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Retirement Planning Sales Kit

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Client Retirement Workbook

Interest Rates and Asset Protection

Interest rates have been low for a long time, and with the recent slight uptick in the Fed Funds rate some economists think rates will go higher in the near future. If that happens, given the inverse relationship between bond values and rates, investors owning bonds can see the market value of their bonds go down.

If this happens, it might make sense to move some money out of bonds. Let's say your clients are a couple, both age 64, with pension and social security covering a majority of their retirement income needs. They also have $200,000 in bonds and while they like the income, they do not need the income nor do they need to spend down the principal, and so those bonds are primarily assets they will pass to their heirs. In a rising interest rate environment, how can they protect their assets from interest rate risk?

Life insurance may be an option. Let's say they sell half their bond portfolio and put a $100,000 lump sum into a Guaranteed Universal Life Survivorship Policy. A standard non-tobacco male age 64 and a standard non-tobacco female age 64 would leverage that $100,000 into a guaranteed death benefit of $333,876. Instead of possibly watching their bond values decline, they can more than triple that $100,000 legacy for their heirs. GULS can protect their assets, and even multiply their assets, in a rising interest rate environment.

This is for informational purposes only. Recommendations for any financial products or financial strategies must be suitable for the individual based on their individual circumstances. All clients are encouraged to speak to their tax and legal advisor before making any financial decisions. Life expectancy does vary and the rate of return on the death benefit will be significantly higher in the early years of the policy, but will decrease with time. If the client lives beyond their life expectancy, it is possible that the premium dollars, if invested elsewhere, might provide more funds to beneficiaries. Mutual of Omaha, it's employees and Representatives do not give tax advice.

Postpone the "R" in Your RMD

As you know, starting at age 70½, owners of qualified retirement accounts must take required minimum distributions (RMDs). However, some investors may not want to take RMDs on their entire pre-tax account, as it is all taxed as ordinary income and may provide them with more income than they need. Unfortunately, as their name implies, RMDs are required.

At the same time, today's longer life expectancies may have some investors questioning whether they will have enough to cover their expenses in the later years of retirement. According to IRS life expectancy tables, there's a 50% chance of a 65-year-old man living to age 85 and the same chance of a 65-year-old woman living to age 88. Retirees may find themselves needing income later in life to cover expenses which may increase as they age, such as prescription drugs, in-home care, and other health care related expenses.

A client with these concerns may benefit from a Qualified Longevity Annuity Contract (QLAC). A QLAC is a deferred income annuity that allows investors to postpone taking income from their traditional IRA or qualified employer-sponsored plan until up to age 85. With a QLAC, the investor shifts the longevity, market and interest rate risk to the insurer, who promises to pay guaranteed income for the investor's life. This creates a pension-like income, and allows the investor to postpone taking such taxable distributions until age 85.

If your client is married, the QLAC can be structured to protect both the owner and the owner's spouse from longevity, market and interest rate risk. A joint and survivor annuity option can be selected at contract purchase, which will guarantee income payments for the owner and the owner's spouse for as long as they live. Simply structure the contract with the owner and owner's spouse as joint annuitant's and list the owner's spouse as the beneficiary of the contract as well. That way if the owner or owner's spouse die prior to or after the income start date, the survivor can continue the contract and receive income payments for the remainder of his/her life. If a return of premium death benefit is preferred, the owner can select a cash refund option.

Like all good things, there are limits. The IRS has limited QLAC premium to $125,000 or 25% of the investor's qualified account balance, whichever is less. There are also restrictions on the flexibility of deferred income annuities that should be discussed with your client because the contracts are irrevocable, no withdrawals are permitted and will have no cash surrender value. These are just a few items to note. There are other considerations with a QLAC that should be addressed prior to recommending to a client. Advanced Markets can be a resource to assist you with a QLAC.

For the right client, a QLAC can let them postpone some required distributions and the taxes that accompany them.

This information is general in nature and not comprehensive, the applicable laws change frequently and the strategies suggested may not be suitable for everyone. Clients should seek advice from tax and legal advisors regarding their individual situation prior to making financial decisions. Mutual of Omaha and its representatives do not provide tax advice.

Roth or Traditional IRAs

Many taxpayers will have to decide whether or not to choose a non-deductible Roth IRA or fund a Traditional IRA and receive an income tax deduction-assuming they meet the income requirements for both. As an advisor, you can help them decide which IRA is best for them.

The analysis for deciding which type of IRA to fund might start with answering the question, "Do you think you'll be in a higher tax bracket now or in the future?" Unfortunately, along with that being an almost impossible question to answer, it is also not the only question that should be considered. Questions about the future become a discussion surrounding probability; so the more uncertain you are about the future income tax rates the more it might make sense to do a traditional IRA and get the deduction today.

Another consideration that favors doing the traditional IRA would be if the client plans to donate the IRA to a charity, then it may be better to do the traditional because you may be eligible to get a current deduction on your contribution for a future gift, and the charity is not taxed on the withdrawals from the IRA. By the way, a life insurance policy is an excellent way to replace the donated wealth so the family can benefit as well as the charity.

On the other hand, some factors that may lead to a decision to go with the Roth IRA revolve around the main benefits of a Roth. If your client does not want to have to deal with RMDs then the Roth may be a good choice. Of course, the government could always change that benefit. If your client thinks they won't need the income or ever use the funds and wants to pass on the wealth to family, then the Roth can be a great tool to pass wealth. If your client can absorb the increased taxes today by not taking the deduction, then it may make sense in the long run to choose the Roth. The Roth IRA has the potential for tax free withdrawals which can help with the net value over time. Under current tax law, a traditional IRA's withdrawals are taxed as ordinary income.

Each factor alone may not tilt the decision one way or the other but a combination of them may help you advise the client which option is best. So make sure your client has all the facts to help them make the right decision.

Keep in mind, life insurance is also a great tool that can serve many purposes for your clients other than just the death benefit, including assisting with retirement planning. Life insurance can provide tax deferred growth of cash values along with tax advantaged withdrawals.

Again, there are many factors to consider in determining the best financial tools for your client's needs.

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North American Company
for Life and Health Insurance
Since 1886

Life

Using Permanent Life Insurance to Help with Retirement Planning

A Sales Strategy to Help You Succeed

QUICK LOOK

Life insurance provides your clients with death benefit protection, but it may also help with financial needs during their retirement years due to its cash value growth potential. Indexed universal life insurance (IUL) in particular may provide additional stability for those nearing retirement. In addition to death benefit protection, IUL offers an opportunity for significant cash value growth, downside protection in a poorly performing market, and the potential for generally tax-free income.[1]

THE SITUATION

Karl is a 45-year-old vice president at an engineering company. Jane, his wife, works part-time as a paralegal. The couple has two children ready to enter their teen years, and the family has a full schedule between soccer practice, piano lessons, and gymnastics.

