LIFE INSURANCE

In a Class By Itself

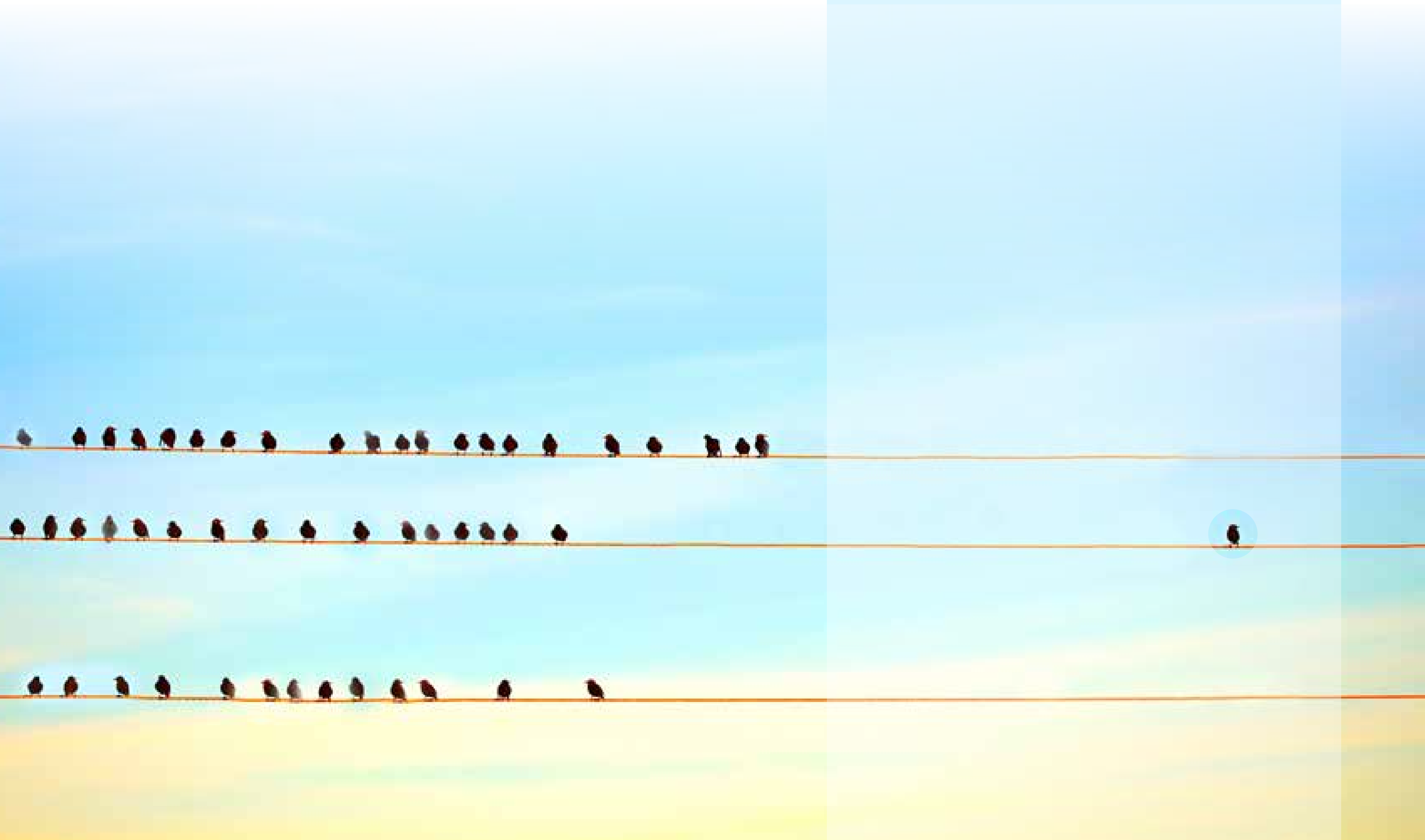
PROVO
WEALTH MANAGEMENT GROUP

WHERE ARE YOUR ASSETS?

