

PLAN FOR LIFE

With Signature Performance Indexed Universal Life Insurance



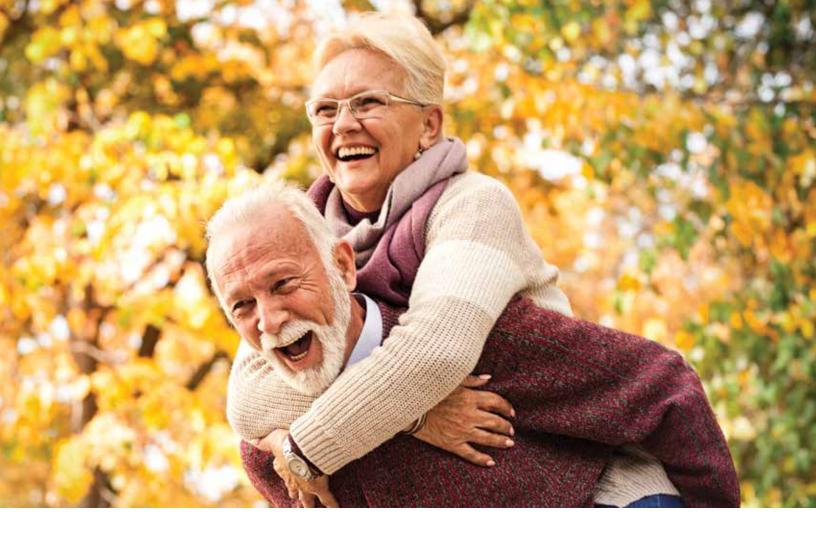


Why consider Signature Performance Indexed Universal Life (IUL) for your life plans?

- ➤ Tax-deferred growth where policyholders can earn interest on the principal, interest on the interest, and interest on the money that would have gone towards taxes.
- ▶ IUL policies can provide an opportunity to increase the accumulation value of the policy without exposing it to significantly greater risks that come with investing directly in the market.
- ► Accumulation value in an IUL policy can be accessed at any time without penalty regardless of age.
- ▶ Includes the Accelerated Benefit Riders for Critical, Chronic, and Terminal Illness that can provide an unrestricted cash benefit in the event the insured is diagnosed with a qualifying illness.¹

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Supplemental Retirement Planning

Signature Performance IUL can provide supplemental retirement income (through policy loans)² while providing life insurance protection for your family's well-being.

There are several factors that can influence a person to stay in the workforce after age 65 including the lingering effects of the great recession and the shift from defined benefit plans to 401(k) plans. Many retirees that planned to withdraw 4% annually over a 30-year retirement period have discovered that a 4% withdrawal rate may not work in a low interest rate environment.

Traditional 401(k) and 403(b) plans may not be enough to supplement social security and provide the average retiree with sufficient income. Individuals are now looking for other, more unconventional ways to provide supplemental retirement income to fund leisure activities, cover health expenses, and provide for their families during their lifetimes and after their death.

The Challenge

Sonny and Maureen were in their early 50's and both planned to work until age 67 so they could receive full social security benefits. Additionally, Sonny had been contributing to his 401(k) and Maureen to her IRA. Although they were happy about the money they had saved over the years, the college tuition they had paid for their three children left their financial resources substantially depleted. They believed that if they wanted to pursue an active retirement, they would need additional financial resources.

The Solution

Sonny and Maureen's financial advisor suggested they each purchase a Signature Performance policy, naming each other as the beneficiary and their children as contingent beneficiaries. The IUL policies would protect their future while creating the potential to provide future supplemental retirement income.

Each policy would be funded with the maximum premium (stopping short of the point where withdrawals become taxable) to generate additional accumulation value, which could later be borrowed, tax-free, to supplement retirement income.

The Signature Performance IUL Policies

	Sonny's Policy	Maureen's policy	
Face amount	\$250,000 \$250,000		
Annual premium	\$13,218	\$9,730	
Projected income ³ at age 67	\$36,732 \$26,254 per year for 15 years (age 82) per year for 15 years (age 82)		
Total combined projected income per year	\$62,986		

The projected income amounts above would allow the policy to stay in force until age 82. The death benefit would be reduced by any prior loans and accumulated interest incurred during the fifteen-year payout period.

