21ST CENTURY XXI FINANCIAL INC.

Benefits of Permanent Life Insurance

The need for life insurance never goes away not even with sufficient assets because this can be a wealth maximization asset. Permanent life insurance can eliminate the "need" for continuing to buy term insurance at higher death benefit costs when term runs out (if the person is insurable) Aside from these reasons to own a permanent life insurance policy, below are other benefits:

Living Benefits

1. The cash value can be accessed by withdrawals or loans on a tax-favored basis[1]
2. Provides liquidity for emergency and other needs
3. The internal rate of return is competitive with other "fixed " alternatives
4. There are multiple guarantees for whole life policies: guaranteed death benefit, cash value, and premiums[2]
5. Policy cash value can be collateralized
6. Loans are available on a favored bases[1,3]
7. Offers possible creditor protection in many states
8. Premiums can be flexible
9. No whole life premium increases, but can decrease or offset with dividend options
10. Qualified retirement plans have various maximum funding limits whereas permanent life insurance has few limits
11. Source of funds for emergencies, education, or retirement
12. Contributions/premiums can be set up on systematic drafts, creating a committed savings habit
13. Contributions/premiums waived in the event of disability if waiver of premium is included and disability occurs prior to age 65
14. Accelerated benefit rider offers cash before death if chronically or terminally ill thus protecting other assets from untimely consumption

1. As long as premiums are paid and the policy doesn't lapse. Assumes contract is not a modified endowment contract under IRC §7702A. Loans and other policy withdrawals will reduce the death benefit amount and may be subject to surrender charges and income taxes.
2. All guarantees are based on the claims paying ability of the insurer
3. Tax favorable treatment is lost in the case that the policy becomes a modified endowment contract (MEC)

Retirement Benefits

1. Distributions at retirement can be tax-favored if structured correctly
2. There is no income tax on earnings if the policy is structured correctly and maintained properly (tax-deferred growth)
3. No minimum distribution requirements at age 70½
4. Not subject to volatility or stock market losses on liquidation (except variable life)
5. Not subject to early retirement restrictions: age 59½ rules[4]
6. Vesting is immediate
7. A lifetime tax-favored income stream is available with various options
8. No annual tax return (unless held in a qualified plan or other special circumstance)
9. Not subject to compliance penalties or fines like qualified plans
10. No termination requirement hassles
11. Permanent life insurance requires no government approval[5]
12. No employee participation requirement[5]
13. Not subject to annual actuarial studies/cost5[6]
14. Can receive a life settlement for immediate cash
15. Works well for retiree who dies too soon or lives too long
16. Distributions and withdrawals don't cause taxation of social security benefits when structured correctly
17. Can be used in business situation to reward key employees and retirement incentives

Estate Planning

1. Asset may be assigned or transferred by gift; purchased by a trust
2. Fully eligible for marital deduction as are other assets
3. Not subject to probate if structured correctly (unless beneficiary is the estate)
4. No publicity at death because it's not a probatable asset
5. Results in estate growth
6. Can be used to pay taxes on large IRA/qualified plan distributions at death

4. Unless the policy becomes a MEC
5. Unless in a qualified plan

Death Benefits

1. Proceeds are received in cash
2. Proceeds are received free of Income taxes when structured correctly
3. Possession of this asset is an expression of love and concern to family, business associates, charities
4. Proceeds can be received as a lifetime annuity income stream
5. Provides for payoff of personal and business debts at death
6. Death benefits could be used to pay off a mortgage at death
7. Provides cash to keep a business afloat until family can sell the business or make other arrangements
8. Provides cash for continuation of the family's plans when a insured dies
9. Death benefits could "replenish" money spent on medical expenses paid prior to death
10. Death benefits could "replenish" money spent on convalescence/nursing home costs prior to death
11. Provides an asset for special needs child
12. Death benefits can increase with dividend options structured correctly (Whole Life only)
13. Death benefits can increase with PUA rider deposits (Whole Life)
14. Can provide liquidity in the estate for heirs when other assets are illiquid

XXI 21ST CENTURY FINANCIAL INC.

600 N. Westshore Blvd., Suite 200 | Tampa, Florida 33609

Office: 813-281-9200 | www.xxifinancial.com

1089653TM_May17