

## SECURE LIFETIME GUL 3

# Life doesn't stand still. Neither should your life insurance coverage.

Life happens and your needs change over time. A multiple policy solution with the return of premium feature can be for consumers seeking flexibility in their life insurance planning needs.

The Enhanced Surrender Value Rider provides two opportunities to receive a return of premium:

- **Option 1:** Surrender the policy during the 60-day period following the end of policy year 20 and receive back 50% of premiums paid.<sup>1</sup>
- **Option 2:** Surrender the policy during the 60-day period following the end of policy year 25 and receive back 100% of premiums paid.<sup>1</sup>

### SCENARIO

#### Help to mitigate a \$10 million estate tax liability.<sup>2</sup>

Jim recently retired. Prior to retirement, he had owned and operated a successful chain of coffee shops for the last 30 years. His goal, which he achieved, was to sell his business and use the funds to support himself during his retirement years and provide an inheritance for his two children John and Sue. Jim recently met with his financial professional, Kathy to discuss his financial plans for retirement. During this meeting Kathy explained to him that, based on his assets stemming from the successful sale of his business, he now has a potential estate tax liability of \$10 million.

### TRADITIONAL APPROACH

As their financial planner, Kathy has reviewed and evaluated Jim's estate. Based on her analysis, and to help mitigate Jim's estate tax liability and maintain his children's inheritance he worked so hard to create, Kathy suggests he purchase a guaranteed universal life insurance policy equal to the estate taxes that would be owed after he passes away. Kathy also explains that he can begin to spend down his assets during retirement or begin gifting assets to his children to decrease his estate tax liability.

SINGLE POLICY
Death Benefit \$10,000,000
Guaranteed to Age 105
Annual Premium \$241,575 for 15 years
Total Premium Paid \$3,623,619

Jim agrees that he needs the insurance, but questions the amount. What if he does spend down or gifts a significant portion of his assets to his children and his estate tax liability is lower; say \$5,000,000 in the future? Could he decrease the amount of insurance to save money? Kathy explains, once he has spent down his assets, he could certainly lower the death benefit to a lesser future need of \$5,000,000. But what about all the premiums he has paid to cover the current \$10 million until then? This could be expensive. Is there a more flexible solution?



Policies issued by American General Life Insurance Company and United States Life Insurance Company, AIG member companies.

This hypothetical example is for illustrative purposes only. Not an actual case and intended solely to depict how the product features might work. It does not reflect the value of any specific policy. Restrictions and limitations apply.

## ALTERNATIVE

A potential alternative would be to purchase two Secure Lifetime GUL 3 policies; each with a death benefit of \$5,000,000. This still provides the entire \$10,000,000 of coverage but under two policies.

## BENEFIT

The return of premium feature (Enhanced Surrender Value Rider) provides greater flexibility for Jim. By owning two policies, at the end of the 20th policy year he has the option to surrender either policy and receive back 50% of the premiums paid. Or if year 20 wasn't the right time he could wait and use the second opportunity at the end of year 25 and receive back 100% of premiums paid! This action would assume he has spent or gifted his assets down and only requires \$5,000,000 of insurance.

	POLICY #1*	POLICY #2*
	\$5,000,000 Death Benefit	<b>\$5,000,000 Death Benefit</b>
	Guaranteed to Age 105	Guaranteed to Age 105
	Annual premium \$120,787 for 15 years	Annual premium \$120,787 for 15 years
	Total Premium \$1,811,810	Total Premium \$1,811,810
OPTIONALITY	SURRENDER POLICY #1	SURRENDER POLICY #2
Option 1	<b>End of year 20 Receive back \$905,905</b>	End of year 20 Receive back \$905,905
Option 2	<b>End of year 25 Receive back \$1,811,810</b>	End of year 25 Receive back \$1,811,810

### FOR MORE INFORMATION

<sup>1</sup> Premiums paid received - subject to no partial withdrawals or outstanding loans on policy. The Enhanced Surrender Value ("ROP") is capped at 40% of specified face amount; for example, the benefit under a policy with a \$1,000,000 specified amount could never be greater than \$400,000. Additional conditions may apply, see rider form for details.

<sup>2</sup> Premium rates based upon a male, age 55, SNT. Not an actual case, and is a hypothetical representation for illustrative purposes only.

\* Please see the basic illustration regarding guaranteed and nonguaranteed elements of the policy, including surrender values, accumulation values, loans, withdrawals, death benefits and other important information. Premium rates current as of December 9, 2018, rates may vary by state.

Premiums available for other rate classes, ages and payment plans. Premium charges depend on evidence of insurability.



For more information on Secure Lifetime GUL 3 please visit [RetireStronger.com](http://RetireStronger.com)

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