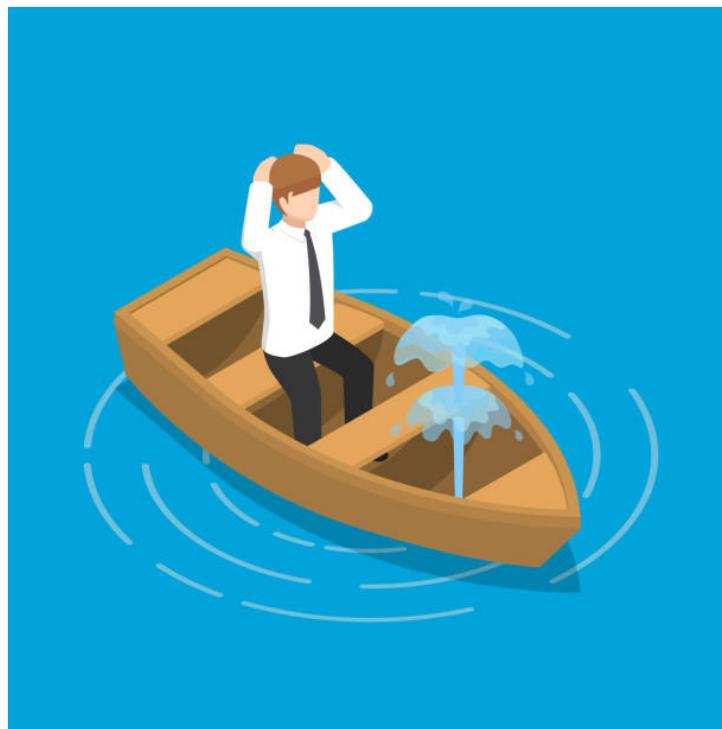


# Rescue Your Retirement



# What provides your security?

- Health and wellness
- Spirit/God/Religion
- Family
- Work and Belonging
- Financial well-being
- Understanding and managing your retirement plan.

# What forces are at work with your financial security today?

- Consumer Debt: balances and interest rates rising
- Taxes: may rise for most people, and can capture up to half of our earnings.
- Income: a challenge for most families to increase
- Majority of wealth tied up in home equity, 401(k)s, IRAs, and pensions

# What about your long-term future?

- You can expect to live longer with higher healthcare costs, presumably 20-30 years in retirement.
- You need to support yourself into your 90's and beyond.
- Social Security benefits continue to underperform and under provide.
- Bad investments and pension scandals can wipe out your savings.

# What are you most concerned about?

- Outliving your wealth
- Protecting your principal
- Your investment performance
- Minimizing your taxes
- Giving as much as possible to your heirs

Let's take a further look!

# What makes an investment attractive?



**Liquidity:** Can you quickly access your money without penalty?



**Safety:** Are you protected from loss?



**Rate of return:** Is your rate of return high enough to be profitable?



**Tax:** Do you have any tax advantages?



**Control:** Are you in charge?

# Where do many Americans have their retirement investments?

Answer: IRA's, 401(k)s,  
and pension plans

IRA

401(k)

Pension  
Plans

**So, an important question is:**

**Do IRA's 401(k)s, and pension  
plans pass the  
“What makes an investment  
attractive” test?**





**Let's see if they do.**

**And while we are at it,**

**Let's compare IRA's, 401(k)s, and  
pension plans to an alternative:**

**A Maximum Funded Indexed**

**Universal Life Insurance Contract,**

**Also called a**

**Max-Funded Indexed**

**Universal Life Insurance Contract.**



**WHOA!**

**Wait a minute.**

**I've never heard of a**

**Max-Funded**

**Indexed Universal**

**Life Insurance Contract.**

# What is a Max-Funded Indexed Universal Life Insurance Contract?

Following IRS guidelines, a properly structured indexed universal life insurance contract allows the fastest and greatest compounding of the accumulation account.

This type of life insurance contract is set up to allow the owner to make the absolute maximum amount of dollar contribution with the least amount of life insurance coverage allowable under IRS guidelines.



