

A Tool for your Success



Clients Are Re-Evaluating Priorities

The Problem:

- Like a lot of baby boomers, your clients and prospects are concerned about saving enough money for retirement. As they move into their peak earning years the opportunities to save in traditional vehicles are becoming increasingly limited.
- The traditional qualified plan option at the \$16,500 maximum contribution is a small portion of their income. As a supplement to traditional vehicles, saving in non-qualified personal investments without tax-deferral on growth of those investments has created a problem with keeping pace with their future planning needs.
- Additionally, your client's need for income replacement protection for their family has increased and is a realized concern. They are looking for a solution that will provide them with an opportunity to plan for their retirement while still protecting their family along the way.

Made Simple: Cash value Life insurance and the (IRR) Internal Rate of Return!

- Many clients are looking to find alternatives to tax-equivalent growth on a tax favored basis. Your client now has options to multiple underlying assets in a cash value life insurance policy. It can be a fixed account base on short term instruments, market index based, a portfolio of funds or participation in the insurance companies' profits in the form of a dividend.
- Many advisors have been shifting their client's perception of life insurance by emphasizing the IRR of the death benefit. We now are focusing on the IRR of the cash value in the future as a tangible asset to supplement retirement.

What are the benefits?

There's a really simple formula that you can use to calculate a tax-equivalent yield so that you can compare the yields on an equal basis. The formula is:

Tax-Equivalent Yield = Current Assumption Interest Rate ÷ (1 – tax rate)

So, for this example, the formula would like this

$$4.50 \div (1 - .35)$$

$$4.50 \div .65$$

6.92% tax-equivalent yield

Benefit for Agent:

- Eliminates future concern of protecting income to fund future needs.
- Created a tax free income to supplement retirement needs.

If you are interested in learning more and making this part of your sales process, call **(800) 823-4852** to speak to your Pinney Brokerage Director for a full sales kit on this concept!