Karl is concerned about financially protecting his family should he die prematurely. With a large mortgage, cell phone bills, automotive insurance, and kids not too far off from college, he knows there's a need to financially protect his family should he not be around for them.

The other item on Karl's mind is retirement. He and Jane have always talked about traveling during their golden years and helping their children, and possibly their grandchildren. He contributes the maximum to his qualified plan at the office and funds his children's college savings plans, but he would like to allocate more for retirement. Karl wants a way to supplement his retirement income that he can control. He doesn't want one with numerous restrictions, and he would like some tax advantages.[1] He's not sure how to go about doing it.

Is there a way to help Karl financially protect his family now while helping him supplement his retirement dreams later?

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A SOLUTION

Through a co-worker, Karl meets with a life insurance agent to discuss the situation. Karl and the agent take a thorough look at the family's finances and consider several options. Karl decides that an indexed universal life insurance policy may help him meet his needs today and in the future. Here's why:

- **Immediate death benefit protection.** Karl can feel more confident in his family's future with death benefit protection. The policy also provides death benefit protection in retirement, as long as the policy stays in effect.
- **Generally tax-free distributions.**[1] Karl can access accumulated cash values within his policy generally income tax-free in the form of loans and withdrawals,[3,4] as long as the policy is not a Modified Endowment Contract (MEC).[5] Withdrawals are income tax-free up to the cost basis.
- **Flexible premium.** Life insurance is not a qualified plan. Premium payments are subject to guideline limits. Karl can make premium payments that are not subject to limitations associated with tax qualified plans. Also, any cash values grow on a taxed-deferred basis.[2]
- **No penalties for early access and no required minimum distributions.** Should Karl need to access the policy's cash value before retirement, he can do so without a tax penalty associated with certain tax-qualified plans.[1] Plus, should Karl later discover that he doesn't need to access the cash values, he's not required to take distributions and may then leave the death benefit as a legacy for his two children.

CONSIDERATIONS

- **Avoid Modified Endowment Contract status (MEC).**[5] A policy that is considered a MEC may be subject to tax when a client accesses the cash values with loans or withdrawals.[3,4] Avoid this structure when putting together a retirement planning strategy.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.
- **Specified amount of coverage.** Two items: 1) be sure the specified amount is enough to meet your client's pre-retirement life insurance needs, and 2) make sure the client has room to add more premium in the future, if desired. However, having a specified amount larger than necessary may limit potential cash value growth for retirement income.
- **Non-guaranteed perfomance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated.[3,4]
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.[3]
- **Loss of premium.** Depending on funding, life insurance may not guarantee avoiding loss of premium.

Need help with your retirement planning cases? Contact Sales Development today at (800) 800-3656 ext. 10411 or email salessupport@nacolah.com.

Indexed Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

1 Neither North American Company nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

2 The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for the client's needs. Before purchasing a policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

3 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and relay on their own tax advisor or attorney for advice on their specific situation.

4 Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

5 For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

North American Company for Life and Health Insurance Since 1886 | Life

Using Permanent Life Insurance to Help with Retirement Planning

A Strategy For Small Business Owners

QUICK LOOK

Life insurance provides your clients with death benefit protection, but it may also help with financial needs during their retirement years due to its cash value growth potential. Indexed universal life insurance (IUL) in particular may provide additional stability for those nearing retirement. In addition to death benefit protection, IUL offers an opportunity for significant cash value growth, downside protection in a poorly performing market, and the potential for generally tax-free income.[1]

THE SITUATION

James is a 52-year-old owner of a small restaurant. His wife, Sue, takes care of their two kids and helps to host at the restaurant in the evenings.

James realizes that good economic times come and go, and he may not be able to fully rely on the success of the business for his future needs. The restaurant doesn't offer a retirement plan because of the cost and administration that's involved in offering a plan for a small business.

As James thinks ahead, he realizes his family would have a difficult time continuing their lives should he die prematurely. He is also concerned about retirement and whether he can maintain his lifestyle. He's counting on the value of his business to fund retirement. The value of the restaurant is unpredictable, and he won't know what the final figure will be until he tries to sell. Also, there's no certainty that a buyer will be available when he reaches retirement.

A SOLUTION

James decides on a life insurance policy that will offer death benefit protection should he die prematurely along with the potential to accumulate cash values that may be accessed during retirement. He gains immediate death benefit protection and adds to his sources of retirement income outside his restaurant. With flexible premiums, he's in control, and he likes that any accumulated cash values grow tax-deferred[2] and that upon retirement the distributions are generally tax-free.[1] Also, should he die prematurely, the funds pass to his beneficiaries generally income tax-free.[1]

- **Immediate death benefit protection.** James gains death benefit protection as soon as the policy is in-force. The policy also provides death benefit protection in retirement as long as the policy stays in effect.
- **Less restrictive.** Life insurance is not a qualified plan. James can make premium payments that are not subject to limitations associated with tax-qualified plans up to guideline premium payments. Also, any cash value grows on a tax-deferred basis.[2]
- **Generally tax-free distributions.[1]** James can access any accumulated cash values within his policy generally income tax-free in the form of loans and withdrawals,[3,4] as long as the policy is not a Modified Endowment Contract (MEC).[5] Withdrawals are income tax-free up to the cost basis.
- **No penalties for early access and no required minimum distributions.** Should James need to access the policy's cash value before retirement, he can do so without a tax penalty associated with certain tax-qualified plans.[1] Plus, should James later discover that he doesn't need to access the cash value, he's not required to take distributions and may then leave the full death benefit as a legacy for his two children.

CONSIDERATION

- **Avoid Modified Endowment Contract status (MEC).[5]** A policy that is considered a MEC may be subject to tax when a client accesses the cash values with loans or withdrawals.[3,4] Avoid this structure when putting together a retirement planning strategy.
- **Non-guaranteed performance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated.[3,4]
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.[3]
- **Loss of premium.** Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Specified amount of coverage.** Two items: 1) be sure the specified amount is enough to meet your client's pre-retirement life insurance needs, and 2) make sure the client has room to add more premium in the future if desired. However, having a specified amount larger than necessary may limit potential cash value growth for retirement income.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.

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2 The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for the client's needs. Before purchasing a policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

3 In some situations, loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and relay on their own tax advisor or attorney for advice on their specific situation.

4 Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

5 For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

Life Insurance in Retirement Planning

HOW PERMANENT LIFE INSURANCE CAN HELP MEET YOUR DEATH BENEFIT NEEDS AND ENHANCE YOUR RETIREMENT.

Life Insurance

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Did You Know?

