



LIFE INSURANCE PLANNING FOR FINANCIALLY SAVVY CLIENTS

Strategy Summary

Offering a solution for financially savvy clients who want to provide a death benefit for their families, but also want flexibility to use benefits during their lifetime as part of a diversified and tax-efficient financial plan.

Many Americans, including the affluent, need life insurance and are interested in asset diversification and maximizing the tax-efficiency of their overall plan. They want life insurance to provide a death benefit for their families, but are unaware of the potential cash accumulation and tax advantages a life insurance policy can provide. Index Universal Life (IUL) can offer death benefit protection as well as the potential to generate income for retirement or other long-term goals.

Market Opportunity

- 85% of Americans think most people need life insurance, yet only 62% have coverage themselves.¹
- 72% of the affluent are concerned that they will not be able to generate enough income to cover retirement expenses.²
- Many clients aren't aware that 401(k) and IRA distributions will be included as part of their taxable income, and may be subject to a 10% additional tax if accessed prior to age 59½.
- Life insurance can offer tax advantages, including a federal income tax-free death benefit, tax deferral on any gains, and tax-free loans and withdrawals; and there is no minimum age requirement to access available cash values.*

Index Universal Life (IUL)

- Death Benefit protection
- Cash accumulation potential
- Downside protection of a guaranteed minimum interest rate of 0%, protecting the policy from the impact of market losses
- Access to a potential source of tax-advantaged funds

¹ 2013 Insurance Barometer Study. LIFE and LIMRA. 2013.

² O'Donnell, Carl. Even the affluent are delaying retirement. Investment News. March 26, 2014.

Client Profile

- Clients who need life insurance protection, are planning for retirement, and have max-funded their available retirement accounts.
- Clients who are financially engaged, and want to add a tax-advantaged asset to their overall portfolio.
- Clients who want the flexibility to leave a legacy for loved ones or use policy benefits for themselves during their lifetime.

Available Materials/Tools

Hypothetical illustrations can be run with our TransWare® illustration software. Contact the Sales Desk for more information.

Producer

- OL 3196 TransNavigator Product Guide
- OL 3202 TransNavigator Guide To Doing Business Producer Flyer
- OL 3197 TransNavigator IUL Quick Facts
- OL 3199P Understanding Illustrated Rates Flyer