## This type of life insurance contract provides:

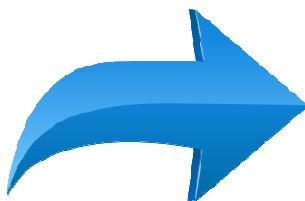
1. Liquid, immediate access to the accumulation account
2. Guaranteed principal protection with a contractually guaranteed minimum rate of return
3. Returns linked to performance of a major U.S. stock market index such as the S&P 500
4. Earnings grow tax-deferred with ability to access your funds tax-free
5. You participate in the company and strategy selection process.

Along with all these benefits, the contract can provide a lifetime income throughout retirement and/or a significant tax-free death benefit for your heirs should you pass away.

Life insurance can even be owned by an uninsurable person, so most everyone can participate in tax-advantage growth, regardless of their health history.

This Max-Funded indexed Universal Life Insurance Contract definitely passes our “What makes an investment attractive?” test.

**Let's compare a  
Max-Funded  
Indexed Universal Life  
Insurance Contract  
To IRA's, 401(k)s,  
And pensions  
Side-by-side**



## IRA's, 401(k)s, and pensions



**😢 Liquidity:** May be poor, due to penalties and restrictions on early withdrawals.



**😢 Safety:** Not insulated from loss. You can lose principal.



**😐 Rate of return:** The return can be positive over the long term. However, when using the stock market over any twenty year period from 1931-2006, 25% of the time a loss is generally experienced. That volatility could cause substantial losses to principal, especially when you're approaching or already in retirement. Should you pass away, your heirs will receive your account value at the time of your passing, which may be less than your original cost basis.



**😢 Taxes:** Distributions from traditional IRAs, 401(k)s, and pensions are taxed as ordinary income. In retirement, you may not have sufficient deductions to reduce your income tax to your satisfaction.



**😢 Control:** Yes, you control your IRA investment decisions and you may select from the alternatives contained within your company 401(k) plan. However, there are many restrictions you must abide by. Your contributions are limited by IRS guidelines. Your investment alternatives can be restricted. You are forced to start withdrawing some funds by age 70½ or pay significant penalty tax. Investment decisions within your company pension plan are determined by someone else, whom you probably don't even know.



# Max-Funded Indexed Universal Life Insurance Contracts



☺ **Liquidity:** Funds are accessible under certain circumstances without penalties.



☺ **Safety:** Guaranteed no loss! Yes, NO LOSS!



☺ **Rate of return:** A minimum rate of return is contractually guaranteed. Account growth is linked to the performance of a major U.S. market index such as the S&P 500. In upward markets, you receive stock market-like returns. In downward markets, you receive CD-like returns. Should you pass away, your heirs will receive a tax-free life insurance benefit, which in most cases is substantially greater than your original cost basis.



☺☺ **Taxes:** A major advantage! Properly structured and maintained contracts under TEFRA, DEFRA, and TAMRA allow for tax-deferred growth and tax-free withdrawal.

TEFRA - Tax and Fiscal Responsibility Act of 1982

DEFRA - Deficit Reduction Act of 1984

TAMRA - Tax and Miscellaneous Revenue Act of 1988



☺☺ **Control:** You choose which insurance company and strategy to implement. You choose how much money to contribute. You decide when and how much to withdraw, under abiding guidelines.

# A Max-Funded Indexed Universal Life Insurance Contract passes the "What makes an investment attractive?" test on all counts.



Liquidity



Safety



Rate of return



Tax advantages



Control

# So, why don't you have one?

## Think about it.



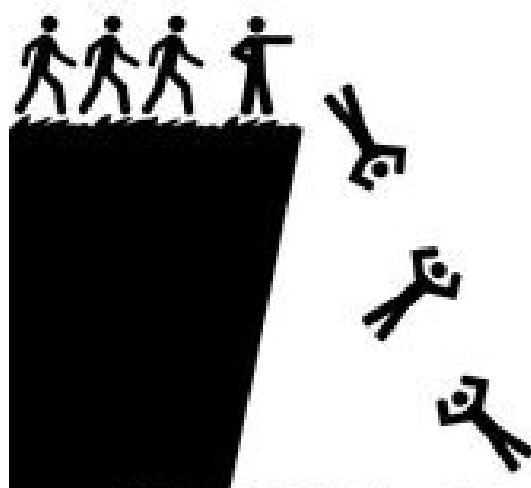
# Is it safer to follow the herd with IRAs, 401(k), and pensions?



