's age when illustrating accumulation products. In general, these will illustrate best when a client is age 50-55 or younger. As a client approaches age 60, there will rarely be enough time to accumulate meaningful cash values even if the policy is showing maximum non-MEC funding. In those instances, a client will need to understand that they may need to defer accessing policy cash values until age 70 or later.

Why should I use Indexed Universal Life? Won't this work equally well with Whole Life Insurance (WL)?

Whole Life, which often offers high dividends in the illustrations, will look great so far as building cash value, even guaranteed cash value. However, whole life insurance is often a difficult product from which to extract cash. Remember, cash withdrawals and loans are essential to the selected life insurance distributions from the life insurance policy, as an alternative to the main retirement silo after market down years. To match the flexibility offered by IUL, WL policies often require a much larger premium during the accumulation phase to produce similar distribution amounts during the distribution years.

Essentially whole life may not always offer as cost-effective or flexible method compared to UL or IUL policies.

Other Considerations:

- Withdrawal rates are subject to debate among planners. The withdrawal rate shown here may or may not be appropriate for your clients' specific situation. In some instances, a lower withdrawal rate may be appropriate, in other instances this may be an appropriate withdrawal rate.
- If clients are able to actually achieve strong early year returns, they won't have the same risk related to their retirement funds, but will have a life insurance death benefit and its cash values to help enhance their overall goals. This strategy is intended to address the concerns clients might see if they don't receive strong early returns, as was the case in much of the 2000s.
- There is usually a surrender charge that will vary by type of policy. These charges usually run 15 years or longer and will affect the available amount clients have to withdraw or borrow from their policy at any given time. There are also cost of insurance and other policy charges that will impact the cash value.
- The strategy presented here is intended to reflect a broad concept and individual situations will be different. In certain cases, clients will not have complete flexibility with all assets.
- In many instances, IRA and qualified plan assets will require minimum distributions after age 70½. This will force assets out of retirement funds even in years following market losses.
- How much life insurance a client can purchase and the price they will pay will depend on medical and financial underwriting. Your clients' results will vary based on their underwriting offer.
- To make this effective, client will need a long-term buy and hold strategy with a cash value life insurance policy.

2 The numbers represented here are based on a $1,000,000 starting balance in a retirement account. Growth is based on the S&P® 500 market performance from 1973-1993. See a separate question in this document as to why those years were selected. This assumes a drawdown rate of $70,000 per year in year one, indexed 1% annually for inflation. Loans and withdrawals reduce the policy's cash value and death benefit and increase the chance that the policy may lapse. If the policy lapses, terminates, is surrendered or becomes a modified endowment, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distributions of policy cash values.

3 Bengen, "Determining Withdrawal Rates Using Historical Data," *Journal of Financial Planning*, October 1996, p. 171.

8 This will vary by the type of plan, the client's age and entry into the plan.

9 This is also echoed in articles such as Updegrave, "How to Manage Your Retirement Withdrawals," *The Wall Street Journal*, June 6, 2014. The author also recommends taking minimal withdrawals from retirement plans (subject to RMD requirements) in down market years.

Loans and partial withdrawals will decrease the death benefit and cash value of your life insurance policy and may be subject to policy limitations and income tax. In addition, loans and partial withdrawals may cause certain policy benefits or riders to become unavailable and may increase the chance your policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values.

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Advanced Markets

smooth sailing on the uncertain waters of retirement

How Life Insurance Cash Values Can Stabilize Your Retirement Sequence of Return

The **Sequence of Returns** on your investments is a critical element in retirement planning.

Financial professionals often use a variety of techniques involving asset allocation to develop strategies that help ride out these highs and lows.

However, the focus during your accumulation years, leading up to retirement, can be very different than those in your retirement years. **The reason is simple:**

- During your working, accumulation, years you are moving toward a goal. When you hit that goal, your target number, you know you can elect to retire. Market highs and lows present a challenge but the financial path to retirement is focused on achieving a targeted number to give you peace of mind.
- Once you enter your retirement phase, market highs and lows present a different challenge. If retirement distributions begin in a stable or rising market, you have the potential to preserve or even grow your retirement assets. If you begin retirement distributions in a declining market, you are both drawing down on your assets and selling into losses. Your retirement assets may begin to erode faster than initially planned.

Table of Contents

Is the Smooth Sailing approach right for you?

Life insurance may provide you with a strategy that offers your family protection during your working years, but also an alternative source of retirement funds to help protect against retiring in a down market.

- You have a life insurance need,
- Are 35-55 years old,
- Are already funding traditional retirement options (IRAs and 401(k)s), but have a need for additional funding,
- Are concerned about what will happen to your retirement funds in the event of a market drop while you are in or approaching retirement age.