Many high-income and high-net-worth individuals will be taxed on most of their retirement income, including their Social Security benefits.

Are you prepared to pay taxes on all of your retirement income?

Life insurance can offer you death benefit protection PLUS the potential to build cash value that you can use to help supplement your retirement income on a tax-advantaged basis.

THE MANY BENEFITS OF LIFE INSURANCE

Life insurance is a flexible tool that can help protect your family and more.
Life insurance provides a death benefit that can help your loved ones meet their financial obligations after your death. The death benefit can be used to help your loved ones:

- Maintain their current lifestyle.
- Pay off a mortgage.
- Pay state and federal estate taxes.

A benefit for your life, too.
However, once in retirement, you may find that you have less of a need for death benefit protection, and a greater need for tax-advantaged income. Certain types of life insurance can provide both:

- A death benefit to protect your family.
- A source of supplemental income for your retirement.

SUPPLEMENT YOUR RETIREMENT WITH LIFE INSURANCE

If you are like many high-income earners,

you have maximized, or are making an effort to maximize, your plan contributions while also diversifying your total financial portfolio. But, even with your contributions maxed out, you may not be certain of having enough income to maintain your desired standard of living in retirement. If you are in this situation, a life insurance policy may be the answer.

That's because life insurance with cash value growth potential can help you in three distinct ways:

1
INCOME TAX-FREE DEATH BENEFIT

A life insurance policy's death benefit offers a typically income tax-free death benefit.*

+

2
TAX-DEFERRED CASH VALUE

Many life insurance policies offer you the potential to accumulate tax-deferred cash values.

+

3
TAX-ADVANTAGED LOANS

These life insurance policies also offer you the option of taking tax-advantaged loans from your policy's cash value.**

A life insurance policy as part of our *Life Insurance in Retirement Planning* strategy can be an important part of your financial strategy during your retirement years. That's because it offers you the chance to put a part of your assets in a product that features tax-advantaged growth potential.

Life insurance can help you supplement your retirement with tax-advantaged cash value.

*Death benefit proceeds are generally received federal income tax-free as provided in Internal Revenue Code Section 101(a).

****TAX-ADVANTAGED ACCESS TO CASH VALUE:** You can access your cash value through loans and withdrawals. In general, loans are not currently taxable, and withdrawals are taxable only when you take more money out of the policy than you've paid in premiums. Loans and withdrawals may impact the ultimate death benefit payable to your beneficiaries.

Life Insurance in Retirement Planning

The strategy can offer:

- An opportunity to increase your retirement income if you are already maximizing your contributions to qualified plans.
- Access to accumulated cash values for any reason, including retirement income.
- The ability to add riders to the insurance policy for greater protection and flexibility.
- The chance for small business owners to supplement their existing retirement plans.
- The chance to delay taking your Social Security benefits until later in life—potentially increasing your monthly payout.

Create a Financial Strategy

In addition to the concept discussed here, you may wish to develop a financial strategy to take into account current and future income and needs.

How the Strategy Works

To create income from a life insurance policy, you first need to choose a policy designed to provide a death benefit and accumulate cash value. Your financial professional can help you decide which might be most appropriate for your financial goals and situation.

The Steps of the Strategy

1. You pay premiums to keep the policy in force. Part of these premiums will cover the costs associated with the policy, and part will go toward an account that helps build cash value.
2. Over time, the policy builds cash value, possibly enough to increase the death benefit.
3. Once you reach retirement (although you don't need to wait until then), you can access the cash value through loans and withdrawals (typically federal income tax-free) to provide you with supplemental income when you need it. Taking loans and withdrawals will reduce cash value as well as the death benefit.
4. At your death, the remaining death benefit will be paid to your beneficiaries.

Life insurance has the flexibility to help you protect and enhance your retirement.

Important Information About the Strategy for You to Consider

- **You should have sufficient liquid assets** to support your current and future income and expenses before implementing this life insurance strategy. Equity in a home should not be considered a liquid asset.
- **This concept is only intended to be used with assets that will not be needed for living expenses** for the expected lifetime of the insured. You will need to consider and estimate such needs as well as additional expenses. If you live longer than expected or these assets are exhausted, additional assets may be needed to pay the premiums to keep your policy in force.
- **If your financial or legacy situation changes** and you need to use assets or income for current or future income needs and can no longer make premium payments, your life insurance death benefit may terminate and your desired results may not be achieved. Loans taken will become taxable upon policy surrender or lapse.
- **Consult your professional tax and legal advisors** when considering this strategy.

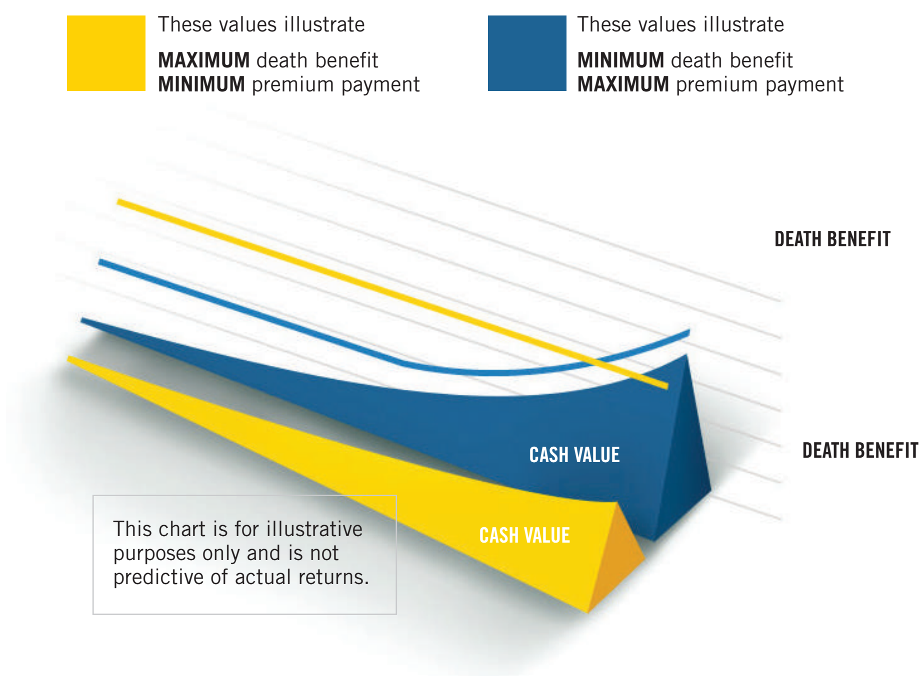
The Key to Making the Strategy Work

Many people who purchase life insurance select the highest death benefit amount to meet their protection needs and then select a policy that offers the least amount of premium possible.