# Is there safety in numbers?

Not always...

When you run with the  
herd, you may charge  
over a cliff.



TRADITIONAL

IRA

## Where is the herd going?

### Traditional IRAs

Traditional IRAs allow a tax break on qualified deposits. However, traditional IRA withdrawals are fully taxable as ordinary income during retirement.

Deferred taxes initially sound good; however, you may pay more in taxes in retirement than the amount you saved in taxes during your working years.

The IRS forces withdrawals at age 70½!!



## Where is the herd going?

### Roth IRAs

**With Roth IRAs you don't get a tax break on deposit, but you do get it on withdrawal.**

**Tax-free withdrawals are nice, but can you put enough \$\$\$ into your Roth IRA to fund retirement?**

**Some highly compensated individuals and couples do not qualify for Roth IRAs.**

## Where is the herd going?

### Pensions and 401(k)s

Both 401(k)s and your pension contributions allow a tax break on your paycheck. Withdrawals are fully taxable as ordinary income during retirement.

Your employer's vesting schedule determines the amount of your benefit.

Your employer's profitability and investment decisions determine your pension benefits.

Should your employer suffer significant financial hardship, your pension could vanish. The same holds true if your 401(k) is heavily weighted with your employer's stock.

# A closer look at the shortcomings of IRAs, 401(k)s, and pensions

**Benefits administrators and  
retirement plan brokers  
rarely explain the  
shortcomings of IRAs,  
401(k)s, and pensions.**

**One assumption is that in  
retirement your income will  
be low, so income tax will  
not be a problem.**

# Not necessarily so.

## First of all, won't you need a healthy income—even in retirement?

- Yes, but there's a catch—your conventional IRA, 401(k), and pension withdrawals will be taxed as ordinary income!
- And, the government can tax you on up to 85% of your Social Security benefits if you are married and your "provisional income" is greater than \$44,000 per year!

Ordinary Income  
+ 1/2 of your Social Security income

= Provisional Income

# On top of that, typically your deductions will be lower if:

- You no longer have dependents
- You are paying less mortgage interest than you used to pay or no mortgage interest at all, if you've paid off your house!

