

# Retirement Planning with Life Insurance

Retirement is costly. Help your clients plan for it.



Foresters   
Financial



## Retirement Planning with Life Insurance

### The situation

The future of Social Security is uncertain, interest rates remain low, and many employers are cutting back on qualified plan funding. With these headwinds, will your clients have the resources for a comfortable retirement? What happens if one spouse dies during the wealth accumulation stage of the couple's lives?

### The strategy

Retirement Planning with Life Insurance shouldn't replace other savings vehicles within your client's strategy. Rather, life insurance may provide the boost these other plans need due to:

- Plan limitations
- Restrictions on funding
- Tax benefits, and
- An abrupt end to funding plans due to the loss of income from an unexpected death

### The advantages

- Build-in protection with a generally tax-free death benefit to support a client's family members after death<sup>1</sup>
- No funding limitations compared to other retirement vehicles such as 401K or IRA accounts
- Opportunity for tax-deferred cash value accumulation and tax-advantaged distributions<sup>2</sup>
- No IRS distribution requirements or penalties
- Complete control of the insurance coverage
- Diversification



### Sources of Retirement Income

Social Security  
Pension  
IRA/Roth IRA Accounts  
Other Accounts

## Meet Bill and Sarah

Bill is 39 years old. Sarah is 37 years old. They are married with one child and have a combined income of \$250,000.

Bill contributes 6% of his salary and receives a 50% match on the first 6%. Sarah's employer offers a defined pension, with a projected retirement income of \$1,900 per month starting at age 67. They have no other

retirement accounts. Bill currently has a \$400,000 30-year term policy and Sarah has no coverage.

### Their Goal?

Create an additional retirement bucket providing for potentially tax-free income they can leverage during down-market years. As well, provide the family protection from an unexpected death to Sarah.



#### STEP 1

Bill and Sarah meet their insurance producer to discuss their goals for retirement. During the meeting, they complete a fact finder and determine they can set aside \$600 per month.



#### STEP 2

Based on their discussions, they determine that Sarah should purchase a Foresters Advantage Plus II Whole Life<sup>3</sup> certificate with Foresters Financial™. They like the fact it provides a guaranteed cash value growth and any declared dividends<sup>4</sup> can be applied towards purchasing paid-up additions.



#### STEP 3

Their producer designs the coverage to maximize the guaranteed cash value growth within the certificate. Sarah decides to apply for an initial base death benefit of \$100,000, with a 10-year Term Rider<sup>3</sup> of \$300,000, the balance of the monthly premium payment applied as a payment towards the Flexible Payment Paid-Up Additions Rider<sup>3</sup> and having any declared dividends applied towards paid-up additions. Sarah applies and is approved Preferred Non-Tobacco.



#### STEP 4

They meet with their insurance producer periodically to review their current certificate and to ensure they're on course for retirement.



#### STEP 5

At Sarah's retirement, the couple knows they have a bucket of cash value available, with a guaranteed cash value of \$277,553 at age 65, within her life insurance certificate. Sarah has the ability to take loans<sup>5</sup> against the cash value. They could choose to use these funds during down-markets to preserve assets within direct market risk accounts.



#### STEP 6

At Sarah's death, the death benefit (net of any loans) will help her family meet financial obligations, potentially supplement Bill's retirement or leave a legacy.

# Fact finder: Retirement Planning with Life Insurance

Date

## 1 Personal Information

Client Name _____		Date of birth _____	
State of Residence _____	Smoker <input type="checkbox"/> Y <input type="checkbox"/> N	Underwriting Class (Preferred, Standard, Etc.) _____	
Spouse Name _____		Date of birth _____	
State of Residence _____	Smoker <input type="checkbox"/> Y <input type="checkbox"/> N	Underwriting Class (Preferred, Standard, Etc.) _____	
Children (#) _____			

## 2 Financial Information

\$ _____	\$ _____	\$ _____	\$ _____
Client's Annual Salary	Client's Other Income	Spouse's Annual Salary	Spouse's Other Income
\$ _____	% _____	Client: \$ _____	Spouse: \$ _____
Total Adjusted Gross Income	Income Tax Bracket	Amount of Life Insurance	

## 3 Retirement Information

Client Retirement Age _____	\$ _____	Spouse's Retirement Age _____	\$ _____
	Annual Income Goal		Annual Income Goal
Years for Retirement Income _____		Assumed Inflation Rate _____	%
Client: \$ _____	Spouse: \$ _____	Client: \$ _____	Spouse: \$ _____
Current Qualified Plan Balance _____		Ongoing Contributions To Qualified Plans _____	
Client: \$ _____	Spouse: \$ _____	% _____	\$ _____
Other Retirement Saving Balances _____		Assumed Growth _____	Other Expected Retirement Income Rate _____

## 4 Insurance Information

Client: \$ _____	Spouse: \$ _____	Client: \$ _____	Spouse: \$ _____
Death Benefit Needed _____		Insurance Premium Affordable _____	
Frequency (M,Q,S,A) _____	# Of Years To Fund Insurance _____	State of Purchase _____	
Include: (Check All That Apply) <input type="checkbox"/> Waiver of Premium			

<sup>1</sup> Foresters, their employees and life insurance representatives, do not provide, on Foresters behalf, legal or tax advice. The information given here is merely a summary of our understanding of current laws and regulations. Advise your clients and prospective purchasers to consult their tax or legal advisor.

<sup>2</sup> Access to tax-advantaged loans assumes the policy stays inforce until death. If the certificate lapses, there may be tax consequences on any cash value above the cost basis. A life insurance contract can become a Modified Endowment Contract (MEC) when premiums paid exceed certain limits as outlined in the tax code. Withdrawals or loans will reduce the death benefit and cash values and may affect how long the insurance contract is in effect. Dividends are not guaranteed. Past dividends are not an indicator of future dividend performance.

<sup>3</sup> Foresters products and riders may not be available or approved in all states and are subject to eligibility requirements, underwriting approval, limitations, contract terms and conditions and state variations. Refer to the applicable Foresters contract for your state for these terms and conditions. Underwritten by The Independent Order of Foresters.

<sup>4</sup> Dividends are not guaranteed. Past dividends are not an indicator of future dividend performance.

<sup>5</sup> Can be taken if the certificate is in effect and has a positive cash surrender value. Interest is charged daily at current Foresters US variable loan rates. The death benefit payable is net of the outstanding certificate loan amount(s) (including accrued interest). If the loan amount exceeds the cash value plus the present value of PUAs and dividends on deposit amount the certificate will terminate.

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