When you think of the assets you own, you will likely consider a number of different things. In addition to tangible items like your home, car, and other physical possessions, you may also have assets such as stocks, bonds, mutual funds, T-bills, bank CDs, as well as life insurance and annuity products.

Each asset you own has a purpose and was probably selected for a specific reason. For example, investment products are typically purchased for their ability to grow over time. Consumers purchase investment products with the goal of growing their assets, usually to provide retirement income in their later years.

But is your life insurance an asset or expense?



What about insurance? Many consider insurance to be a necessary evil, an expense they incur to protect what is important to them. You buy home owner's insurance to repair your home from damage, auto insurance to fix your car after an accident, and life insurance to protect your loved ones' standard of living in the event of your death.

But what if you could look at life insurance differently – not just as an expense, but as a true asset?

Newer breeds of life insurance products available today make that much more possible. The days of purchasing only basic term life insurance or traditional whole life insurance are gone. Insurance products have evolved in the past decade, and companies now provide other types of cash value insurance that offer not only the standard death benefit you need but also give the opportunity to accumulate cash value within the policy. This ability to grow cash value within your life insurance policy translates to an asset instead of just an expense – one that you can potentially tap into for income, through policy loans and withdrawals.

As with all life insurance, the primary reason for buying it is for the critical death benefit feature that provides your beneficiaries with a tax-free sum of money upon your death. There are costs associated with these guarantees, and the product will have surrender fees and charges just like other types of life insurance. But unlike traditional insurance policies, a relatively new category of life insurance products can offer so much more.

A NEW BREED OF LIFE INSURANCE PRODUCTS

Cash value life insurance policies available today include options such as Universal Life and Fixed Index Universal Life. These policies offer a traditional death benefit, but they also provide the ability for you to grow your money within the policy. The cash value inside these policies earn interest, either at a specified rate, or tied to the performance of an external market index. That interest is allowed to accumulate tax deferred inside the policy (unlike other taxable vehicles, which are taxed annually). Since you are never invested in the market, you don't lose money in a down market (see Figure 1). So, for example, if the index returns a -5% return for the year, your cash value is protected. Your cash value is guaranteed by the insurance carrier issuing the policy, and in some cases, you may even be credited a small amount of interest guaranteed by the policy.

FLEXIBILITY = POSSIBILITIES

You can generally access your available cash values tax-free, through policy loans and withdrawals, for whatever purpose you want – such as retirement income, college funding, large purchases, and more. As long as you manage your policy cash values carefully and maintain the policy in-force, you decide how to use your cash value, and for what purpose. And like all life insurance, the death benefits are generally paid out tax-free to your named beneficiaries, avoiding the time and hassle of probate.

Life insurance also offers numerous additional benefits, such as Nursing Home and Long-Term Care riders to help pay for health-related expenses, accidental death riders, inflation protection, and more. Some of these features are built into the product, while others may assess an additional cost, depending on the product you choose. These policies offer greater flexibility for you to choose the options that best suit your needs, allowing you to tailor the life insurance solution to your unique situation.

