

A photograph of two men sitting and talking. The man on the left is wearing a pink shirt and is smiling broadly, looking towards the man on the right. The man on the right is wearing a blue shirt and is also smiling, looking towards the man on the left. The background is a bright, indoor setting with a window and some furniture.

**Life Insurance
in Retirement
Planning**

Foresters 
Financial



Life Insurance in Retirement Planning

Situation

With the growing uncertainty of Social Security, a continued low-interest rate environment, limitations on qualified plans and employers changing or cutting back on their retirement plan funding, will your client have the right resources for a comfortable retirement? What happens if one spouse dies during the wealth accumulation stage of the couple's lives?

Disruption to any of their potential retirement income streams could leave their.

The Strategy

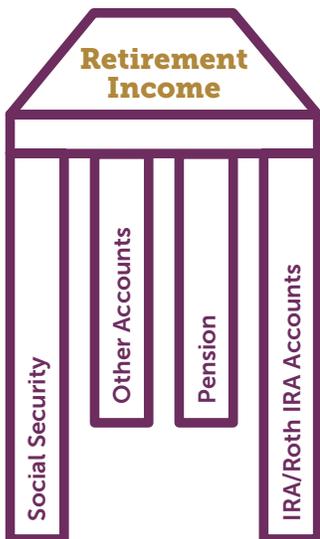
A Life Insurance in Retirement Plan (LIRP) is a strategy designed to help your client in three ways:

- Provide built-in protection with an income-tax-free death benefit¹ to support a client's spouse, children or family members after their death
- Provides the opportunity to increase retirement income, defer taking Social Security benefits or supplement existing retirement plans by:
 - > tax-deferred cash value growth
 - > the ability to take tax-advantage loans² when income is needed
- Provide additional benefits, with features such as accelerated death benefit protection

While your client may be focused on planning for retirement, it's important to understand the effect their death would have on their spouse, children and other family members. With life insurance as part of their retirement solution, the death benefit provides built-in protection to cover expenses and potential lost income in retirement for the surviving spouse.

An effective LIRP provides:

- Income tax-free death benefit proceeds
- No income limitations on the client's ability to participate
- Income-tax-deferred accumulation growth
- Potential flexibility with contributions
- Tax-preferred distributions when income is needed
- No IRS distribution requirements or penalties
- No required minimum distributions
- Complete control of the insurance coverage
- Diversification



Life Insurance in Retirement Planning

How Life Insurance in Retirement Planning Works

Case Study

- Bill (39) and Sarah (37) are married with a child and have a combined income of \$250,000
- Bill contributes 6% of his salary to receive the maximum employer match. However, the company recently changed the match from dollar-for-dollar to 50% match on the first 6%
- Sarah's employer offers a defined pension plan, projected to provide \$1,900/month in retirement for her lifetime (assumes 2% yearly salary increase and retirement age of 67)
- They have no other retirement accounts and Bill has life insurance of \$150,000 from work and \$400,000 on a 30-year term individually (27 years remaining); Sarah has \$50,000 from work
- Bill's mother came up short for her retirement after experiencing financial hardship due to her husband's sudden death at age 57
- Their goal: Create an additional retirement bucket providing potential tax-free income – could be leveraged to delay taking Social Security or could provide income during down-market years. As well, provide protection to the family if Sarah passes, providing resources so the family can continue their lifestyle and not experience the same financial burden Bill's mother faced.



STEP 1

Bill and Sarah determine how much they can comfortably afford to set aside of their after-tax income. They agree to set aside \$600 per month.



STEP 2

With their producer's assistance, they determine that Sarah should purchase Foresters Advantage Plus II Whole Life³ with Foresters FinancialTM. They like the fact it provides a guaranteed cash value growth and any declared dividends⁴ can be applied towards purchasing paid-up additions.



STEP 3

Their producer designs the product to maximize the guaranteed cash value growth within the certificate. Sarah decides to apply for an initial base death benefit of \$100,000, with a 10-year Term Rider³ of \$300,000. She decides that the remainder be applied as a payment towards the Flexible Payment Paid-Up Additions Rider.³ Additionally, they add the Waiver of Premium³ Rider and have any declared dividends applied towards paid-up additions. Sarah applies with Foresters for this plan design and is approved Preferred Non-Tobacco.