The death benefit plus the supplemental income from the Signature Performance IUL Policy combined with the income from social security and other retirement assets, would:

- satisfy their retirement income needs
- postpone the necessity to withdraw the principal from any IRA or 401(k) for several years
- provide a death benefit to help augment the survivor's retirement income if Sonny or Maureen passed away before retirement
- provide the potential to leave a legacy for their children when the remaining spouse passes away



Funding College Education

Signature Performance IUL has unique features that can make it a match for saving for college education for families that also need life insurance protection.

While the death benefit of a life insurance policy helps to ensure that families can meet the financial obligations in the event of the death of a loved one, Signature Performance IUL has the potential to provide additional benefits as well. Premiums paid towards a Signature Performance IUL policy can, in essence, serve dual purposes. The same policy that protects loved ones may also build accumulation value that can be used for a variety of needs, including funding education.

As tuition prices continue to rise, families must plan to put away more money for their children's and grandchildren's future education needs. Some fund this need using mutual funds, CDs, 529 Education Savings Plans, or permanent life insurance that builds accumulation value.

An advantage of life insurance not enjoyed by any other funding vehicle is that the generally tax-free death benefit provides self-completing funding if the insured dies prematurely, guaranteeing that the funds will be there for your child or grandchild to complete school. In other plans, such as 529 Plans, if the plan owner dies early, the plan may not be appropriately funded causing a shortage when it is time to pay for college. Additionally, the accumulation value in a permanent life insurance policy is not currently a countable asset when applying for federal financial aid.

Signature Performance IUL could be a great fit for families that need life insurance protection along with a potential solution to fund education. Policy loans can be used to gain access to the policy's accumulation value, which could then be used to fund education.² The idea is to fund a Signature Performance IUL policy early with a large enough face amount to provide a good death benefit, accumulation value for policy loans, or high surrender value for the costlier things in life—like funding your children or grandchildren's educations.

Signature Performance IUL vs. 529 Education Savings Plans		
	IUL	529 Plan
Tax-deferred growth	•	•
After-tax contributions	•	•
Generally tax-free death benefit	•	
Avoids probate at death	•	
Can be excluded from taxable estate	•	•
10% Penalty if not used for school		•
Self-completing funding	•	
Countable asset of child (financial aid)		
Countable asset of parent (financial aid)		•
Parent controls product/vehicle	•	•
Change beneficiary at owner discretion without gift tax consequences	•	

The Challenge

Darrell and Christine, age 35, felt they needed life insurance protection for Christine and their two young children in the event something happened to Darrell, who was the primary means of support. The couple also wanted to have the option to help their children pay for their education.

The Solution

They talked to their financial advisor and determined a \$500,000 Signature Performance IUL policy could help cover several of the risks faced by their family. In the event that something were to happen to Darrell, they would have protection for the family that could cover education costs for the children, pay off the family home, provide Christine funds to run the home or provide some funds to put away for her retirement.

While their children are growing up, the accumulation value in the policy would continue to grow. When it is time for their children to attend college, Christine and Darrell could choose to take policy loans from their accumulation value to pay for their education expenses.

Lastly, their advisor added that the policy also included Accelerated Benefit Riders¹ for Critical, Chronic, and Terminal illnesses. In the event that Darrell was diagnosed with a qualifying illness, he may be able to accelerate all or part of the death benefit and receive an unrestricted cash benefit. This could give Darrell and Christine the option to assist with their children's education even in the event that Darrell suffered an illness that made him unable to work.



Divorce Planning

Signature Performance IUL can provide benefits and flexibility that can be a great match for a situation where life insurance is required as part of a divorce settlement.

In divorces that include provisions for alimony or child support, the court order will often require the supporting spouse to carry a life insurance policy to ensure that the settlement will be paid if the supporting spouse dies. If insurance is required, the term of the coverage will need to be determined, which could be a set number of years up to the life of the insured. If the court does not order life insurance, it may be in the best interest of the non-supporting spouse to take out a policy on the life of the supporting spouse to ensure future alimony or child support payments. Often, individuals have to make the difficult choice between a term policy that may not last as long as they need it to and a permanent policy that will last longer but cost more than they can afford.