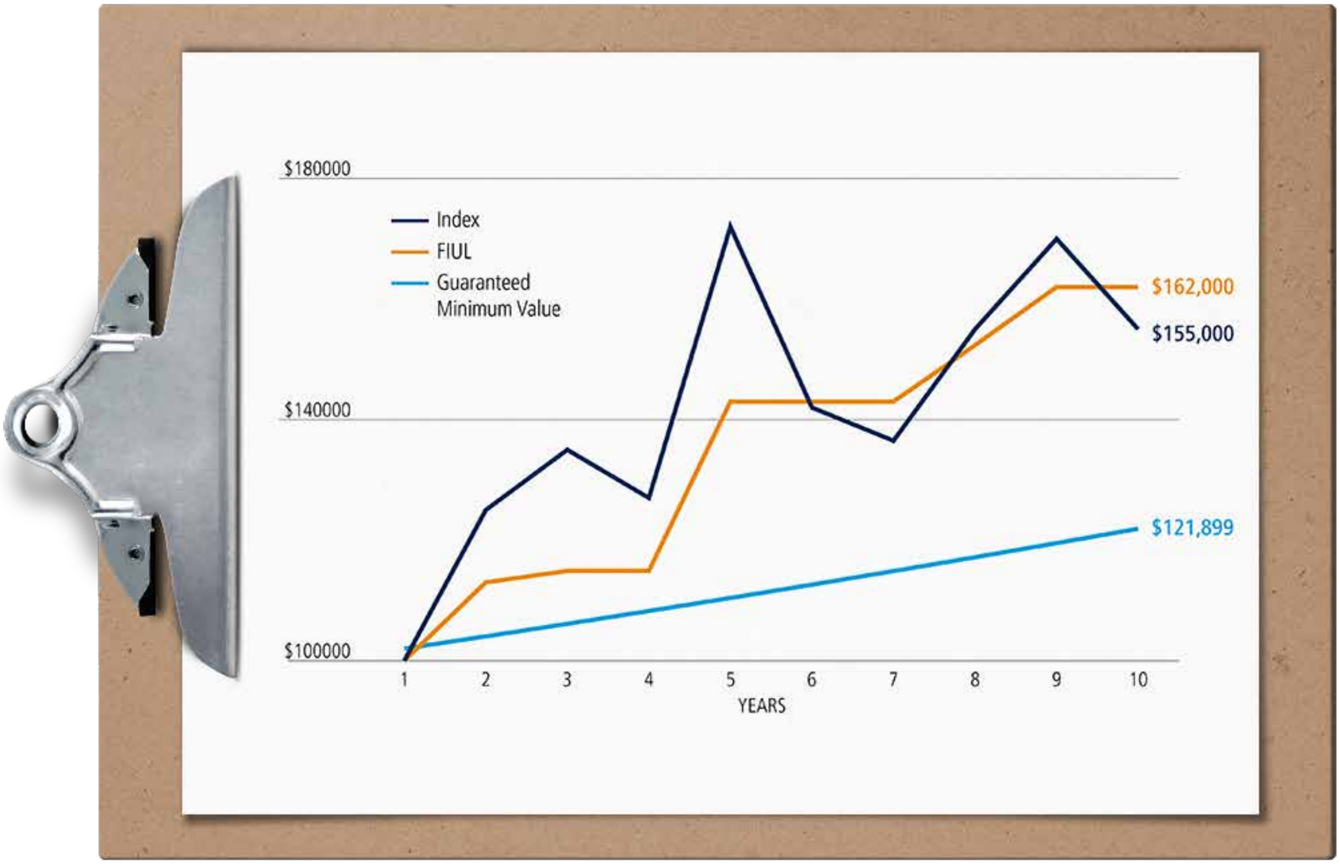
IN A CLASS BY ITSELF

Where does life insurance fit in your portfolio? Yes, it is insurance, no doubt about that – the death benefit is a legacy that you leave to your loved ones. But it can be so much more. The cash value component allows you to save on a tax deferred basis, and then potentially access your money tax-free. The death benefits are usually paid out tax-free and can be used by your beneficiaries to replace your income, help cover estate taxes, and more.