But, if you want your life insurance policy to have greater potential cash value that you can access later in life, you may want to reverse that process:

- Buy a life insurance policy with a lower face amount (while still meeting your protection needs).
- Maximize the premium payments you are making.

This approach—commonly called "overfunding a policy"—can help your life insurance policy accumulate larger cash values than it typically would by making only the minimum payments required to keep your policy active.



Work with your financial professional to determine the strategy that will help meet your financial needs.

What is "Overfunding a Policy"?

It is when you buy a life insurance policy with a lower face amount (while still meeting your protection needs) and maximize the premium payments you are making.*

Why "Overfund a Policy"?

This approach can help your life insurance policy accumulate larger cash values than it would if you made only the minimum payments required to keep your policy active.

*Federal tax law limits the amount of premium contributions that can be made to a policy in order for it to retain certain tax advantages. When premium contributions exceed this limit, the policy is classified as a Modified Endowment Contract (MEC). Distributions from MECs (such as loans, withdrawals, and assignments, including distributions made in the two years prior to becoming a MEC) are taxed less favorably than distributions from policies that are not MECs. For distributions from a MEC prior to age 59½, a federal income tax penalty may also apply. However, death benefits are still generally received income tax-free pursuant to IRC §101(a). Please consult a tax advisor. Life insurance policy cash values are accessed through withdrawals and policy loans. Loans are at interest. Unpaid loans and withdrawals cause a reduction in cash values and death benefits. In general, loans are not taxable, but withdrawals are taxable to the extent they exceed basis in the contract. Loans outstanding at policy lapse or surrender prior to the death of the insured will cause immediate taxation to the extent of gain in the contract.

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10 REASONS You May Need Life Insurance in Retirement

1. **A life insurance policy's death benefit is a source of cash for final expenses and estate settlement costs, including estate and inheritance taxes.** We all want to be free of outstanding financial obligations at death to avoid passing financial burdens on to our families. The proceeds from a life insurance policy can be used to help pay funeral costs and last expenses. They can also help pay estate and inheritance taxes on the legacy you may hope to leave behind.

2. **You may still be working! Life insurance can help replace lost income.** Many people at retirement age will continue to work full or part time and will need to replace their income in the event of their death. Life insurance can help ensure that income is there for those who depend on it.

3. **Life insurance can be used to replace all or a part of your spouse's pension benefits.** If your spouse dies, you may no longer be eligible to receive his or her Social Security or full retirement benefits. The death benefit from a life insurance policy can help replace these lost benefits.

4. **The life insurance policy death benefit can be used to pay off mortgages or other debt.** It would be nice to imagine living debt free in retirement, but the reality is that most of us will continue to carry debt, including a mortgage. Life insurance proceeds provide a safe, secure way to help your loved ones pay off debts you may have in retirement.

5. **Responsibilities don't retire when you do.** Today, many people heading into retirement still have people depending on them, from a spouse and children to elderly parents. Life insurance is a great way to continue to protect the people you love.

6. **Life insurance can help create or protect a legacy.** Inherited assets, such as traditional IRAs and tax-deferred annuities that bring with them an income tax liability, may benefit from life insurance proceeds. Planning techniques such as Roth conversions and stretch IRAs can also enhance your legacy. These planning techniques usually require or benefit from the liquidity that life insurance can provide.

7. **Your employer-sponsored group life insurance plan could retire when you do. An individual life insurance policy can replace any group coverage you lose when you retire.** While you may have some life insurance through work, if you retire, change jobs, or become self-employed, you may lose that coverage. To make sure you have enough life insurance after you retire, buy individual life insurance now—premiums will increase as you age and if you develop health issues.

8. **Policy withdrawals or loans can be used to supplement your retirement income.**[1] Employer-sponsored retirement plans typically replace only a part of pre-retirement income. A permanent life insurance policy offers access to policy cash value during retirement, which you can use whether you decide to start a business, pursue a hobby, or handle an emergency—or supplement your retirement income.

[1] Outstanding loans and withdrawals will reduce policy cash values and the death benefit and may have tax consequences.

Continued on the next page.

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9. **If your policy has a *Living Needs Benefit*℠,[2] a portion of the proceeds can be accessed if you become terminally ill or confined to a nursing home.** Living longer means more time to enjoy your favorite things, but how will this affect your retirement resources? You may live 20 or 25 years or more in retirement—if you have health issues, the costs of daily living can really add up. Ask about the *Living Needs Benefit*℠ Rider, which accelerates the death benefit to help pay related expenses if you become terminally ill or need to live in a nursing home.

10. **A life insurance policy may have other features and benefits that can help provide you and your family with insurance protection/options in retirement.**

[2] The *Living Needs Benefit* is an accelerated death benefit and is not a health, nursing home, or long-term care insurance benefit and is not designed to eliminate the need for insurance of these types. There is no charge for this rider but, when a claim is paid under this rider, the death benefit is reduced for early payment, and a $150 processing fee ($100 in Florida) is deducted. If more than one policy is used for the claim, each policy will have a processing fee of up to $150 ($100 in Florida) deducted. Portions of the *Living Needs Benefit* payment may be taxable, and receiving an accelerated death benefit may affect your eligibility for public assistance programs. The federal income tax treatment of payments made under this rider depends upon whether the insured is considered "terminally ill" or "chronically ill" and, if the policy is business related, whether the insured is receiving the benefits. We suggest the policyowner seek assistance from a personal tax advisor regarding the implications of receiving *Living Needs Benefit* payments. This rider is not available in Minnesota to new purchasers over age 65 until the policy has been in force for one year, and the nursing home option is not available in Connecticut, Florida, Massachusetts, New York, or the District of Columbia. This rider is not available in Washington state. In Oregon, term policies must include the waiver of premium benefit to be eligible for this rider. The form numbers for the *Living Needs Benefit* are ORD 87241 and ORD 87335; there may be state variations.

Life insurance is issued by The Prudential Insurance Company of America, Pruco Life Insurance Company (except in NY and/or NJ) and Pruco Life Insurance Company of New Jersey (in NY and/or NJ). All are Prudential Financial companies located in Newark, NJ. Insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. Your financial professional can provide you with costs and complete details.

Guarantees are based on the claims-paying ability of the issuing company.

Prudential Financial and its financial professionals do not give legal or tax advice. Please consult your own advisors.

Investment and Insurance Products:
Not Insured by FDIC, NCUSIF, or Any Federal Government Agency. May Lose Value. Not a Deposit of or Guaranteed by Any Bank, Credit Union, Bank Affiliate, or Credit Union Affiliate.