Signature Performance IUL is one solution to this problem because it has multiple features that work well when there is an obligation for a long period of time. It allows for multi-purpose use of the policy after the required term of years is extinguished. The policy can be overfunded allowing the owner to gain access to the policy after the payment need is completed. Children grow up and spouses often remarry, extinguishing the need for the coverage. At that time, the owner can re-purpose the policy to provide supplemental retirement income and a death benefit for the children from the prior marriage. If the insured is diagnosed with a serious illness, they could choose to take a full or partial acceleration of their death benefit through the Accelerated Benefit Riders¹ for Critical, Chronic, and Terminal illness. With the benefits and flexibility of permanent insurance and the ability to re-purpose the policy if the insured's situation changes, this policy can be a match for individuals going through a divorce settlement.

The Challenge

Jim and Mary, age 32, lived in a non-community property state and decided to divorce after seven years. At the time, Mary was a stay-at-home mom of their three children (ages 4, 2, and 1) and Jim was an attorney making \$150,000+ per year. In the divorce settlement, Jim was ordered to pay \$3,500 per month in child support until the later of the children attained age 18 or graduated from high school. As each child reached 18, the child support requirement would diminish as that child was no longer subject to support. Jim also agreed to pay for the children's college education and to pay Mary \$1,500 per month until she remarried or died.

Jim was required to obtain life insurance to protect his wife and children and to ensure that either he or the life insurance would fulfill his commitment. The cost of child support could be up to \$657,000 over a 17-year obligation if all children remained healthy. The cost of alimony could be as much as \$936,000 if Mary does not remarry and lives into her 80's. Add in the price of college education and the cost could skyrocket.

The Solution

As part of the agreement, it was determined that Jim would purchase a \$1,000,000 Signature Performance IUL policy that would be available to help Mary meet her and the children's needs if something happened to Jim. A permanent policy was chosen instead of a term policy because Jim could potentially be responsible for covering alimony payments longer than term policies could provide coverage.

Jim and his attorney settled on a Signature Performance IUL policy because, besides the death benefit and permanent insurance coverage, there were other benefits that Jim could gain access to if needed. The Accelerated Benefit Riders¹ could provide an acceleration of the death benefit that could provide for the children and Mary if Jim were diagnosed with a qualifying critical, chronic, or terminal illness. Additionally, once the children were grown and if Mary remarried, the financial obligation would be fulfilled and Jim could then use the policy for supplemental retirement income and preserve the death benefit as a legacy for his children.





Children from Prior Marriage

Signature Performance IUL can help provide for the children of a prior marriage while minimizing the friction between surviving family members.

As second marriages become more common, individuals may find themselves in situations where they would like to provide for both the children of their first marriage as well as the children and spouse of their second marriage. There is a desire to care for your children without having to take substantial assets away from your second marriage that might impact your family's lifestyle after you are gone.

Leaving all of the assets to the second spouse may result in the children from the first marriage being cut out of the second spouse's will after the death of the first spouse.

Often, children from the first marriage only receive a remainder interest in trusts set up for the benefit of the second marriage and have to wait until the surviving spouse dies to inherit. This can lead to the children from the first marriage monitoring how family from the second marriage spends money, potentially creating lawsuits against the second spouse and continuous friction between the survivors. One of the simplest ways to provide for children from a first marriage is to purchase a life insurance policy that can be held in trust for your children. That way the children from the first marriage received their legacy when the parent dies and the second spouse and children from that marriage inherit the estate. The parent has provided for all their children as well as their current spouse.

The Challenge

Michael and his first wife Angela divorced several years ago. Angela and Michael had two children who now live with Angela. Three years ago, Michael married his current wife Sue, and they now have a child of their own. Michael wants to make sure that both the children from the previous marriage and those from his current marriage are provided for when he dies, with as little conflict as possible.

The Solution

Michael meets with his attorney who suggests a permanent life insurance policy purchased in an irrevocable life insurance trust with his two children from the prior marriage as beneficiaries. This way, Michael's children from the first marriage can receive their inheritance when he dies without having to involve the family from his second marriage or wait until Sue dies. Michael liked that the life insurance benefit could be administered in the trust to make sure his children did not spend all of the money upon his death. This way the trustee would make sure the money lasted for his children's lifetime and there would be less potential conflict between his survivors from the first and second marriages.





Special Needs Trust

Signature Performance IUL can be used as part of a Special Needs Trust to help provide funds for a child that will require long-term care.

Children with special needs require more care than children who do not have a disability. Children with special needs and their parents must meet certain financial criteria in order to obtain federal and state aid. To qualify for federal benefits such as Medicaid, an individual must have a severe, medically determinable physical or mental impairment that is expected to last for at least one year or will result in death. Each state administers its own Medicaid program.

