



LIFE INSURANCE **A CRUCIAL COMPONENT IN YOUR PORTFOLIO**

AT FIRST GLANCE, most people buy life insurance to replace income, pay off a mortgage, or provide an asset base for loved ones in the event of the death of the primary income earner. Some investors believe that once you achieve a certain level of wealth, you no longer need life insurance. Life insurance, however, is a tool that may help you achieve other important goals such as preparing for the unexpected, not being a burden to your family, preserving your family's lifestyle, minimizing taxes, providing a lasting legacy, and funding educational and charitable goals.

HERE ARE TEN REASONS WHY LIFE INSURANCE MAY BE CONSIDERED A CRUCIAL COMPONENT IN THE PORTFOLIOS OF WEALTHY FAMILIES:

1. Provide liquidity when heirs need access to cash.

Death benefit proceeds from a life insurance policy are not required to go through the probate process, which means the cash passes directly and quickly to the beneficiary, thus creating a pool of liquidity which may be utilized to pay estate tax obligations and/or for immediate cash needs.

2. Share with family, not the government.

Not only does the death benefit offer immediate liquidity to heirs, but when structured properly, it is also free from income and estate taxes. Owning insurance in a trust may provide family assets that extend for several generations free of future estate taxes.

3. Improve the tax efficiency of your portfolio.

Funds within a permanent life insurance policy may potentially grow tax-free. In addition to the income tax advantages, certain policies may offer a consistent, reliable, and competitive return as compared to other investment vehicles.

4. Maintain business continuity.

Many business owners use insurance to fund a buy/sell agreement to ensure their business continues in the event a partner passes away unexpectedly. Key person life insurance may facilitate continuity when a family business relies on a designated person for its survival. In such situations, the policy provides liquidity or cash flow to help the business transition to a new management structure.

5. Divide assets easily.

Life insurance proceeds are much easier to divide among heirs than other liquid assets such as property, art, or business interests.

6. Rely less on lenders.

One of the more powerful benefits of permanent life insurance is that you may access the cash value at any time. Policy loans and withdrawals have no application, collateral, credit reporting, or fixed repayment schedule requirements.



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7. Benchmark future investment opportunities.

The internal rate of return on your insurance can serve as a benchmark with which to measure the risk/return of other investments.

8. Protect assets from creditors.

When owned personally, cash values from a life insurance policy are protected from creditor claims in most states.

9. Create tax-free Social Security income.

Unlike most taxable income (and even tax-free municipal bond interest), earnings inside life insurance will not increase the tax liability on your Social Security income.

10. Contribute freely.

You may contribute as much as you like, as long as the policy qualifies with IRC section 7702A(b) as insurance. Unlike other savings vehicles, there are no minimums or maximums as long as it is correctly constructed. Therefore, you are only limited by the amount of the death benefit your provider is willing to offer.

ONE CANNOT OVERSTATE the important role insurance can play in any financial plan, no matter where you might be on the financial spectrum. Without adequate protection and the appropriate policy features, your financial future could be in jeopardy. Failing to plan properly could mean risking your legacy. Your hard-earned wealth could be greatly diminished by onerous estate taxes, or your heirs could be burdened with liquidity or business continuity issues.

Life Insurance Products:

* Not a Deposit * Not FDIC-Insured * Not Insured By Any Federal Government Agency * Not Guaranteed By Any Bank Or Credit Union
* May Go Down In Value

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