In every 20-year period, from the 1950s to the present, the S&P 500® has suffered anywhere from 4 to 6 losses. The trick is to not retire into these loss periods, but you might never know. **Smooth Sailing potentially offers an option using cash value life insurance.**

the sequence of returns makes all the difference in retirement

Markets and investments fluctuate from year to year, but the effect they can have on your portfolio varies widely depending if you are building assets toward retirement or if you are consuming those assets in retirement.

Here's how three different $250,000 retirement portfolios with three different sequences of returns built up, over 25 years from a client's age 40 to retirement at age 65, each reaching a $1,000,000 retirement goal.

	Sequence A		Sequence B		Sequence C	
Age	Hypothetical S&P 500® Return	Year-End Value	Hypothetical S&P 500® Return	Year-End Value	Hypothetical S&P 500® Return	Year-End Value
40		250,000		250,000		250,000
41	5%	262,500	-25%	187,500	6%	265,000
42	28%	336,000	-14%	161,250	6%	280,900
43	22%	409,920	-10%	145,125	6%	297,754
44	-5%	389,424	16%	168,345	6%	315,619
45	20%	467,309	21%	203,697	6%	334,556
46	19%	556,097	5%	213,882	6%	354,630
47	23%	684,000	-16%	179,661	6%	375,907
48	9%	745,560	8%	194,034	6%	398,462
49	16%	864,849	14%	221,199	6%	422,370
50	23%	1,063,765	24%	274,521	6%	447,712
51	22%	1,297,793	14%	312,954	6%	474,575
52	-26%	960,367	5%	328,602	6%	503,049
53	-15%	816,312	-15%	279,312	6%	533,232
54	5%	857,127	-26%	206,691	6%	565,226
55	14%	977,125	22%	252,163	6%	599,139
56	24%	1,212,673	23%	310,160	6%	635,088
57	14%	1,382,447	16%	359,786	6%	673,193
58	8%	1,493,042	9%	392,166	6%	713,584
59	-16%	1,254,156	23%	482,365	6%	756,400
60	5%	1,316,863	19%	574,014	6%	801,783
61	21%	1,593,405	20%	688,817	6%	849,890
62	16%	1,848,349	-5%	654,376	6%	900,884
63	-10%	1,663,514	22%	798,338	6%	954,937
64	-14%	1,430,622	28%	1,021,873	6%	1,012,233
65	-25%	1,072,967	5%	1,072,967	6%	1,072,967

Portfolios A, B & C all grew from $250,000 to just over $1,000,000. **They had the same end result, but:**

- **Portfolio A** begins with a sequence of returns that is positive in the early years, turning negative in the later years.
- **Portfolio B** has a sequence of returns that is the exact opposite of Sequence A, negative in the early years but positive in the later years.
- **Portfolio C** has a sequence that is a level 6% year-over-year return.

In the end — all reach the same goal. They just took different paths.

Everything Changes in Retirement.

Life insurance can help by offering an alternative source of funds in retirement, its cash surrender values, while offering family protection during your working years.

Look what happens to the $1,000,000 portfolio in retirement as it faces the **same market conditions** and **sequence of returns**, while drawing down living expenses in retirement.

	Sequence A			Sequence B			Sequence C		
Age	Hypothetical S&P 500® Return	Annual Begin Year Withdrawal	Year-End Value	Hypothetical S&P 500® Return	Annual Begin Year Withdrawal	Year-End Value	Hypothetical S&P 500® Return	Annual Begin Year Withdrawal	Year-End Value
65			1,000,000			1,000,000			1,000,000
66	5%	-85,000	960,750	-25%	-85,000	686,250	6.00%	-85,000	969,900
67	28%	-85,000	1,120,960	-14%	-85,000	517,075	6.00%	-85,000	937,994
68	22%	-85,000	1,263,871	-10%	-85,000	388,868	6.00%	-85,000	904,174
69	-5%	-85,000	1,119,928	16%	-85,000	352,486	6.00%	-85,000	868,324
70	20%	-85,000	1,241,913	21%	-85,000	323,658	6.00%	-85,000	830,324
71	19%	-85,000	1,376,727	5%	-85,000	250,591	6.00%	-85,000	790,043
72	23%	-85,000	1,588,824	-16%	-85,000	139,097	6.00%	-85,000	747,345
73	9%	-85,000	1,639,168	8%	-85,000	58,424	6.00%	-85,000	702,086
74	16%	-85,000	1,802,835	14%	-58,424	0	6.00%	-85,000	654,111
75	23%	-85,000	2,112,937	24%	0	0	6.00%	-85,000	603,258
76	22%	-85,000	2,474,083	14%	0	0	6.00%	-85,000	549,354
77	-26%	-85,000	1,767,921	5%	0	0	6.00%	-85,000	492,215
78	-15%	-85,000	1,430,483	-15%	0	0	6.00%	-85,000	431,648
79	5%	-85,000	1,412,757	-26%	0	0	6.00%	-85,000	367,447
80	14%	-85,000	1,513,643	22%	0	0	6.00%	-85,000	299,393
81	24%	-85,000	1,771,518	23%	0	0	6.00%	-85,000	227,257
82	14%	-85,000	1,922,630	16%	0	0	6.00%	-85,000	150,792
83	8%	-85,000	1,984,641	9%	0	0	6.00%	-85,000	69,740
84	-16%	-85,000	1,595,698	23%	0	0	6.00%	-69,740	0
85	5%	-85,000	1,586,233	19%	0	0	6.00%	0	0
86	21%	-85,000	1,816,492	20%	0	0	6.00%	0	0
87	16%	-85,000	2,008,531	-5%	0	0	6.00%	0	0
88	-10%	-85,000	1,731,178	22%	0	0	6.00%	0	0
89	-14%	-85,000	1,415,713	28%	0	0	6.00%	0	0
90	-25%	-85,000	998,035	5%	0	0	6.00%	0	0