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North American Company
for Life and Health Insurance
Since 1886

Life

Retirement Planning

Using Life Insurance For Death Benefit Protection & A Strategy to Help Supplement Retirement Income

Consumer Brochure

NAM-1631 7/16

Financially protect your family & and help supplement income for your retirement

If you're concerned about the financial security death benefit protection can provide for your family today should something happen to you, and you're also uneasy about the future and falling short of retirement income, it may be time to consider life insurance. With life insurance you gain death benefit protection that will help your family pay the mortgage, utility bills, and other expenses should you die. Now, imagine your retirement. What retirement lifestyle do you imagine? It's easy to underestimate the cost of your ideal retirement. Permanent life insurance can help bridge any gap between what you have already saved and what you will need in the future. If you're looking to control your financial future, consider a permanent life insurance policy with the potential to build cash value that can be used to help supplement your retirement income.

KEY QUESTIONS	MEETING OBJECTIVES WITH PERMANENT LIFE INSURANCE
Why life insurance?	Permanent life insurance can meet your death benefit needs, and the potential cash value can help supplement your retirement income.
Who can benefit?	Anyone with a need for death benefit protection and wants to have the ability to accumulate cash value.
How does it work?	Your agent can design a policy that can meet your life insurance needs and help provide additional income during retirement.

WHY LIFE INSURANCE?

Life insurance can help you with two unknowns—the loss of income from a premature death and having sufficient income to enjoy your retirement. With life insurance:

- You gain death benefit protection not only during your important working years, but also in retirement. In the event of death, the proceeds are distributed to your beneficiary(ies), generally income tax-free.[1]
- Your premium payments into a permanent life insurance policy pay for the insurance coverage and expenses and a portion may accumulate cash value on a tax-deferred basis.[2] Through policy loans and withdrawals,[3,4] the cash value may then be used during retirement as a source to help supplement income.

Cash value on our policy can be used how you see fit.

WHO CAN BENEFIT?

There are a few items to consider when deciding whether to use life insurance as part of your retirement planning. First, consider your need for life insurance today—think about the items your family will need to pay on their own without your income, should you die prematurely. Next, take a close look at your retirement plan. Will you have sufficient assets to live your planned retirement lifestyle? Is there a potential need to help supplement your retirement income. If these items concern you, you're not alone.

> *Two-thirds of Americans worry about having money for retirement. When asked why, 50% are concerned about the economy and 45% said they haven't saved enough for retirement.*
>
> * Life Insurance Market Research Association (LIMRA) "LIMRA's Facts About Life" 2015.

Here are a few questions to consider to help you determine if using life insurance for financial protection and a strategy to help supplement your retirement income is right for you.

- Do you have a need for life insurance protection today to help replace your income in the event of your death, to help your family pay for items such as the mortgage or rent, insurance premiums, automotive expenses, property taxes, and groceries?
- Are you planning for retirement and are between the ages of 30 and 60?
- Are you interested in having additional retirement income stability?
- Have you utilized a qualified plan (such as an IRA, tax-qualified annuity, 401(k), or savings plan offered through your employer) or don't have access to a qualified plan for retirement planning?

This list is not complete and there are other items to consider. Your life insurance representative can take a closer look and help you evaluate your needs.

Life Insurance Advantages

- **Immediate financial protection and control.** Gain death benefit protection for your loved one. You own and control the life insurance policy.
- **Tax-deferred growth.** Your premium payments may earn interest and grow on a tax-deferred basis.[2]
- **Flexible premium.** With a universal life or an indexed universal life (IUL) insurance policy, you can adjust your premium payment based on available resources. However, there are limits on the amount of premium that may be paid into a policy to qualify as life insurance.[5]
- **Generally tax-free distributions.** Any potential cash values within your policy can be taken as generally income tax-free loans and withdrawals,[3,4] as long as the policy is not a Modified Endowment Contract (MEC).[5] Withdrawals are income tax-free up to the cost basis. (Cost basis is the amount equal to the total premiums paid.)

Life Insurance Disadvantages

- **Reduced death benefit.** Additional premiums may be necessary to continue the desired death benefit, depending on funding. Policy loans and withdrawals will reduce the death benefit and may cause the policy to lapse. Withdrawals may be subject to surrender charges that may reduce the death benefit and cash value.[3,4]
- **Non-guaranteed performance.** Cash values for loans and withdrawals[3,4] in later years may be more or less than originally planned. Minimum premium payment requirements must be met to maintain the policy, provide for cash value growth, and avoid lapse if the policy becomes over-loaned. Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Premium payments are not tax-deductible.**[1] Your premium payments for life insurance are not tax-deductible.
- **Avoid creating a Modified Endowment Contract (MEC).**[5] Life insurance policies that surpass certain premium limits can be classified as a MEC. MECs may be subject to unfavorable tax treatment.[1] Talk with your life insurance representative for more details and learn how to structure your policy appropriately.
- **Cost of insurance.** Permanent life insurance policies require monthly deductions, which include cost of insurance, expense charges, and potentially other charges. These deductions may reduce the cash value of the policy.
- **Surrender charges.** Withdrawals may be subject to surrender charges and the amount available for policy loans.[3]

North American Company
for Life and Health Insurance
Since 1886

Life

North American Company for Life and Health Insurance has been providing quality life insurance products since 1886. As one of the leading life insurance companies in the U.S., we'll make it as easy as possible for you to become one of our insureds. Please visit our Website at www.NorthAmericanCompany.com to find out more about our company.

HOW DOES IT WORK?

After a thorough needs-based discussion with your life insurance representative, you select a life insurance policy that matches those needs. Your representative will help structure the policy to match the desired death benefit coverage, and provide you the ability to access any potential cash values to help supplement your retirement income.

Ready to get started? Contact your North American representative and financially protect what's important now, while helping to supplement your retirement income later.

Indexed Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Life insurance policies have terms under which the policy may be continued in force or discontinued. Current cost of insurance rates and interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. The Index Accounts are subject to caps and participation rates. In no case will the interest credited be less than 0 percent. Please refer to the customized illustration provided by your agent for additional detail. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death. For costs and complete details, call or write North American Company for Life and Health Insurance, One Sammons Plaza, Sioux Falls, SD 57193. Telephone: (877) 872-0757.

1 Neither North American Company nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

2 The tax-deferred feature of universal life or indexed universal life insurance is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your needs. Before purchasing a policy, you should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

3 Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation.

4 Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

5 For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

North American Company
for Life and Health Insurance
Since 1886

Life

Longevity Planning

Using Permanent Life Insurance to Help Prepare for a Long, Healthy Retirement

Marketing Guide

FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.

NAM-2679 R2 12/15

Help your clients adjust their plans for an extended retirement.

Thanks to medical advancements and a nationwide emphasis on healthy living, life expectancy is on the rise in the United States. Today, a 65-year-old man can expect to live until he is 86, and a woman of the same age can expect to live to 89.* If the upward trend continues, today's young adults can look forward to an even longer and healthier life after their working years.

