The Life Insurance Retirement Plan (LIRP)

By [Scott Ho](#)

A life insurance policy can be designed as a long-term growth for retirement income when your have the time to save for retirement, have maxed out your individual pension contributions on qualified plans or just want some supplemental savings. A private pension, a life insurance retirement plan (LIRP) in which a portion of the investor's after-tax income is placed in some form of taxed-deferred annuity as a successful way to stretch your retirement in the long-term with cash value on a favorable tax basis.

Life Insurance Retirement Plan Features

Under IRS section 7702, a Life Insurance Retirement Plan (LIRP) is a flexible insurance product which has features professionals and beneficiaries can customize to reach their savings goals beyond supporting dependents in the event of a policy holder's death. And there are a wide variety of cash value life insurance products ranging from traditional to single premium whole life policies. Your premiums might be tax deductible and investments grow tax-deferred during the accumulation phase.

A life insurance retirement plan serves as both an insurance policy and an investment vehicle. You may be able to withdraw the cash value of the insurance policy and still maintain a death benefit for

your dependents Or you can take loans against the cash value with low interest rates and favorable tax treatment.

Benefits of LIRPs:

Earnings grow tax-deferred & payment schedules can be structured to provide income for a long retirement
Tax-free withdrawals and loans against the cash value of the policy
Death benefits paid to surviving beneficiaries without income tax penalties

You need to be insurable and able to meet premium payments, but a life insurance retirement plan just might be the savings vehicle for you. It used to be that clients had to lock in a start date for longevity insurance, however products are now more flexible in providing protections from market fluctuations and a secure income stream beyond your employable years.