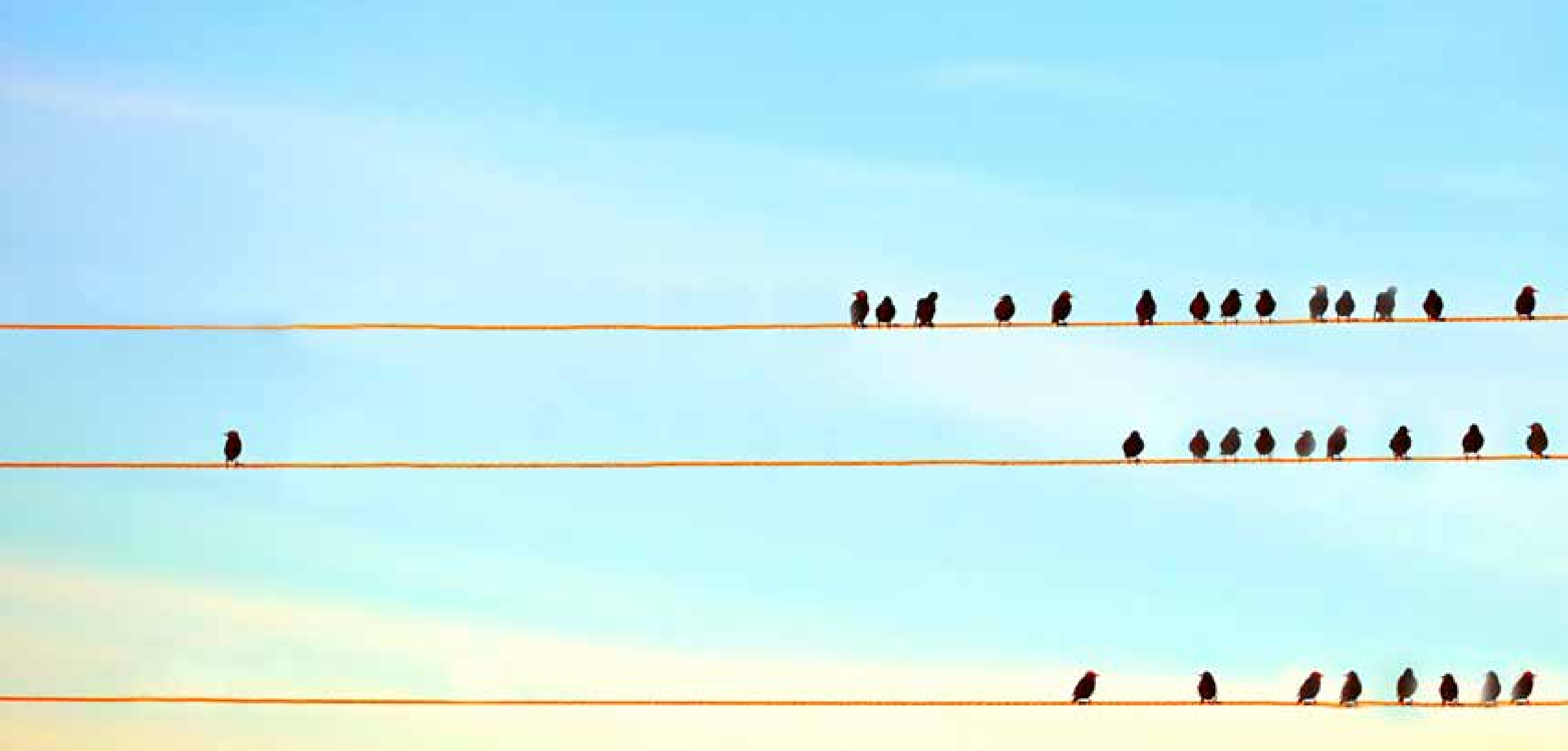
If you consider all of these benefits combined into one, it seems that life insurance may just be sitting in a class all by itself!

FIGURE 1: FIUL AND THE POWER OF ANNUAL RESET

This chart reflects a hypothetical FIUL product and market index to demonstrate how the product works in various marketing conditions. It does not represent the actual performance of any one product or index, and is not intended to predict or project future performance. The Guaranteed Value represents a hypothetical 2% annual interest credit.



With FIUL, when the market declines your cash value is protected from market loss and doesn't have to make up prior losses to benefit from future market increases!



Call us today to discuss how life insurance might just be the asset for you.

Let us help you. Contact us today.
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