Only Sequence A, where the portfolio began with a positive return, held up for 25 years, ending nearly with the same amount.

In Sequence B, you retire in the opposite sequence of returns. With early year losses your portfolio can be wiped out before you are very far into your 70s.

Even with a level annual sequence of returns, you may not solve running down retirement assets much past life expectancy.

how life insurance can help smooth the uncertain waters of retirement

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

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

Tom knows he needs to draw from his $1,000,000 retirement fund at $70,000 per year. However, he's concerned that if the stock market is unstable he may not have sufficient funds.[1] He works with his Financial Professional and they look at a 20-year return for the market, until he's age 85. They don't look to the 1980s and 1990s, where markets saw increases in most years. Instead, they look to what the market experienced in the 1970s and 1980s, when there was a mix of gains and losses. In fact, they look at 1973-1993 when the market started with a sequence of several negative market years.

Tom's Results without Life Insurance		
Starting balance at Age 65	Annual Retirement Fund Withdrawals and 1% Inflation	Tom's Retirement Fund Balance at Age 85
$1,000,000	$70,000	$444,791

This is the result Tom might see (assuming the same market returns as in the 1970s and 1980s). This is the result of ONLY five down years over a twenty-year period, and assuming a very low 1% inflation. They thought this was a conservative approach. In fact, if Tom and his financial professional used the S&P 500® performance from 2000-2015, Tom's retirement assets would have been eliminated in just 11 years (his age 76).

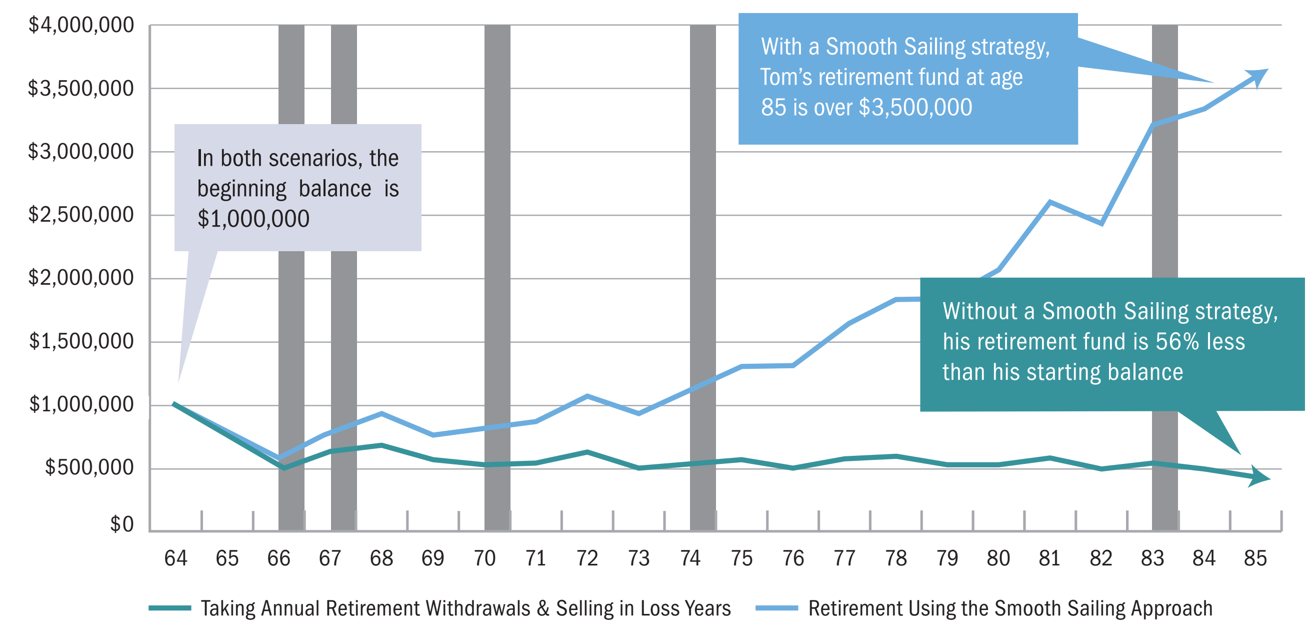
By taking funds out of his retirement savings year in and year out, Tom is forced to sell into loss years. In effect, Tom locks in and exacerbates his losses during down market years.