STEP 4

They meet with their insurance producer periodically to review their current certificate and to ensure other needs have not arisen.



STEP 5

At Sarah's retirement, the couple know they have a bucket of cash value available, with a guaranteed cash value of \$280,220 at age 65, within her life insurance. Sarah has the ability to take loans⁵ against the cash value. They could choose to use these funds during down-markets or use them to potentially delay taking Social Security.



STEP 6

At Sarah's death, the death benefit (net of any loans) will help her family meet financial expenses, potentially supplement Bill's retirement or leave a legacy.

Life Insurance in Retirement Planning Fact Finder

Date | MM / DD / YY

1 Personal Information

| | | | |
|--------------------|--------------------|--|--|
| Client Name | | Date of birth | |
| State of Residence | Smoker Y N | Underwriting Class (Preferred, Standard, Etc.) | |
| Spouse Name | | Date of birth | |
| State of Residence | Smoker Y N | Underwriting Class (Preferred, Standard, Etc.) | |
| Children (#) | | | |

2 Financial Information

| | | | |
|-----------------------------|-----------------------|--------------------------|-----------------------|
| \$ | \$ | \$ | \$ |
| Client's Annual Salary | Client's Other Income | Spouse's Annual Salary | Spouse's Other Income |
| \$ | % | Client: \$ | Spouse: \$ |
| Total Adjusted Gross Income | Income Tax Bracket | Amount of Life Insurance | |

3 Retirement Information

| | | | |
|----------------------------------|--------------------|--|---------------------------------------|
| | \$ | | \$ |
| Client Retirement Age | Annual Income Goal | Spouse's Retirement Age | Annual Income Goal |
| Years for Retirement Income | | Assumed Inflation Rate | |
| Client: \$ | Spouse: \$ | Client: \$ | Spouse: \$ |
| Current Qualified Plan Balance | | Ongoing Contributions To Qualified Plans | |
| Client: \$ | Spouse: \$ | % \$ | |
| Other Retirement Saving Balances | | Assumed Growth | Other Expected Retirement Income Rate |

4 Insurance Information

| | | | |
|------------------------------------|------------------------------|--|------------|
| Client: \$ | Spouse: \$ | Client: \$ | Spouse: \$ |
| Death Benefit Needed | | Insurance Premium Affordable | |
| Frequency (M,Q,S,A) | # Of Years To Fund Insurance | State of Purchase | |
| Include: (Check All That Apply) | | <input type="checkbox"/> Waiver of Premium | |

¹ Foresters, their employees and life insurance representatives, do not provide, on Foresters behalf, legal or tax advice. The information given here is merely a summary of our understanding of current laws and regulations. Advise your clients and prospective purchasers to consult their tax or legal advisor.

² Access to tax-advantaged loans assumes the policy stays in force until death. If the certificate lapses, there may be tax consequences on any cash value above the cost basis. A life insurance contract can become a Modified Endowment Contract (MEC) when premiums paid exceed certain limits as outlined in the tax code. Withdrawals or loans will reduce death benefit and cash values and may affect how long the insurance contract is in effect. Dividends are not guaranteed. Past dividends are not an indicator of future dividend performance.

³ Foresters Advantage Plus II Whole Life insurance and applicable riders may not be available or approved in all states and are subject to eligibility requirements, underwriting approval, limitations, contract terms and conditions and state variations. Refer to the applicable Foresters Producer Guide and the insurance contract for your state for these terms and conditions. Underwritten by The Independent Order of Foresters.

⁴ Dividends are not guaranteed and vary depending on factors such as gender, band, smoker, preferred/standard, and premium-pay period.

⁵ Can be taken if the certificate is in effect and has a positive cash surrender value. Interest is charged daily at current Foresters US variable loan rates. Death benefit payable is net of the outstanding certificate loan amount(s) (including accrued interest). If the loan amount exceeds the cash value plus the present value of PUAs and dividends on deposit amount the certificate will terminate.

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