



Gallagher

Insurance | Risk Management | Consulting

Supplementing Retirement Income With Life Insurance

Protection for Today, Income for Tomorrow

How you save for retirement may be just as important as how much you save. The types of vehicles you use when accumulating assets for retirement impact how your assets grow, how you are taxed, when you can access your funds, and more.

Cash value life insurance may be the answer to round out your retirement portfolio, providing your family with death benefit protection today and tax-favored access to income during your retirement years.

Why You Need Life Insurance

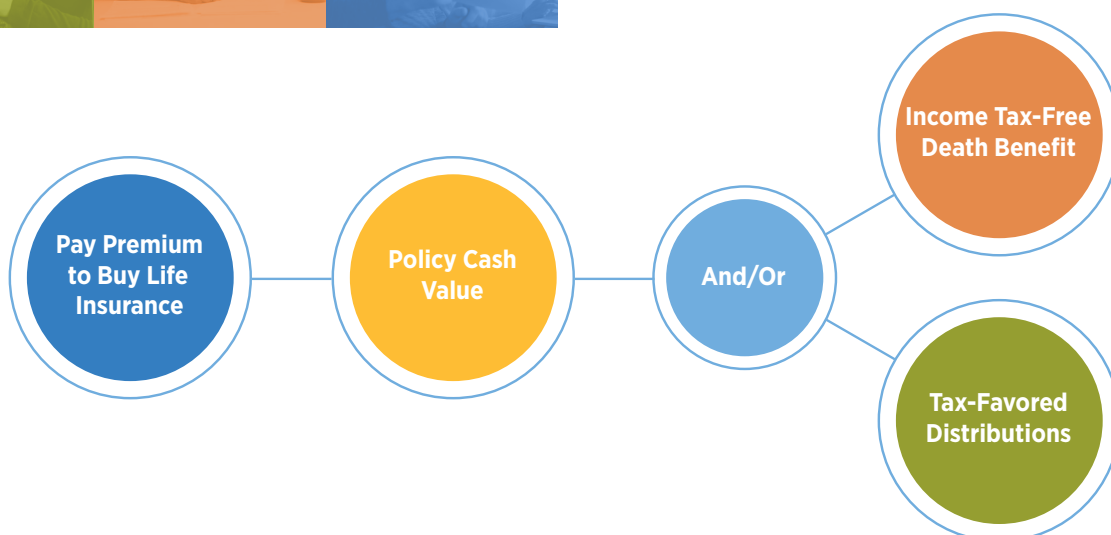
A permanent life insurance policy can be one of the most important purchases you will ever make—the death benefit can protect your family, and the cash value can help you supplement your income during retirement. No matter your goals, the unique tax benefits and features of permanent life insurance can be a powerful tool to help you achieve them.



The combination of tax-free* death benefit protection for your family and tax-favored access to the policy cash value during your life makes life insurance unlike any other asset you may own.

How It Works

First, you apply for a permanent cash value life insurance policy. The policy will provide a death benefit that will be received income tax-free by your heirs. Permanent life insurance also has the potential to develop cash value, which grows on a tax-deferred basis. In the future, you may use potential policy cash value for retirement income purposes.



Protection

A life insurance death benefit can provide protection for your family when they need it the most. The **income tax-free death benefit** can be used to help cover your family's needs, including replacing your salary, funding lifetime goals and more.

Flexibility

Beyond the death benefit protection, a permanent life insurance policy provides you the added flexibility to **access your policy's cash value when you need it on a tax-favored basis.**

- Tax-deferred growth potential
- Tax-free distributions

What sets a permanent life insurance policy apart is that it provides you the flexibility to choose when, if at all, to take policy distributions.

- Unlike distributions from qualified retirement plans, which may be subject to an early withdrawal penalty at age 59½ and/or mandatory distributions at age 70½, withdrawals from your insurance policy are not mandatory. If you decide not to take income, the death benefit is preserved as an inheritance for your heirs.
- You have the flexibility to decide how and when to take income distributions (early on in your retirement, in later years or not at all).

Tax Diversification

Why should you consider a tax diversification strategy with life insurance? A permanent life insurance policy can be used to supplement your retirement income, protect your savings and deliver valuable tax advantages, including:

- Tax-deferred growth
- No retirement contribution limits
- No penalties for early access to cash
- Income tax-free death benefit for your beneficiaries
- Tax-free income from policy withdrawals and loans which does not affect the following
 - » Income tax bracket
 - » Medicare premiums
 - » Capital gains exposure
 - » Adjusted gross income or modified adjusted gross income

Income tax-free distributions are achieved by withdrawing to the cost basis (premiums paid), then using policy loans. Loans and withdrawals may generate an income tax liability, reduce available cash value, and reduce death benefit, or cause the policy to lapse. This assumes the policy qualifies as life insurance and is not a Modified Endowment Contract (MEC).

Meet with a Gallagher Life Insurance expert to review your existing policies and financial plan, how you envision for retirement lifestyle, and how we can help you plan with confidence.

Let's get in touch.

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*Proceeds from an insurance policy are generally income-tax-free, and if properly structured, may also be free from estate tax.

Life insurance policies may contain fees and expenses, including cost of insurance, administrative fees, premium loads, surrender charges and other charges or fees that will impact policy values. Keep in mind that most life insurance policies require health underwriting and, in some cases, financial underwriting. Each case is individually underwritten as the severity of medical conditions varies among individuals. Formal underwriting evaluation and pricing is based on the individual characteristics of each case.