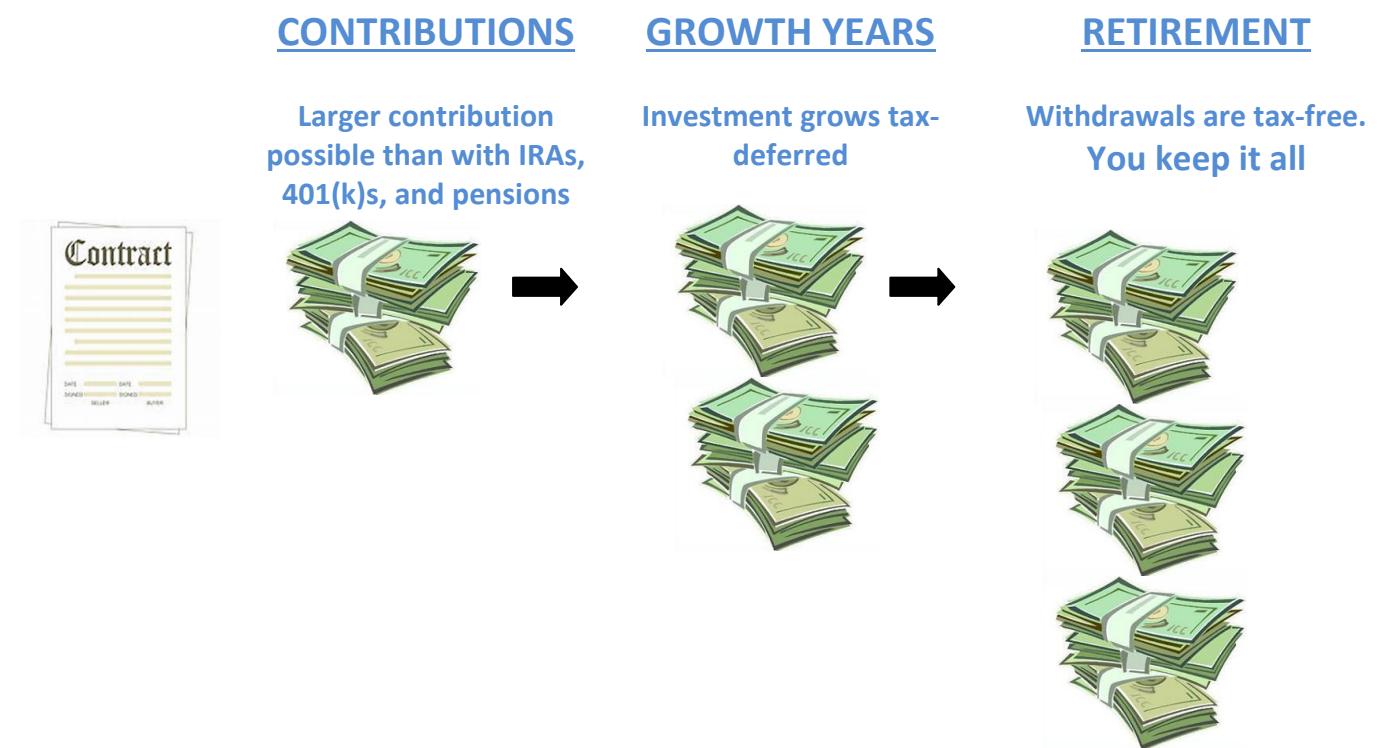
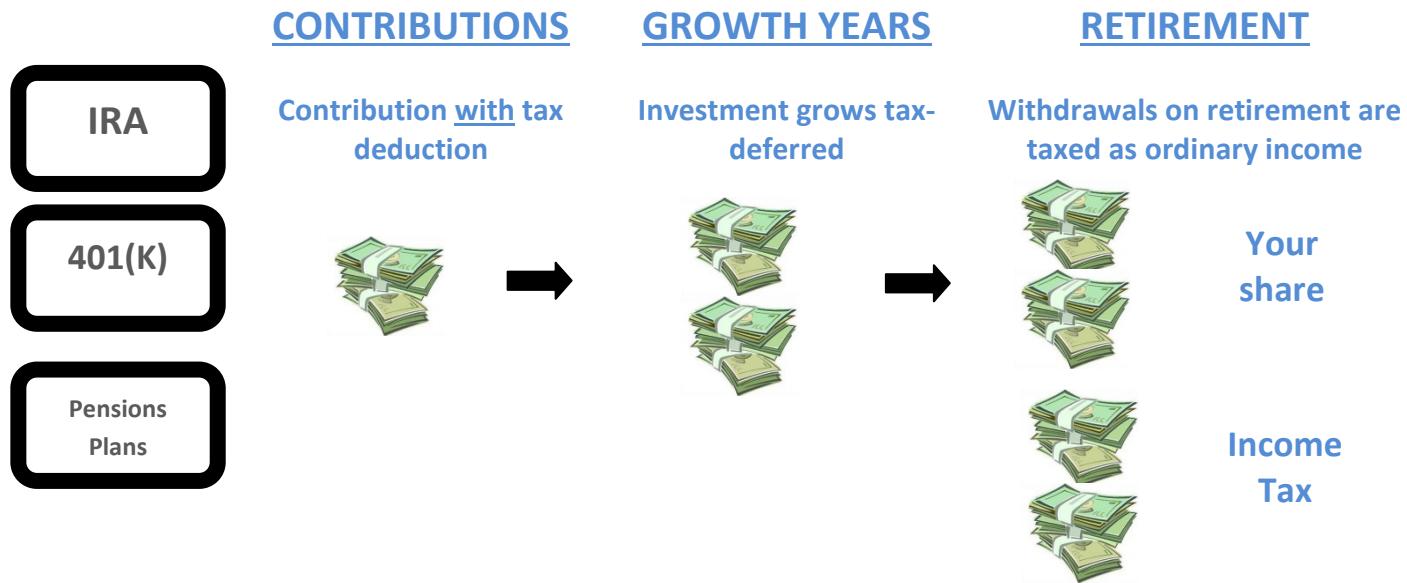