Smooth Sailing — A Possible Strategy with Life Insurance

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

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

The gray bars below represent the 5 down market years during the 1970s and 1980s. These are the years that Tom would take a distribution from his life insurance policy instead of his retirement pool.



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

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

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

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

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

How the Numbers Work

Here's a year by year charting of how Tom's $1,000,000 retirement nest egg might be eroded, or might be spared based on his electing to supplement his retirement savings with a cash value life insurance policy.

Retirement Account with 1% Inflation					
Age	Beginning of Year Balance	Annual Withdrawal	Post Withdrawal Balance	Hypothetical S&P 500® Return	End of Year Balance
65	$1,000,000	($70,000)	$930,000	-14.66%	$793,662
66	793,662	-70,700	722,962	-26.47%	531,594
67	531,594	-71,407	460,187	37.20%	631,377
68	631,377	-72,121	559,255	23.84%	692,582
69	692,582	-72,842	619,740	-7.16%	575,366
70	575,366	-73,571	501,796	6.56%	534,713
71	534,713	-74,306	460,407	18.44%	545,306
72	545,306	-75,049	470,257	32.50%	623,090
73	623,090	-75,800	547,290	-4.92%	520,363
74	520,363	-76,558	443,805	21.55%	539,445
75	539,445	-77,324	462,122	22.56%	566,376
76	566,376	-78,097	488,280	6.27%	518,895
77	518,895	-78,878	440,017	31.73%	579,635
78	579,635	-79,667	499,968	18.67%	593,312
79	593,312	-80,463	512,849	5.25%	539,773
80	539,773	-81,268	458,506	16.61%	534,663
81	534,663	-82,081	452,583	31.69%	596,006
82	596,006	-82,901	513,105	-3.11%	497,147
83	497,147	-83,730	413,417	30.47%	539,385
84	539,385	-84,568	454,818	7.62%	489,475
85	489,475	-85,413	404,061	10.08%	444,791

Tom begins with $1,000,000 and he needs to withdraw $70,000 year in and year out, even in years following market losses.

By selling into market losses, Tom's exacerbated the losses. In just 20 years, and with just 1% inflation, Tom's eroded his portfolio 56% of the original nest egg.

Past performance of the S&P 500® Index is no guarantee of future results. Clients cannot invest directly into the S&P 500® Index. The *Wall Street Journal* echoes these concerns. It's what they call the Sequence of Returns — noting that market losses, particularly early in retirement, can erode the overall portfolio and affect long-term retirement funds.[2]

But what if Tom could turn off the withdrawals in down years, or in the years following down years? Then he wouldn't be selling into those loses, but he will need an alternative source of funds for his living expenses. **This is where a cash value life insurance policy can be important.**