Consumer

- OL 3198 TransNavigator Consumer Guide

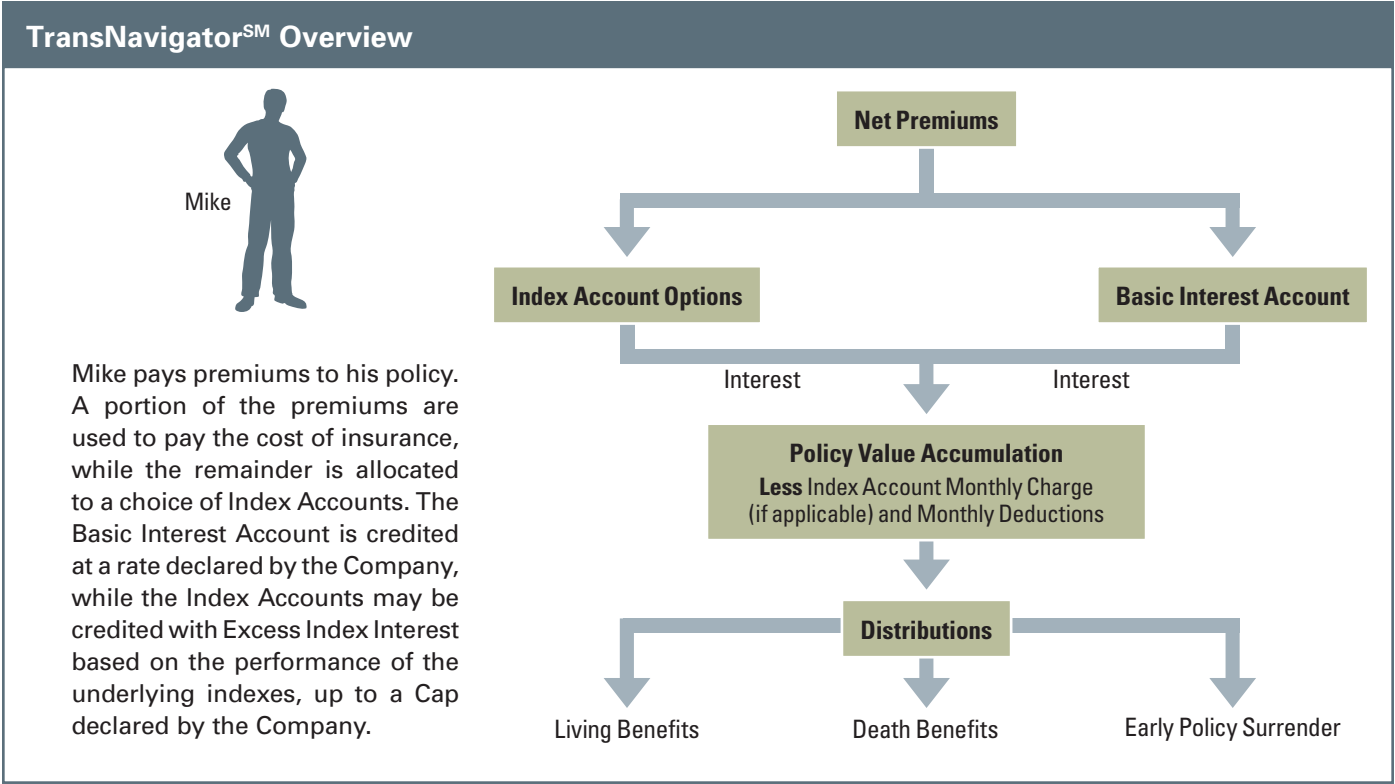
Transamerica's TransNavigator IUL

TransNavigatorSM is an IUL policy that offers a choice of Global and Domestic Index Accounts, annual point-to-point crediting, and an optional Long Term Care (LTC) Rider. Net premiums may be allocated to any of the available Index Accounts or the Basic Interest Account, and any index interest is credited based, in part, on changes in certain stock market indexes, up to the Account's Cap. "Plus" Index Accounts offer higher Caps for a 1% annual asset-based charge (0.08333% monthly); higher Caps offer clients a chance for greater interest crediting. TransNavigator's Index Account options may include the S&P 500®, EURO STOXX 50® and the Hang Seng Indexes. Each Index Account has a guaranteed minimum interest rate or "floor" so, even if the underlying indexes perform poorly, the Index Account(s) will not be credited with less than 0.0% interest. **Even though the interest credited to the policy's Index Accounts may be affected by the index(es), this life insurance policy is not an investment in the stock market(s) or the index(es) and does not participate in any stock or investments.**

EXAMPLE: Mike

Mike is 49 years old and married with two kids. He is a manager at a Fortune 500 company and has an annual income of \$250,000. Mike is actively involved in the management of his finances and likes to find ways to optimize his income growth potential and financial plan. To save for retirement, he makes the maximum annual contribution to his 401(k). Mike is looking for a life insurance policy that will provide a death benefit for his wife and children. After assessing his situation, Mike’s agent mentions a policy that can also offer tax-advantaged growth to help supplement his income during retirement.

Mike purchases a TransNavigatorSM Index Universal Life insurance policy to protect his wife and kids if he passes away, or potentially access his accumulated cash value for retirement income or other needs while he is still alive.



Tax-Free Distributions*

At age 66, Mike is in the 33% tax bracket and wants to withdraw \$10,000 to help pay for a new home. If he chooses to withdraw the money from his 401(k), which is funded with pre-tax dollars, his distributions will be taxed at his regular tax rate. However, if he withdraws the money from his TransNavigator IUL, which is funded with after-tax dollars, he would be able to withdraw the money tax-free, if his policy value is sufficient.

	401 (k)	TransNavigator SM IUL
Withdrawal Amount	\$10,000	\$10,000
Taxes Owed	33%	0%
Penalties	0%	0%
Amount Received	\$6,700	\$10,000

Why Transamerica?

- TransNavigator IUL offers the financial protection of a death benefit along with potential policy growth that can help the tax efficiency of a client's overall plan.
- We offer access to a dedicated team of advanced marketing experts for the most complex cases you will encounter.
- We supply a wide range of marketing materials and resources to help you grow your business and close more sales.

*Withdrawals and policy loans can only be made in accordance with policy provisions and if the policy has been in force long enough to accumulate sufficient value. Loans, withdrawals and death benefit accelerations will reduce the policy value and death benefit. Withdrawals are subject to Partial Surrender Charges if they occur during a surrender charge period and result in a face decrease. Loans are subject to interest charges. If a policy lapses while a loan is outstanding, adverse tax consequences may result. Policy loans are generally not taxable when taken and cash withdrawals are not taxable until they exceed basis in the policy. However, if the policy is treated as a Modified Endowment Contract (MEC) by IRC Sec. 7702A, withdrawals and loans are taxable at an ordinary income tax rate when taken to the extent of gain in the contract and the gain may also be subject to a 10% federal income tax penalty if taken prior to age 59½. Cash distributions associated with benefit reductions, including reductions caused by withdrawals during the first 15 years, may be taxable. Policy owners should consult with their tax advisor regarding their particular situation.

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Discussions of the various planning strategies and issues are based on our understanding of the applicable federal income, gift, and estate tax laws in effect at the time of publication. However, these laws are subject to interpretation and change, and there is no guarantee that the relevant tax authorities will accept Transamerica's interpretations. Additionally, the information presented here does not consider the impact of applicable state laws upon clients and prospects.

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TransNavigatorSM is a flexible-premium index universal life insurance policy issued by Transamerica Life Insurance Company, Cedar Rapids, IA 52499. Policy Form No. ICC14 IUL08 REV or IUL08 REV. Policy form and number may vary, and this product may not be available in all jurisdictions.

Life insurance products:

- Are not insured by FDIC or any federal government agency
- May lose value
- Are not a deposit of or guaranteed by any bank