No deduction for your children when they are grown and independent



No deduction for home mortgage when your house is paid off

# Compare growth and tax impact of IRAs, 401(k)s, and pensions to Max-Funded Indexed Universal Life Insurance Contracts



**In addition to tax liability and  
fewer deductions, there's  
less control with IRAs,  
401(k)s, and pensions.**



# Less control with IRAs, 401(k)s, and pensions:



- ⌚ **Penalties for early withdrawals**
- ⌚ **Forced withdrawals at age 70½**
- ⌚ **The contribution limit may not be high enough to fund your retirement**
- ⌚ **Your employer's money managers may not be making the best choices on YOUR behalf**

In addition to tax liabilities,  
fewer deductions, and less  
control, you can  
**LOSE MONEY**  
with mutual funds, IRAs, and  
401(k)s, if the stock market  
tanks.



IRA

401(K)

Pensions Plans

## Summary with IRAs and 401(k)s, and pensions, you have:



⌚ Less liquidity



⌚ Less safety, no floor



⌚ Volatile rates of return, can be negative



⌚ More taxes paid in retirement



⌚ Less control

# A Max-Funded Indexed Universal Life Insurance Contract passes the "What makes an investment attractive?" test on all counts.



😊 Liquidity



😊 Safety



😊 Rate of return



😊 Tax advantages



😊 Control

**Why follow the crowd when  
you can make the system  
work for YOU?**

# Let's take a closer look at Max-Funded Indexed Universal Life Insurance Contracts





# Max-Funded Indexed Universal Life Insurance Contracts

- A well-established investment alternative, traditionally chosen by business executives and the wealthy.
- Properly set up contracts work in compliance with federal tax laws\* to allow tax-deferred growth and tax-free withdrawals.

Contracts that do not comply will not yield the desired benefits.

\*TEFRA - Tax and Fiscal Responsibility Act of 1982

DEFRA - Deficit Reduction Act of 1984

TAMRA - Tax and Miscellaneous Revenue Act of 1988

# Reviewing the benefits of Max-Funded Indexed Universal Life Insurance Contracts

## **Guaranteed no loss**

- With an equity index contract - linked to an index such as the S&P 500- you are guaranteed no loss, plus a minimum annual gain, regardless of what happens on Wall Street.

# Reviewing the benefits of Max-Funded Indexed Universal Life Insurance Contracts

## **Tax-deferred compounding of gains**

- Annual growth may be moderate, but is more than made up for by:
  - Tax-deferred growth
  - No principal loss - guaranteed; the contract guarantees a minimum return under any market conditions
  - Tax-free distribution

# Reviewing the benefits of Max-Funded Indexed Universal Life Insurance Contracts

## **Distribution: Not subject to income tax**

- When you choose to withdraw funds from your contract, you can acquire them without being subject to income tax, following certain IRS guidelines.
- This is a major advantage over investments whose distributions are taxed as ordinary income
- A penny saved is a penny earned!  
Saving on tax is like earning money!

# Reviewing the benefits of Max-Funded Indexed Universal Life Insurance Contracts

## **A life insurance benefit**

- Your family is protected by a life insurance benefit that can remain in force for your entire life. In most cases, this tax-free benefit far exceeds your original cost basis.
- The internal cost of the insurance reduces as your account value grows larger, and your insurance benefit declines as you withdraw from the account value to supplement your income.

# Summary of the benefits of Max-Funded Indexed Universal Life Insurance Contracts

- ☺ You can build a large investment quickly with great liquidity
- ☺ You are guaranteed no loss of principal
- ☺ You have a guaranteed annual gain
- ☺ You have tax-deferred compound growth with tax-free distributions
- ☺ You have control over company and strategy selections
- ☺ You have a death benefit for family protection

## APPENDIX

**IRS Tax codes and legislation that are relevant to Maxed Funded Indexed Universal Life**

### IRS Codes

- 101a
- 72e
- 7702
- 264

### Legislation

**TEFRA - Tax and Fiscal Responsibility Act of 1982**

**DEFRA - Deficit Reduction Act of 1984**

**TAMRA - Tax and Miscellaneous Revenue Act of 1988**

**For more information or  
questions, contact the  
person who you received  
this information from.**