A long and healthy retirement can mean a desire to travel, a new home, new hobbies, gifting assets, and countless other wants or needs that require adequate retirement funds. A long retirement can also be expensive if the client experiences an unexpected illness.

As life expectancy increases, your clients face "longevity risk," or the potential for their assets to run out during retirement. You can help them manage that risk using permanent life insurance.

LONGEVITY PLANNING

Longevity planning with life insurance provides death benefit protection during working years, and the client can access potential cash value during retirement. In this guide, we'll help you explore this concept so you can add it to your list of effective sales concepts.

WHAT'S INSIDE

WHY LIFE INSURANCE?

Permanent life insurance provides your clients with death benefit protection and can be designed to provide them with flexibility to address changing needs through an adjustable death benefit, flexible premiums, and accelerated death benefits. Cash value growth can provide generally tax-free income to help cover a wide variety of future needs.

If you have clients with these concerns, life insurance could be a twofold solution:

- **Death benefit protection during working years.** A solid financial plan often begins with life insurance. Death benefit protection can replace income or fund other plans should your client die prematurely.
- **Potential source of funds to help supplement retirement income.** Permanent life insurance with the potential for cash value growth gives your clients many options. A key option is the ability to access cash value through loans or withdrawals to add a source of financial stability.[1] This cash value can cover recurring costs like an insurance premium or infrequent costs like deductibles or emergencies. Plus, acceleration of a portion of the death benefit for living needs may help in a client's retirement years. (See our Accelerated Death Benefit Endorsement guide, NAM-2146, for more details. In California, please see NAM-3013, or refer to the endorsement form LR492 for more details.)

*Society of Actuaries, RP-2014 Mortality Tables, February 2014.

CLIENT PROFILE

Each client has different needs. Important considerations include age, family size, other current insurance coverage, and individual financial concerns or goals. North American can help you find a solution for a wide variety of needs.

Clients seeking a longevity planning solution are typically

- 25 to 60 years old,
- middle- to high-income earners,
- concerned about their family's financial needs if death occurs during working years, and
- interested in providing additional financial stability during retirement years.

This may also include clients who

- have maxed out qualifying benefit programs (or lack a qualified plan),
- are concerned about nursing home costs or extended care,
- are concerned about their assets running out, or
- are concerned about financial stability if a critical or chronic illness occurs.

HOW IT WORKS

How can these clients plan for longevity? The goal is to help protect financial assets for an extended retirement.

- **Assess potential assets.** Clients should consider which assets may be primary or secondary sources of funds in retirement. Potential sources of assets may include qualified retirement plans, annuities, and other tangible or intangible assets. Health insurance or long-term care insurance may also provide additional financial protection.
- **Explore possible cost concerns.** It's not just living expenses in retirement. What about chronic care, insurance costs, out-of-pocket costs, and potential emergency or catastrophic costs? Explore possible costs, and identify which asset sources may or may not cover these costs.
- **Imagine outliving funds.** What happens if a client and/or spouse live longer than they planned for when building their financial plan? Suppose the client spends a significant number of years in a chronic care situation—how is this care funded?

After establishing the need for death benefit protection, help your client find the appropriate universal life (UL) or indexed universal life (IUL) product from North American. Here's how it works:

- The client's premium provides death benefit protection during working years. The amount of death benefit protection recommended should fit the budget and yet be able to replace lost income should your client die prematurely.
- In the event of death, the death benefit is paid generally income tax–free to the beneficiaries.
- During the client's lifetime (while the policy is in force), the potential cash value grows tax-deferred and generally tax-free via loans or withdrawals.[1]
- The client may choose to use cash value for specified distributions, unexpected needs, or a supplemental source of income in the event their primary or secondary sources of funds are exhausted.
- If the insured is diagnosed with a qualifying illness, the client may choose to accelerate a portion of the death benefit with North American's Accelerated Death Benefits during working years or retirement years, as an additional source of funds.[2]

Key Advantages

- **Immediate death benefit protection.** Your clients can gain confidence in their families' futures from the start with death benefit protection that will be there when their loved ones need it most.
- **Flexible premium.** With UL or IUL, your clients can adjust their premium payments based on their available resources. A strategy may be funded on a level premium payment throughout working years, a shortened premium payment plan, or variable premium levels, depending on funds.
- **Client control.** Clients have full control of their policies to make changes in coverage amounts or premium payments based on their needs.
- **Tax-deferred growth.** With life insurance, cash value growth is on a tax-deferred basis.[3]
- **Generally tax-free distributions.** Any accumulated cash values within a policy can be taken as tax-free loans as long as the policy is not a Modified Endowment Contract (MEC). Withdrawals are income tax-free up to the cost basis.[1] Accelerated Death Benefit payments may also be generally tax-free.
- **No required minimum distributions (RMDs).** Your clients may choose to leave accumulated cash value alone if it is not needed to maximize the death benefit as a legacy or estate-building strategy.

Items to Consider

- **Specified amount of coverage.** Be sure the specified amount is appropriate to meet your client's pre-retirement life insurance needs.
- **Avoid MEC status.** Life policies that surpass certain premium limits can be classified as a MEC. A MEC may be subject to tax when a client accesses the cash value. Avoid this status when using life insurance for longevity planning, as the secondary appeal of the policy (the first being death benefit protection) is access to cash value for some future need.
- **Non-guaranteed performance.** Cash values for loans and withdrawals in later years may be more or less than originally illustrated. Keep in mind that your client must pay sufficient premiums to maintain the policy and provide for cash value growth, and avoid lapse if the policy becomes over-loaned.
- **Cost of insurance.** Life insurance policies require monthly deductions, which include cost of insurance and other possible charges. These deductions may reduce the cash value of the policy.
- **Increasing death benefit option.** This option may allow higher premiums to avoid the policy becoming a MEC, which may in turn allow for more cash accumulation. If choosing this option is consistent with your client's needs, consider changing to a level death benefit option in the year following the last premium payment to help limit mortality charges.

Supporting Features

Consider these features, found on many North American products, that may be beneficial for your clients.

- **Interest rate bonus** – An interest rate bonus, which helps provide the potential for more cash value growth, is available on many North American products.[4]
- **Capped variable-rate loans** – A variable-rate loan, which can be as low as 4% depending on the Moody's corporate bond rate as published by Moody's Investors Services, Inc., can allow for compelling non-guaranteed cash value performance on a policy even with significant loaned values. A cap (varying by product) helps keep loan interest rates from rising uncontrollably.[5]
- **Overloan Protection Benefit** – This benefit keeps a policy from lapsing due to excessive loans, so the policy can continue to provide death benefit coverage and avoid adverse tax consequences.[6]
- **Protected Death Benefit**[7] – This benefit allows the client to select a minimum death benefit amount that is guaranteed, while he or she continues to access accumulated cash values through loans or withdrawals.[1]
- **Accelerated Death Benefit** – A valuable benefit for longevity planning, this feature allows the client to accelerate a portion of the death benefit for a qualifying illness when certain eligibility conditions are met.[2]

WHY NORTH AMERICAN?