Most parents of special needs children cannot afford to provide the level of care available through federal and state programs specifically designed for special needs children and adults. In order to be able to provide their children this level of care, they often will use a Special Needs Trust that is designed to provide only the amount of income that will allow the child/adult to qualify for federal and state benefits. The trust regulates payments to and on the behalf of the child to ensure that they qualify under the rules for such benefits.

One requirement is that a special needs child applying for Medicaid coverage may not have more than \$2,000 in countable assets. It becomes extremely important to meet these requirements to avoid disqualification. If the child has too many assets outright and available to them, they will no longer be able to obtain the care the government provides and the cost of such care is extremely high.

What Happens if the Parents Are Gone?

Every parent with a special needs child fears the day they will no longer be here to take care of their child. Due to advances in medical treatment and technology, special needs children live much longer than in the past. Funding for the special needs child/adult must be done in such a way that it does not disqualify the special needs child/adult from the government provided care they require. Typically, the parents and grandparents contribute to the child's welfare as well due to the cost and need for care.

One of the best ways to provide ongoing benefits for the special needs child is through funding a Special Needs Trust with Life Insurance. The Special Needs Trust is the owner and beneficiary of the policy on either or both of the parents; grandparents as well can fund a policy on their own lives. Once a grandparent or parent passes away, the policy in the trust can fund the ongoing care for the special needs child/adult so their care can continue. The trust provisions ensure that federal and state guidelines for asset ownership are not violated while at the same time providing for the special needs child.

Solution

The most cost-effective way to provide for these future benefits is through permanent life insurance. The Signature Performance IUL policy provides flexibility and can also be funded in such a way to provide additional cash flow if needed through loans and withdrawals of cash value. Not only will the special needs child have the death benefit, but the policy can provide cash flow if needed after cash value has time to grow. That provides parents flexibility during their lives and an ongoing benefit for the child after they are gone.





Credit Shelter Life Insurance Trust

A Credit Shelter Life Insurance Trust can fund a Signature Performance IUL policy as a way to provide assets to the next generation.

For many individuals who have some wealth, upon the death of the first spouse, a substantial part of the deceased partner's estate will flow into a credit shelter trust created under their last will and testament. In this way, the money is kept out of the second to die's estate and passes free of estate tax to children or loved ones. Oftentimes when there is some wealth, not all of the money in the credit shelter trust is needed for the surviving spouse to live on. In these cases, the assets are often preserved in the credit shelter trust for the children—there is no estate tax levied when the surviving spouse passes away and the Trust assets pass to the next generation.

If the money is a safety net for the surviving spouse and all of the funds will not be needed, the credit shelter trust is a place to leverage up the dollars passing to children or other loved ones using life insurance. For pennies on the dollar, a policy can be funded with Trust assets on the surviving spouse that will result in a death benefit that can leverage up what is available to the next generation while also providing estate

First spouse dies.

Portion of Estate passes to surviving spouse to live on.

Portion of Estate passes to a Credit Shelter Trust.

Trust
purchases and
owns a life
insurance plan
on surviving
spouse.

On death of second spouse:

- the spouse's estate passes to the heirs
- the life insurance pays to the Credit Shelter Trust
- assets of the Credit Shelter Trust pass to heirs as stated in the trust agreement

liquidity in that the Credit Shelter Trust can purchase assets from the estate to provide estate liquidity at the second death. This then increases the bequest that parents can make to the next generation or to multiple generations.

The Signature Performance IUL policy is well equipped to be used in a credit shelter trust. It can also be overfunded in order to be a source of cash for the surviving spouse if they need money later in life. The death benefit will be there for children and grandchildren when they need it, but can also benefit the surviving spouse with supplemental retirement income to meet needs later in life.





Key Person Insurance

A Signature Performance IUL policy could benefit both the business and a key employee.

A Key Employee benefit can be provided under Section 162 of the Internal Revenue Code. An Executive 162 Bonus arrangement is a way to reward key employees without having to provide a benefit to all employees. The 162 Executive Bonus Plan allows the employer to reward those few top employees who may be maxed out of qualified plans and who may be vulnerable to being lured away by a competitor. The bonus allows the employer to provide an additional benefit to help retain that key employee.

