




## A PERSONAL ACCUMULATION STRATEGY — FOR LIFE'S WHAT-IFS



Your circumstances are personal and unique to you. Perhaps you have maxed out the allowable contributions into your retirement accounts and are looking for additional methods to complement and diversify. Maybe you're looking for an alternative way to prepare for long-term goals like paying for college, starting a business, or for life's little what-ifs. In any case, the strategic use of a tax-efficient Personal Accumulation Strategy using cash-value life insurance may help you achieve your goals and objectives.

**Index universal life insurance is not a security** and index universal life insurance policies are not an investment in the stock market or in financial market indexes. Index Account Interest is based, in part, on index performance. Past performance of an index is not an indication of future index performance.

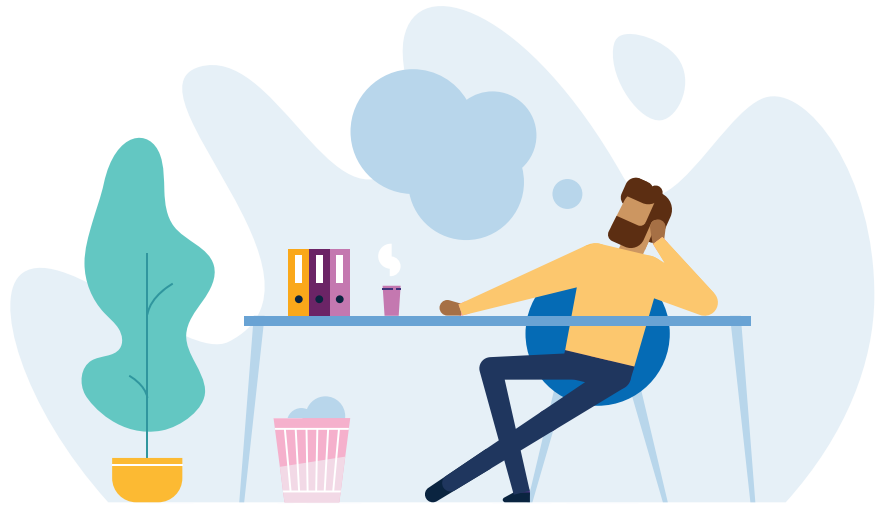
There is no guarantee that any Excess Index Interest will be credited above the guaranteed minimum interest rate for the Index Account(s). Additionally, there is no guarantee that the Company will declare an interest rate greater than the guaranteed minimum interest rate for the Basic Interest Account.



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## CAN A PERSONAL ACCUMULATION STRATEGY WORK FOR YOU?

Providing a better lifestyle for your loved ones doesn't necessarily begin and end with leaving them money when you pass away. Creating a personal plan using cash-value life insurance can give you and your family tax-free<sup>1</sup> access to the cash value of your policy at any time, for any use. It may also provide financial resources, if sufficient cash value has been accumulated, and the freedom you need to address life's little what-ifs.



Do you need life insurance death benefit protection?

Are you less than 59<sup>1/2</sup>, need access to cash from time to time, and want to avoid the 10% penalty imposed on early withdrawals from retirement accounts?

Have you maxed out your retirement account contributions?

Do you have discretionary cash that can be allocated to alternative financial strategies?

If so, a Personal Accumulation Strategy using a cash-value life insurance policy may provide you with:

- A flexible source of cash for major purchases and expenditures
- A vacation and adventure fund
- An emergency fund for life's unexpected costs
- A supplemental method to complement existing retirement savings accounts
- An additional way to save for a loved one's college education
- A fund that can be used to start a business, or fund certain aspects of an existing business



## How Does a Personal Accumulation Strategy Work?

### Build cash value

*Transamerica Financial Foundation IUL*<sup>®</sup> policy systematically builds cash value as policy owners make premium payments over time.

### Tax-free return of basis

You can make tax-free withdrawals up to the total premiums paid into the policy from the surrender value.

### Tax-free loans<sup>1</sup>

You may not have to pay back a loan against the cash value of a life insurance policy.

\* Index interest, if any, will only be credited on the segment anniversary date.








### THE NEED

Daniel, age **35**, has maxed out his contributions to his 401(k). He needs life insurance to protect his family and replace his income when he passes away. He also wants to set aside some money that has the potential to grow and that he can access in the future while minimizing taxes and penalties associated with withdrawals from his 401(k).

