INDEX UNIVERSAL LIFE INSURANCE (IUL)

Income for college and retirement funding

Saving for college and retirement can take many forms, but life insurance is one form that covers both.

Pay **$6,000** per year in, and get **$80,000** out for college & **$600,000** for retirement?

See how IUL can help provide this kind of security for your future.

SITUATION

Evangeline is a 34 year-old single mother, in good health, with a 2 year-old daughter. Evangeline needs a solid plan that will provide protection for her daughter Rachel in case something were to happen to her, and an alternative source of funds for both Rachel's college expenses and her own retirement. Her financial professional recommends an index universal life insurance policy to meet her needs.[1]

SOLUTION

Evangeline purchases an index universal life insurance policy. [2]

- Evangeline pays an annual premium of $6,000 for 15 years.
- In year 16, Evangeline stops paying premiums and begins taking tax-free distributions from the policy for 4 years, to help pay Rachel's college expenses.
- After 4 years, Evangeline begins to pay the annual $6,000 policy premium again, starting at age 54 and stopping at her retirement at age 65.
- Over the next 15 years she takes out tax-free funds to supplement her retirement income.

AIG®

Policies issued by American General Life Insurance Company

The United States Life Insurance Company in the City of New York

THE BENEFITS

- Although the amount of the policy death benefit varies, her initial benefit is $275,000 and stays close to that over time, providing the needed protection for Rachel.

- Evangeline is able to provide $20,000 per year for college expenses for Rachel, on a tax-free basis.[3] She also retains control of the funds after Rachel turns 18.

- Distributions from the policy will not impact financial aid calculations if Evangeline finds it necessary to apply for additional aid during college.

- At age 65 Evangeline takes tax-free[4] annual distributions of $40,000 for 15 years to supplement her own retirement.

- At age 80 Evangeline's policy distributions stop, and her death benefit is approximately $300,000. The death benefit protection can continue for life.

In this example, Evangeline has paid total premiums of $156,000. Over the life of the policy, total potential distributions to Evangeline of up to $680,000 may supplement both Rachel's college and her own retirement expenses, and still provide a death benefit should she should die prematurely.

[1] Not an actual case and is a hypothetical representation for illustrative purposes.

[2] The policy values illustrated here are taken from a currently-offered index universal life policy from American General Life Insurance Company. Some numbers were rounded for ease of explanation. Your numbers will be different for a variety of reasons, including age, gender and underwriting class. All policy values represent current assumptions. A basic illustration will show guaranteed values that will be substantially lower.

[3] There are rules that must be followed in the policy in order to enjoy tax-free distributions from a life insurance policy. A licensed insurance professional can help advise you.

TO FIND OUT MORE, CONTACT:

Name
Agency
Phone
Email
Address
City/State/ZIP
License No. (if required)

AIG