	Retirement Account					Life Insurance Policy			
Age	Beginning of Year Balance	Annual Withdrawal	Post Withdrawal Balance	Hypothetical S&P 500® Return	End of Year Balance	Premiums	Death Benefit	Withdrawal Loan	End of Year Cash Value
65	$1,000,000	($70,000)	$930,000	-14.66%	$793,662	$7,500	$425,000	$0	$232,700
66	793,662	0	793,662	-26.47%	583,580	$0	375,000	-50,000	193,700
67	583,580	0	583,580	37.20%	800,671	$0	325,000	-50,000	151,900
68	800,671	-72,121	728,550	23.84%	902,237	$0	325,000	0	160,500
69	902,237	-72,842	829,394	-7.16%	770,010	$0	325,000	0	169,500
70	770,010	0	770,010	6.56%	820,522	$0	275,000	-50,000	125,800
71	820,522	-74,306	746,216	18.44%	883,818	$0	275,000	0	132,150
72	883,818	-75,049	808,769	32.50%	1,071,618	$0	275,000	0	138,700
73	1,071,618	-75,800	995,819	-4.92%	946,824	$0	275,000	0	145,600
74	946,824	0	946,824	21.55%	1,150,865	$0	218,900	-55,000	94,000
75	1,150,865	-77,324	1,073,541	22.56%	1,315,732	$0	217,778	0	97,500
76	1,315,732	-78,097	1,237,635	6.27%	1,315,235	$0	216,634	0	101,000
77	1,315,235	-78,878	1,236,357	31.73%	1,628,654	$0	215,466	0	105,000
78	1,628,654	-79,667	1,548,987	18.67%	1,838,183	$0	214,276	0	108,700
79	1,838,183	-80,463	1,757,720	5.25%	1,850,000	$0	213,061	0	112,400
80	1,850,000	-81,268	1,768,732	16.61%	2,062,519	$0	211,822	0	116,600
81	2,062,519	-82,081	1,980,438	31.69%	2,608,039	$0	210,559	0	121,150
82	2,608,039	-82,901	2,525,138	-3.11%	2,446,606	$0	209,270	0	126,200
83	2,446,606	0	2,446,606	30.47%	3,192,087	$0	146,755	-60,000	67,500
84	3,192,087	-84,568	3,107,519	7.62%	3,344,312	$0	144,190	0	68,600
85	3,344,312	-85,413	3,258,899	10.08%	3,587,396	$0	141,574	0	69,500

By turning off retirement withdrawals, in years following negative market years, Tom's portfolio has now increased from $1,000,000 to $3,587,396 or **358%**.

It's handled by withdrawals or loans from a moderately funded cash value life insurance policy that Tom started during his working years. Plus, because the cash values can come out of a policy income-tax-free, Tom doesn't need to take out as much income as he might from a taxable asset.

This is a supplemental illustration and must be read in conjunction with the basic illustration. The values represented here are for a BrightLife® Grow with level death benefit on a 45-year-old male preferred non-smoker at a 5.50% crediting rate and non-guaranteed charges. The values reflect the payment of $7,500 of annual premiums payable until age 65. If guaranteed rates and charges are used, the policy would fail in year 25. The values here are intended to offer a hypothetical representation based on illustrated rates when this marketing item went to print in July, 2016. Actual results will vary based on the underwriting classification and crediting rate offered when an illustration is on a different date.

other considerations

- Withdrawal rates from retirement assets are subject to debate among planners. The withdrawal rate shown here may or may not be appropriate for your specific situation. In some instances a lower withdrawal rate may be appropriate; in other instances this may be an appropriate withdrawal rate.[1]
- This presentation is based on a hypothetical scenario where Tom receives low and negative early returns. Past performance is not predictive of future performance; your actual results will be different. If it turns out that the market is strong in your early years of retirement, you will have directed funds to life insurance premiums and may not need to access the cash values.
  - If you are able to achieve strong early year returns, you won't have the same risk related to your retirement funds, but you will have a life insurance death benefit and its cash values to enhance your overall financial goals. This strategy is intended to address the concerns you might see if you don't receive strong early returns, as was the case in much of the 2000s.
- There is usually a surrender charge that will vary by type of policy. These charges usually run 15 years or longer and will affect the available amount you have to withdraw or borrow from your policy at any given time. There are also cost of insurance and other policy charges that will impact your cash value. Work with your Financial Professional to understand the timing and limitations based on your overall goals and objectives.
- The strategy presented here is intended to reflect a broad concept and individual situations will be different. In certain cases, you will not have complete flexibility with all assets.
  - In many instances, IRA and qualified plan assets will require minimum distributions (RMDs) after age 70½. This will force assets out of retirement funds even in years following market losses.
- How much life insurance you can purchase and the price you pay will depend on medical and financial underwriting. Your results will vary based on your underwriting offer.
- To make this effective, you will need a long-term buy and hold strategy with a cash value life insurance policy.

Important note

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

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to help further customize the design of your life insurance contract

Providing **stability & reliability** to our clients since **1859**

AXA Equitable and MLOA offer:

- **Low-Cost Indexed Universal Life —** Offers clients seeking security for their families and retirement assets the added security of both downside risk and preserving more of their premium dollars towards cash value accumulation.
- **Custom Features —** A suite of other "Built-In" features includes riders that can further customize your insurance policy to your needs, including a Charitable Legacy Rider®, which offers an additional death benefit to the charities of your choice and a Long-Term Care Services℠ Rider. Note that some riders have additional costs and all have restrictions and limitations. Be sure to review these details with your Financial Professional.

All guarantees are based on the claims-paying ability of the issuing insurance company, either AXA Equitable Life Insurance Company (New York, NY) or MONY Life Insurance Company of America (MLOA).