Turn to North American for help with your longevity planning cases. In addition to our knowledgeable Sales Development team, you'll gain several benefits:

- **Competitive products.** Our product portfolio is competitive not only in illustrated performance, but also in design elements that make the product more relevant to the client and marketable for the agent.
- **Competitive compensation.** North American offers generous compensation. Plus, we take a collaborative approach in helping to grow your business and are here to answer your questions and provide guidance along the way.
- **Financial stability.** Sound financial ratings and private ownership keep us focused on long-term value.[8]
  - A+ (Superior), A.M. Best
  - A+ (Strong), Standard & Poor's

RESOURCES

Sales Development

Phone: (800) 800-3656, ext. 10411

Email: salessupport@nacolah.com

Hours: 7:30 – 5:00 CST, Monday through Thursday;
7:30 – 12:30 CST, Friday

North American Company
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Since 1886

Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California (NAM-3013) that includes this comparison. Comparison is for solicitation purpose only, not for conversions.

1 In some situations loans and withdrawals may be subject to federal taxes. North American Company does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

2 There is no additional Monthly Deduction or premium charge for the Accelerated Death Benefit Endorsement. However, the actual payment received in connection with any acceleration will be discounted and is lower than the Death Benefit amount accelerated. In addition, there is an administrative fee required each time an election is made. An administrative fee is required at time of election for the Chronic or terminal Illness benefit. There is no administrative fee when the Critical Illness benefit is elected.

- Except for CA, automatically added to policies, subject to eligibility requirements.
- Physician certification within the last 12 months for Chronic illness; with the past 12 months of incurring a Specified Medical Condition (Refer to endorsement form for definition of Specified Medical Condition.)

3 The tax-deferred feature of the indexed universal life or universal life policy is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your client's needs. Before purchasing this policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

4 Some North American products offer a conditionally guaranteed interest bonus to further help your clients build long-term cash value accumulation. Interest bonus may be earned when we declare a current rate exceeds the guaranteed interest rate. Interest Bonus percentages are not guaranteed and are subject to change; however, once a policy is issued, the percentage will not change. May not be available in Texas.

5 The net cost of a variable interest rate loan could be negative if the credits earned are greater than the interest charged. The net cost of the loan could also be larger than under standard policy loans if the amount credited is less than the interest charged. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the maximum interest rate charged on variable interest loans. In brief, Variable Interest Rate Loans have more uncertainty than Standard Policy Loans in both the interest rate charged and the interest rate credited.

6 The policy will remain in effect when extensive loans are taken provided the policy is not terminated due to surrender and the policy owner does not take policy loans or withdrawals during the Overloan Protection period. This benefit may reduce the Specified Amount and will terminate the Protected Death Benefit. The Overloan Protection Benefit cannot be elected if the Protected Death Benefit is in effect. If the Overloan Protection Benefit is in effect, Accelerated Benefits cannot be elected.

7 If Policy has a Premium Guarantee Rider attached to it, such rider will be terminated upon the election of the Protected Death Benefit. The Protected Death Benefit cannot be elected if the Over loan Protection Benefit is in effect.

8 A.M. Best rates an insurance company on the basis of the company's financial strength, operating performance and ability to meet its obligations to policyholders. A+ is the second highest rating out of 15 categories and was affirmed for North American Company as part of Sammons Financial Group on June 3, 2015. For the latest rating, access www.ambest.com. Standard and Poor's awarded its "A+" (Strong) rating for insurer financial strength on February 26, 2009 and affirmed on July 2, 2015 to North American Company as part of Sammons Financial Group. The "A+" (Strong) rating is the fifth highest out of 22 available ratings.

For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

Indexed universal life products are not an investment in the "market" or in the applicable index and are subject to all of the policy fees and charges normally associated with most universal life insurance.

Accelerated Death Benefits are subject to eligibility requirements and availability may vary by state and product.

Neither North American Company nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

Retirement Income Workbook

It's Your Retirement. Embrace it.

Protective®
Protect Tomorrow. Embrace Today.™

Not a Deposit	Not Insured By Any Federal Government Agency	
No Bank or Credit Union Guarantee	Not FDIC/NCUA Insured	May Lose Value

CAC.1126 (03.15)

It's time to get started.

Let's protect your Tomorrow,
so you can embrace Today.

The first step to creating your unique retirement income plan is documenting your specific needs and wants. By completing the information found in this workbook, you'll be better prepared to discuss how with your financial advisor exactly how you would like to create your individual plan.

The workbook is divided into 5 sections:

1. Income and Assets
2. Must Haves
3. Just in Case
4. Nice to Haves
5. When I'm Gone

After completing these sections, you'll find a retirement income summary page where you can create a high level overview of your retirement income needs to help guide your conversation with your financial advisor.

Please take your time when completing this workbook, as the better the information you put into this summary (all of your expenses, accurate estimates of your income, etc), the better the result will be when you use the information to create your personal retirement income solution.

Income and Assets

In this section we'll gather some information about the financial resources you plan to use to fund your retirement.

INCOME

Enter only sources of income that are not provided by investments.
Use a monthly, after-tax amount.

Continued Employment	$	Social Security	$
Pension	$	Rental Income	$
Other:	$		
		Total per month	**$**

ASSETS

Here we'll be collecting some information about the assets you have available to support your retirement. Enter the current value of each.

Investable Assets	$	Real Estate	$
Life Insurance Death Benefits	$	Other:	$
		Total	**$**

Must Haves

In this section, we'll document your expected everyday living expenses- the ones that provide for the essentials of daily living. List all of your expected retirement expenses as monthly, after-tax amounts.