### A VIABLE SOLUTION

Daniel's financial professional, Prudence, recommends a personal accumulation strategy using cash-value life insurance, illustrating a monthly premium of **\$1,708.33** (\$20,500 annually), the same as the 2022 IRC limits for employee contributions to employer-sponsored accounts, such as 401(k) and 403(b) plans. At first glance, the premiums are more than enough to fund the policy and maintain the death benefit, **but by overfunding the policy,<sup>2</sup> Daniel secures the death benefit while aiming to build cash value that can be utilized tax-free for future needs.<sup>1</sup>**

<p><b>Cash-Value Life Insurance Helps Avoid Pitfalls of Borrowing from 401(k)</b></p>	 <p><b>Help keep retirement savings on track</b></p> <p>Complements 401(k), IRAs, and other retirement savings that are earmarked solely for retirement income</p>	 <p><b>Continue 401(k) contributions</b></p> <p>Some plans may prohibit participants from making additional contributions until the loan balance is repaid.</p>
 <p><b>Tax efficient</b></p> <p>Avoid increase to taxable income and <b>10%</b> excise penalty on retirement plan withdrawals before age 59½</p>	 <p><b>Higher Borrowing Limits</b></p> <p>Tax-free loans<sup>3</sup> and withdrawals can be taken up to applicable policy limits without concern for the IRC limits on 401(k) loans. Some plans have lower loan limits or do not offer loans.</p>	 <p><b>Flexible loan repayment</b></p> <p>401(k) loans must be paid back within five years.</p>

Daniel follows Prudence's guidance and purchases a cash-value life insurance policy with a **\$605,000** death benefit. Because he has properly funded his permanent cash-value life insurance, he gets death benefit protection with the benefit of access to cash value.

<p>Age <b>51</b></p>	<p><b>55</b></p>	<p><b>65</b></p>	<p><b>72</b></p>
<p><b>\$35,000</b> loan to remodel master bathroom</p>	<p><b>\$50,000</b> loan for family African safari</p>	<p><b>\$75,000</b> loan to buy his dream car: a 1969 Boss Mustang</p>	<p><b>\$250,000</b> loan for his daughter's dream wedding</p>

## BENEFITS OF A PERSONAL ACCUMULATION STRATEGY USING CASH-VALUE LIFE INSURANCE

- Tax-free death benefit protection
- Tax- and IRS penalty-free loans or withdrawals to meet life's needs
- Freedom and flexibility — access to the accumulated cash value whenever you need it




## OTHER CONSIDERATIONS

- This is a long-term strategy — it will take some time to build sufficient cash value to keep the death benefit intact and grow your policy value.
- Loans and withdrawals<sup>3</sup> reduce the value of the death benefit.
- Excessive distributions may trigger additional premium requirements to maintain the death benefit.
- Surrender charges<sup>4</sup> may limit the amount available to withdraw or borrow from the policy without penalty — your financial professional can help you understand any limitations based on the timing of your goals and objectives.
- In addition to the premium contribution amount, performance — which is not necessarily guaranteed<sup>5</sup> — will also affect cash value.

## The future starts today.

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<sup>1</sup> If a policy is fully surrendered, allowed to lapse, or exchanged for another life insurance, annuity, or long term care policy, however, loans are taxable to the extent that the cash value exceeds the owner's tax basis in the contract. Withdrawals from the cash value that exceed the tax basis in the policy are taxable.

<sup>2</sup> Excessive premium payments into a life insurance policy which causes it to fail the seven-pay test results in a policy being treated as a Modified Endowment Contract for tax purposes.

<sup>3</sup> Loans, withdrawals, and death benefit accelerations will reduce the policy value and death benefit and may increase the chance of the policy lapsing. Provided the policy is not and does not become a Modified Endowment Contract (MEC), 1) withdrawals are tax-free to the extent that they do not exceed the policy basis (generally, premiums paid less withdrawals) and 2) policy loans are tax-free as long as the policy remains in force. If the policy is surrendered or lapses, the amount of the policy loan will be considered a distribution from the policy and will be taxable to the extent that such loan plus other distributions at that time exceed the policy basis.

<sup>4</sup> Surrender charges may be significant and should be carefully considered before surrendering the contract. A surrender charge may result in the cash surrender value of your policy becoming zero. *Transamerica Financial Foundation IUL*<sup>®</sup> is not intended for short-term savings or short-term insurance needs. Excess index interest is not credited for partial years at the time of surrender on any index account segment.

<sup>5</sup> Guarantees are based on the claims-paying ability of the issuing company.

*Transamerica Financial Foundation IUL*<sup>®</sup> is first and foremost a life insurance policy whose main purpose is to provide life insurance protection. Permanent life insurance has the benefit of tax-deferred cash accumulation. This policy has the added feature of an additional method of calculating credited interest by reference to an outside index. This policy gives you the potential for greater tax-deferred cash-value accumulation when compared to a regular fixed universal life insurance product. However, since a portion of the credited interest is calculated by reference to an outside index, there is the potential for greater volatility in the interest amounts credited.

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