*Interbrand, 2009-2015, AXA press release, October 5, 2015

1 Wade Pfau, Michael Finke, Duncan Williams, Spending Flexibility and Safe Withdrawal Rates, Journal of Financial Planning, http://www.fpanet.org/journal/SpendingFlexibilityandSafeWithdrawalRates/ The authors note "we find that the 4% retirement withdrawal rate strategy may only be appropriate for risk-averse clients with moderate guaranteed income sources; a risk-tolerant client may prefer a withdrawal rate of between 5% and 7% with a guaranteed income of $20,000."

2 Kelly Greene, "How Much Stock to Own in Retirement?" The *Wall Street Journal*, February 3, 2014.

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1290 Avenue of the Americas, New York, NY 10104, (212) 554-1234

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Advanced Markets

managing your tax bracket

planning if taxes go up
and planning if taxes go down

It's always important to diversify and spread your risk among many investments. Diversification can help protect you from fluctuations among different assets and asset classes.[1]

But, what about diversifying your tax rate exposure? By diversifying among different financial products you may have the ability to protect yourself against fluctuations in tax rates. Why is this important? During years with high tax rates you may want to have the option to take funds from tax-free investments. In today's uncertain tax and budget environment, planning for this is all the more important.

Problem

Rosie and Bennett are a middle-aged couple. They're saving for retirement, but need to care for their children and plan for college. Bennett is also looking at life insurance to help protect the family in case something happens to him. At the same time, the couple is funding their IRAs and 401(k)s, but know these won't address all they need for retirement.

ideal candidates

- Need life insurance
- Think taxes will increase
- Need more retirement income than Social Security, their IRAs and other current savings can provide
- Already maximum fund their 401(k)s and IRAs

A Possible Solution

Carl, their Financial Professional, shows them an option — cash value life insurance. It offers Rosie and Bennett:

- Death benefit protection in case something happens to Bennett during his working years.
- Access to policy available cash surrender values that grow tax-deferred.
- During the couple's retirement years, any available cash surrender value can be taken from the life insurance policy via withdrawals and loans. So long as the life insurance remains in force, the funds can be received income-tax-free.
- The couple can use these tax-free withdrawals and loans to supplement income in years they need added income without increasing their tax bracket.[2]
- Withdrawals and loans from life insurance policies are exempt from the 3.8% Medicare surcharge.

There's a final added benefit: Life insurance cash values, along with the couple's IRA and 401(k) accounts aren't included in the expected family contribution calculations for college financial aid.

1 Diversification is a method of asset allocation. It does not guarantee a profit or protect against a loss. A diversified method of investing may result in a loss of principal to the investor.
2 Loans and withdrawals reduce the policy's cash value and death benefit and increase the chance that the policy may lapse. If the policy lapses, terminates, is surrendered or becomes a modified endowment, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distributions of policy cash values.

Managing Your Tax Bracket

Rosie and Bennett estimate that during retirement they'll need $100,000. They have a number of sources of income, but they're worried about taxes. Here their life insurance cash values can also help. Each year they will take non-discretionary payments, such as Social Security and their required distributions from taxable retirement funds. This fills up their lower tax brackets. As they approach the higher tax brackets, they can minimize taxes with available life insurance cash surrender values.

How Rosie and Bennett fill their higher tax brackets makes a difference while still meeting their $100,000 target income.

Added benefit with Life Insurance. Because the funds can be pulled out free of income taxes, the couple can withdraw or borrow less and still meet the same after-tax amount they need to live on.

		Lower Tax Brackets Filled First: Social Security, IRA and Pension Distributions, and Other Taxable Income			Higher Tax Brackets: Rosie and Bennett Have a Choice — Taxable Income, or Cash Values, Roth IRAs and Municipal Bond Interest		Total
		First $19,050	+	Next $58,350	Next $22,600	=	$100,000
Without Life Insurance Planning	Tax Rate	10%	+	12%	22%		
	Taxes Due	$1,905	+	$7,002	$4,972	=	$13,879
With Life Insurance Planning	Tax Rate	10%	+	12%	0%		
	Taxes Due	$1,905	+	$7,002	$0	=	$8,907
					35.8% Savings	=	$4,972

Based on a 45-year-old male, preferred underwriting status, a BrightLife® Grow Indexed Universal Life contract with a death benefit of $500,000 and an annual premium of $8,370 would generate 20 years of income of $22,600 starting at age 66. (Policy uses a current rate of 5.81%. At the guarantee rate, the policy lapses in year 23.) Assumes tax calculations made in 2018, filing jointly.

By diversifying via taxes, you can also make the choice and take income from taxable or non-taxable sources to optimize taxes.

Why AXA?

- Strong life insurance portfolio with competitive cash-value product options.
- A wide selection of riders to choose from, including the Charitable Legacy Rider®, which offers an additional death benefit to the charity(ies) of your choice at no added cost.
- The financial strength of AXA Equitable Life Insurance Company (New York, NY) or MONY Life Insurance Company of America.