HOUSING

Mortgage or Rent Payment	$	Decorating/Furnishings	$
Association/ Condominium Fees	$	Other:	$
		Total per month	**$**

UTILITIES

Gas	$	Electric	$
Propane	$	Water/Sewer	$
Phone/Cell Phone	$	Security System	$
Internet	$	Cable/Satellite TV	$
GPS/Navigation System	$	Satellite Radio	$
Other:	$		
		Total per month	**$**

INSURANCE

Homeowners/Renters	$	Auto	$
Health/Medical	$	Dental	$
Medicare	$	Prescription	$
Vision	$	Long-term Care	$
Catastrophic Illness	$	Umbrella/Liability	$
Other:	$		
		Total per month	**$**

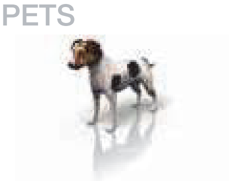
FOOD

Groceries	$	Dining out/delivery	$
Coffee Shop	$	Alcohol	$
Other:	$		
		Total per month	**$**

HOUSEHOLD ITEMS

Cleaning Supplies	$	Paper Goods	$
Toiletries	$	Cosmetics	$
First Aid Items	$	Postage	$
Tobacco	$	Other:	$
		Total per month	**$**

PETS



Food	$	Veterinary Care	$
Grooming	$	Boarding	$
Accessories/toys	$	Other:	
		Total per month	**$**

TAXES

Income	$	Sales	$
Property	$	Other:	$
		Total per month	**$**

HEALTHCARE

Prescription Medications	$	Co-Pays	$
Chiropractors	$	Acupuncture	$
Over-the-Counter Medications	$	Smoking Cessation Aids	$
Diabetic Testing Supplies	$	Vitamins/Supplements	$
Medical Equipment	$	Glasses/Contacts	$
Other:	$		
		Total per month	**$**

CLOTHING

New Clothing	$	Laundry/Dry Cleaning	$
Tailor/Alterations	$	Other:	$
		Total per month	**$**

TRANSPORTATION

Loan/Lease Payment	$	Fuel	$
Parking	$	Tolls	$
Maintenance	$	Car Wash Fees	$
Cab Fares	$	Public Transportation Fees	$
Licensing Fees	$	Other:	$
		Total per month	**$**

DEBT PAYMENTS

Credit Cards	$	Personal Loans	$
Home Equity Loans/ Lines or Credit	$	Other:	$
		Total per month	**$**

PERSONAL CARE

Hairdresser/Barber	$	Manicures/Pedicures	$
Massages	$	Spa Treatments	$
Other:	$		
		Total per month	**$**

OTHER

Did we leave something out? List it here.

Other:	$	Other:	$
Other:	$	Other:	$
		Total	**$**

Just In Case

Here you should document information about the savings you would like to have on hand in case of a medical or financial emergency. List this as a lump sum dollar amount you would like to set aside in emergency savings.

EMERGENCY SAVINGS

Emergency Savings	$
Total	**$**

Nice to Haves

In this section we'll gather some information about the financial resources you plan to use to fund your retirement. List all of your expected retirement expenses as monthly after-tax amounts.

HOBBIES

Sports Equipment	$	Activity Fees	$
Club or Gym Membership	$	Crafting Supplies	$
Books/Periodicals	$	Gardening Supplies	$
Collections	$	Other:	$
		Total per month	**$**

ENTERTAINMENT

Movies	$	Theatre	$
Concerts	$	Social Clubs	$
Sporting Events	$	Entertaining Guests	$
Bingo	$	Gambling/Lottery	$
Other:	$		
		Total per month	**$**

TRAVEL

Airfare	$	Hotel	$
Meals	$	Tips	$
Ground Transportation	$	Events/Excursions	$
Souvenirs	$	Other:	$
		Total per month	**$**

LUXURY EXPENSES

Vacation Home	$	Boat/RV	$
Furs	$	Jewelry	$
Electronics	$	Vacations	$
Other:	$		
		Total per month	**$**

LESSONS OR CLASSES

Dance	$	Fitness/Exercise	$
Golf	$	Special Interests	$
College Courses	$	Cooking	$
Other:	$		
		Total per month	**$**

GRANDCHILDREN'S EDUCATION

Tuition	$	Books/Supplies	$
Room and Board	$	Other:	$
		Total per month	**$**

HOME MAINTENANCE/ IMPROVEMENTS

Housecleaning	$	Trash Removal	$
Snow Removal	$	Pest Control	$
Pool/ Hot Tub Care	$	Appliance Repairs/ Replacements	$
Redecorating/ Renovations	$	Lawn Care/ Landscaping	$
Other:	$		
		Total per month	**$**

GIFTS/CHARITABLE CONTRIBUTIONS

Tithing/Church	$	Birthdays	$
Weddings	$	Holiday Gifts	$
Charities	$	Fundraisers	$
Special Interest Groups	$	Greeting Cards	$
Other:	$		
		Total per month	**$**

PROFESSIONAL SERVICES

Attorney	$	Accountant	$
Financial Advisor	$	Stockbroker	$
Personal Trainer	$	Therapist	$
Banking Fees	$	Safe Deposit Box	$
Other:	$		
		Total per month	**$**

OTHER

Did we leave something out ? List it here.

Other:	$	Other:	$
Other:	$	Other:	$
		Total per month	**$**

When I'm Gone

Here, you should document information about the assets you don't intend to use for your retirement expenses and would like to pass along to family or charity. List these expenses as one-time lump sum dollar amounts.

BURIAL EXPENSES

Funeral Home Services	$	Casket/Vault	$
Cemetery/Mausoleum or Crypt Space	$	Headstone	$
Flowers	$	Cremation Services	$
Clergy	$	Other:	$
		Total per month	**$**

GIFTS TO FAMILY AND FRIENDS

Children	$	Grandchildren	$
Friends	$	Education Expenses	$
Trusts	$	Other:	$
		Total per month	**$**

CHARITIES

Endowments	$	Scholarships	$
Foundations	$	Building Funds	$
Special Projects	$	General Gifts	$
Other:	$		
		Total per month	**$**

RELIGIOUS ORGANIZATIONS

Endowments	$	Scholarships	$
Foundations	$	Building Funds	$
Special Projects	$	General Gifts	$
Other:	$		
		Total per month	**$**

OTHER

Did we leave something out ? List it here.

Other:	$	Other:	$
Other:	$	Other:	$
		Total per month	**$**

Retirement Income Summary

Now that you've documented the details of your retirement income needs, let's create a high level summary. This summary can provide a starting point for conversation with your financial advisor.

1 TOTAL EXPECTED RETIREMENT INCOME (from page 3)

Total per month $

1 TOTAL ASSETS (from page 3)

Total Investable Assets $

Real Estate $

Life Insurance Death Benefit $

Other $

2 TOTAL MUST HAVE EXPENSES (from page 5)

Total per month $

3 TOTAL JUST IN CASE AMOUNT (from page 6)

Total $

4 TOTAL NICE TO HAVES AMOUNT (from page 8)

Total per month $

5 TOTAL WHEN I'M GONE EXPENSES (from page 9)

Total per month $

Remember, creating your retirement income budget is only the first step in designing a comprehensive retirement income strategy. Make sure to talk in detail with your financial advisor about investment strategies and products that may be appropriate for your needs and plan to meet with them at least annually for a review.

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Investors should consult their attorney or tax advisor regarding their individual situation before making any tax-related decisions.

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