Assurity

Sales Idea

Single Premium Whole Life Insurance for Wealth Transfer

Client Scenario and Concerns

72-year-old Lucille is retired and living comfortably on her pension and 401k. She has $30,000 in CDs she'd like to leave to her two grandchildren to help pay for their college. At the rate college tuition is rising, she knows this won't be nearly enough.

Due to her age, a low-risk investment is important to her. Lucille would like access to the money in case of emergencies, but doesn't want to pay more taxes while on a fixed income.

Solution

Working with her agent, Lucille purchases a **Single Premium Whole Life** policy. She puts all **$30,000 to the base premium**. **Immediately, the amount she can pass to her grandchildren is $39,830 if she dies.** Included with her coverage is the Accelerated Death Benefit Rider, which gives her the option to access a portion of her whole life death benefit if she's diagnosed with a chronic or terminal illness.[1]

Additionally, the **death benefit could grow to $44,388 over the next 15 years,** if dividends[2] are paid at the current schedule and used to purchase paid up additions. **Lucille will have a gain on her money of $14,388,** while retaining access to the cash value[3] via loans and withdrawal options, if needed.

Illustration based on a 72-year-old female, Standard Non-Tobacco

Tax questions must be referred to a qualified tax advisor.

1. Accelerated Death Benefit Rider is included in states where allowed. The chronic illness benefit is included through issue age 75. Accelerated benefits reduce the death benefit.
2. Dividends are used to purchase additional paid-up insurance. The amount of additional insurance purchased is what the dividend, applied as net single premium, can buy at the insured's attained age. Dividends are not guaranteed and are determined by Assurity's experience relative to assumed mortality, investment performance and expenses.
3. Under current tax law, SPWL is a "modified endowment contract" (MEC); this means increases in cash values are tax-deferred until they are withdrawn. However, borrowing funds or withdrawing dividends from the policy results in a "taxable distribution" – the earnings or gain become taxable first as income. If the insured is under age 59½, the IRS also imposes a 10 percent penalty on the taxable gain.

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