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GE-122464 (2/18) (Exp. 2/20)

Cat. #147982 (2/18)

Retirement Income Workbook

It's Your Retirement. Embrace it.

Protective®

Protect Tomorrow. Embrace Today.™

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

CAC.1126 (03.15)

It’s time to get started.

Let’s protect your Tomorrow,
so you can embrace Today.

The first step to creating your unique retirement income plan is documenting your specific needs and wants. By completing the information found in this workbook, you'll be better prepared to discuss how with your financial advisor exactly how you would like to create your individual plan.

The workbook is divided into 5 sections:

1. Income and Assets
2. Must Haves
3. Just in Case
4. Nice to Haves
5. When I'm Gone

After completing these sections, you'll find a retirement income summary page where you can create a high level overview of your retirement income needs to help guide your conversation with your financial advisor.

Please take your time when completing this workbook, as the better the information you put into this summary (all of your expenses, accurate estimates of your income, etc), the better the result will be when you use the information to create your personal retirement income solution.

Income and Assets

In this section we'll gather some information about the financial resources you plan to use to fund your retirement.

INCOME

Enter only sources of income that are not provided by investments. Use a monthly, after-tax amount.

Continued Employment	$	Social Security	$
Pension	$	Rental Income	$
Other:	$		
		Total per month	**$**

ASSETS

Here we'll be collecting some information about the assets you have available to support your retirement. Enter the current value of each.

Investable Assets	$	Real Estate	$
Life Insurance Death Benefits	$	Other:	$
		Total	**$**

Must Haves

In this section, we'll document your expected everyday living expenses- the ones that provide for the essentials of daily living. List all of your expected retirement expenses as monthly, after-tax amounts.

HOUSING

Mortgage or Rent Payment	$	Decorating/Furnishings	$
Association/ Condominium Fees	$	Other:	$
		Total per month	**$**

UTILITIES

Gas	$	Electric	$
Propane	$	Water/Sewer	$
Phone/Cell Phone	$	Security System	$
Internet	$	Cable/Satellite TV	$
GPS/Navigation System	$	Satellite Radio	$
Other:	$		
		Total per month	**$**

INSURANCE

Homeowners/Renters	$	Auto	$
Health/Medical	$	Dental	$
Medicare	$	Prescription	$
Vision	$	Long-term Care	$
Catastrophic Illness	$	Umbrella/Liability	$
Other:	$		
		Total per month	**$**

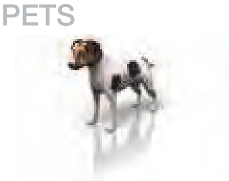
FOOD

Groceries	$	Dining out/delivery	$
Coffee Shop	$	Alcohol	$
Other:	$		
		Total per month	**$**

HOUSEHOLD ITEMS

Cleaning Supplies	$	Paper Goods	$
Toiletries	$	Cosmetics	$
First Aid Items	$	Postage	$
Tobacco	$	Other:	$
		Total per month	**$**

PETS



Food	$	Veterinary Care	$
Grooming	$	Boarding	$
Accessories/toys	$	Other:	
		Total per month	**$**

TAXES

Income	$	Sales	$
Property	$	Other:	$
		Total per month	**$**

HEALTHCARE

Prescription Medications	$	Co-Pays	$
Chiropractors	$	Acupuncture	$
Over-the-Counter Medications	$	Smoking Cessation Aids	$
Diabetic Testing Supplies	$	Vitamins/Supplements	$
Medical Equipment	$	Glasses/Contacts	$
Other:	$		
		Total per month	**$**

CLOTHING

New Clothing	$	Laundry/Dry Cleaning	$
Tailor/Alterations	$	Other:	$
		Total per month	**$**

TRANSPORTATION

Loan/Lease Payment	$	Fuel	$
Parking	$	Tolls	$
Maintenance	$	Car Wash Fees	$
Cab Fares	$	Public Transportation Fees	$
Licensing Fees	$	Other:	$
		Total per month	**$**

DEBT PAYMENTS

Credit Cards	$	Personal Loans	$
Home Equity Loans/ Lines or Credit	$	Other:	$
		Total per month	**$**

PERSONAL CARE

Hairdresser/Barber	$	Manicures/Pedicures	$
Massages	$	Spa Treatments	$
Other:	$		
		Total per month	**$**

OTHER

Did we leave something out? List it here.

Other:	$	Other:	$
Other:	$	Other:	$
		Total	**$**

Just In Case

Here you should document information about the savings you would like to have on hand in case of a medical or financial emergency. List this as a lump sum dollar amount you would like to set aside in emergency savings.

