



# Permanent life insurance:

## the missing tool in your financial toolbox

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As you prepare for retirement, you're probably concerned about protecting the value of your assets, retiring comfortably and leaving a legacy for your family. Many people think preparing for retirement involves saving as much money as possible and investing it wisely by diversifying.<sup>1</sup> However, in addition to diversifying investments, smart retirement savers also consider how taxes will affect their retirement dollars.

### **Preparing for the future**

By accumulating cash value in a permanent life insurance policy, you can build an "opportunity reserve" for future priorities, including:

- Starting a business
- Funding college education
- Living comfortably in retirement
- Capitalizing on financial opportunities

1. Diversification does not guarantee against loss. It is a method of managing risk.

# There are many ways to save for retirement and withdraw retirement income.

**Working with a financial professional can help you determine which financial tools will best suit your needs during each phase of life:**

**Accumulation** – saving and growing assets during your working years

**Distribution** – using your assets for retirement income

**Legacy** – maximizing assets and preparing them for transfer to beneficiaries upon your death

As you discuss your options with your financial professional, consider their contribution, accumulation and distribution tax characteristics.

## Contribution and tax characteristics of retirement assets

	No annual limits on contributions	Tax-deferred accumulation	Tax-advantaged distribution	Income tax-free death benefits	Not subject to healthcare surtax – 3.8%
Traditional IRA <sup>2</sup>		○			○
Roth IRA <sup>2</sup>		○	○	○	○
Qualified plan		○			○
Certificate of deposit	○				
Municipal bond <sup>3</sup>	○	○	○		○
Individually owned deferred annuity <sup>4,5</sup>	○	○			
Life insurance <sup>6,7</sup>	○	○	○	○	○

2. The ability to contribute or deduct contributions may be limited by adjusted gross income limits.

3. The principal value of bonds will fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Bond interest paid by a municipality outside the state in which you reside could be subject to state and local income taxes. If you sell a municipal bond at a profit, you could incur capital gains taxes. In some cases, municipal bond interest could be subject to the federal alternative minimum tax.

4. An annuity is a long-term, tax-deferred investment vehicle designed for retirement. Earnings are taxable as ordinary income when distributed, and if withdrawn before age 59½, may be subject to a 10 percent federal tax penalty. If the annuity will fund an IRA or other tax-qualified plan, the tax-deferral feature offers no additional value. Not FDIC/ NCUA insured. Not bank guaranteed. Not insured by any federal government agency. There are charges and expenses associated with annuities, such as deferred sales charges for early withdrawals.

5. Upon annuitization, a portion of principal is included in the annuity payout and is not subject to income taxes.

6. Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods. Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

7. Withdrawals and loans from a life insurance contract are subject to special tax rules if the policy is a Modified Endowment Contract (MEC).

Other than contribution limits or tax treatment, several other factors should be considered before purchasing any of these products. These include investment objectives, costs and expenses, liquidity, safety, fluctuation of principal or return, credit rates, rider availability, surrender periods and other product/ investment characteristics.

# Using life insurance as a financial tool

Permanent life insurance may be a key tool that’s missing from your financial toolbox. It’s so much more than a tax-free death benefit for your loved ones.

## The benefits of building life insurance into your retirement strategy

Permanent life insurance can also help you:

### Protect your hard-earned assets

The income-tax-free death benefit financially protects your family or beneficiaries.

### Build wealth – without the drag of annual taxation

Tax-deferred accumulation allows policy cash values to grow faster than they would in a taxable account.

### Provide a source of tax-free supplemental retirement income

You can access cash value through tax-free loans and withdrawals, provided the policy is not a **Modified Endowment Contract (MEC)**.

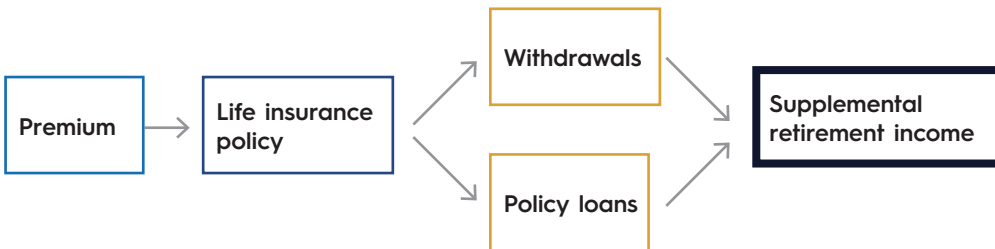
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## Modified Endowment Contract (MEC)

Life insurance policies where premium payments exceed limits defined in the tax code become MECs. The death benefit in a MEC remains tax free, but distributions may be subject to taxes or penalties.

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## ACCESSING LIFE INSURANCE CASH VALUE



## Give your assets a LIFT

You may not have considered permanent life insurance as a financial tool, but it can provide your family with an asset that can help keep their dreams and aspirations alive, both during your life and upon your passing.

Whether you’re in the accumulation, distribution or legacy phase of your life, contact your financial professional to learn about financial tools that can help minimize taxes and maximize your assets.

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Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.



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