EMERGENCY SAVINGS

Emergency Savings	$
Total	**$**

Nice to Haves

In this section we'll gather some information about the financial resources you plan to use to fund your retirement. List all of your expected retirement expenses as monthly after-tax amounts.

HOBBIES

Sports Equipment	$	Activity Fees	$
Club or Gym Membership	$	Crafting Supplies	$
Books/Periodicals	$	Gardening Supplies	$
Collections	$	Other:	$
		Total per month	**$**

ENTERTAINMENT

Movies	$	Theatre	$
Concerts	$	Social Clubs	$
Sporting Events	$	Entertaining Guests	$
Bingo	$	Gambling/Lottery	$
Other:	$		
		Total per month	**$**

TRAVEL

Airfare	$	Hotel	$
Meals	$	Tips	$
Ground Transportation	$	Events/Excursions	$
Souvenirs	$	Other:	$
		Total per month	**$**

LUXURY EXPENSES

Vacation Home	$	Boat/RV	$
Furs	$	Jewelry	$
Electronics	$	Vacations	$
Other:	$		
		Total per month	**$**

LESSONS OR CLASSES

Dance	$	Fitness/Exercise	$
Golf	$	Special Interests	$
College Courses	$	Cooking	$
Other:	$		
		Total per month	**$**

GRANDCHILDREN'S EDUCATION

Tuition	$	Books/Supplies	$
Room and Board	$	Other:	$
		Total per month	**$**

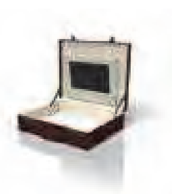
HOME MAINTENANCE/ IMPROVEMENTS

Housecleaning	$	Trash Removal	$
Snow Removal	$	Pest Control	$
Pool/ Hot Tub Care	$	Appliance Repairs/ Replacements	$
Redecorating/ Renovations	$	Lawn Care/ Landscaping	$
Other:	$		
		Total per month	**$**

GIFTS/CHARITABLE CONTRIBUTIONS

Tithing/Church	$	Birthdays	$
Weddings	$	Holiday Gifts	$
Charities	$	Fundraisers	$
Special Interest Groups	$	Greeting Cards	$
Other:	$		
		Total per month	**$**

PROFESSIONAL SERVICES



Attorney	$	Accountant	$
Financial Advisor	$	Stockbroker	$
Personal Trainer	$	Therapist	$
Banking Fees	$	Safe Deposit Box	$
Other:	$		
		Total per month	**$**

OTHER

Did we leave something out ? List it here.

Other:	$	Other:	$
Other:	$	Other:	$
		Total per month	**$**

When I'm Gone

Here, you should document information about the assets you don't intend to use for your retirement expenses and would like to pass along to family or charity. List these expenses as one-time lump sum dollar amounts.

BURIAL EXPENSES

Funeral Home Services	$	Casket/Vault	$
Cemetery/Mausoleum or Crypt Space	$	Headstone	$
Flowers	$	Cremation Services	$
Clergy	$	Other:	$
		Total per month	**$**

GIFTS TO FAMILY AND FRIENDS

Children	$	Grandchildren	$
Friends	$	Education Expenses	$
Trusts	$	Other:	$
		Total per month	**$**

CHARITIES

Endowments	$	Scholarships	$
Foundations	$	Building Funds	$
Special Projects	$	General Gifts	$
Other:	$		
		Total per month	**$**

RELIGIOUS ORGANIZATIONS

Endowments	$	Scholarships	$
Foundations	$	Building Funds	$
Special Projects	$	General Gifts	$
Other:	$		
		Total per month	**$**

OTHER

Did we leave something out ? List it here.

Other:	$	Other:	$
Other:	$	Other:	$
		Total per month	**$**

Retirement Income Summary

Now that you've documented the details of your retirement income needs, let's create a high level summary. This summary can provide a starting point for conversation with your financial advisor.

1 TOTAL EXPECTED RETIREMENT INCOME (from page 3)

Total per month $

1 TOTAL ASSETS (from page 3)

Total Investable Assets $

Real Estate $

Life Insurance Death Benefit $

Other $

2 TOTAL MUST HAVE EXPENSES (from page 5)

Total per month $

3 TOTAL JUST IN CASE AMOUNT (from page 6)

Total $

4 TOTAL NICE TO HAVES AMOUNT (from page 8)

Total per month $

5 TOTAL WHEN I'M GONE EXPENSES (from page 9)

Total per month $

Remember, creating your retirement income budget is only the first step in designing a comprehensive retirement income strategy. Make sure to talk in detail with your financial advisor about investment strategies and products that may be appropriate for your needs and plan to meet with them at least annually for a review.

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Pinney Insurance

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

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