The company pays the life insurance premium directly to the insurance company on behalf of the employee. This is done to reward certain key executives without whom the company would suffer financially. Perhaps it is the shop supervisor who keeps the machinery in the shop working, or the relationship manager who has control of all of the customer relationships. These are the executives the company wants to retain and keep happy. By providing a non-qualified benefit that can be tailored to each executive, the company can design a program that rewards each executive individually and not be required to provide a similar benefit to other employees. The best part is that it will all be tax-deductible to the closely-held business owner.

Typically, the company will provide a double bonus whereby the initial bonus goes directly to the insurance company to pay the premium and the second bonus is forwarded to the IRS in the form of an additional withholding payment to make the executive whole so the executive does not face a significant tax liability each April 15th.

This tax-deductible key employee benefit protection plan provides a means of singling out highly-compensated employees who are maxed out on their benefits. This is a non-qualified plan that can help retain key employees, reward those who make a difference, protect the employee's family, and provide them a lifetime of benefits.

Signature Performance IUL can provide multiple benefits for a key person plan. The policy death benefit can reimburse the company if the executive dies and can also provide a benefit to the executive's family. The policy cash value could also provide a supplemental retirement benefit to the executive when they retire.

Benefits to Employer	 Ability to benefit only certain employees and exclude all other employees Can customize the benefit for each executive Very little reporting requirements Encourages key executives to remain with the company Can create a "golden handcuff" by executing a side agreement with employee for partial or full repayment in the event they leave Allows company to provide additional financial security for key executives
Tax Consequences to the Employer	 All contributions to policy and to withholding are currently tax-deductible to employer Employer reports single and double bonus amounts to IRS Bonus is earned income and deductible to the company as long as compensation is reasonable
Benefits to Employee	 Provides additional permanent life insurance benefit to employee paid for by the company Employee owns policy and names their own beneficiaries Life insurance protection on the life of the employee that can be used to send kids to college, pay off the home, or provide the surviving spouse with retirement income in the event of premature death
Tax Consequences to the Employee	 Employee takes single or double bonus into income If double bonus, employee is made whole If no second bonus, employee is responsible for withholding sufficient money to cover tax on single bonus



Buy-Sell Planning

Funding a Buy-Sell Agreement with Signature Performance IUL can help ensure a smooth transition of a business if an owner leaves the business through retirement, illness, or death.

Every business owner or partner eventually faces retirement, death or, possibly permanent disability. When one of these life events occurs, the business should already be prepared to transition to new ownership whether it is existing owners, children in the business, key employees, or new owners through a sale of the business. A buy-sell agreement can provide an orderly road map as to how this will take place and under what terms it will occur.

However, a buy-sell agreement is only as good as its funding. If there is an agreement to have an owner bought out, and there is no mechanism for funding the buy-out, then all of the best-made plans will fail. Using life insurance with an accumulation feature as a funding vehicle provides for tax-deferred increased accumulation value for retirement.

Benefits of a Buy-Sell Agreement

- Helps create a market for closely held business
- Assures continuation of the business the owners worked hard to create
- Establishes a purchase price for each owner's interest in the business, and if the agreement is between non-family members, may be used to establish the value of the business for estate planning purposes
- Restricts outsiders from obtaining an interest or control in the business

- · Allows co-owners the option to purchase the existing owner's interest
- Can help to avoid family disputes
- · Provides an orderly way to transferring business interest upon the death, disability, or retirement of an owner

Benefits of a Buy-Sell Agreement with Life Insurance

- Insurance death benefit can provide estate liquidity and income to beneficiaries not in the business.
- Accumulation value in an insurance policy can be used as a potential down payment on the business if the owner becomes disabled, retires, or leaves the business.
- Avoids disruption of the business after an owner's death by providing funds to operate business and/ or buy out deceased owner.
- Serves as a self-completing plan upon death of an owner.

An effective Buy-Sell agreement can be funded by permanent life insurance which can provide a death benefit to fund a buy-out in the event of the death of a partner or owner.⁴ Through permanent life insurance policy loans², or through a surrender of the policy, accumulation value can be used to make a down payment on the purchase of a retiring partner's ownership interest.

In addition, the Accelerated Benefit Riders can provide the option of receiving a partial or full acceleration of the life insurance benefit if the insured owner experiences a qualifying illness.¹ Depending on the severity of the qualifying illness, a substantial benefit may be available that can be used to purchase an owner's interest when the owner is unable to continue working in the business.

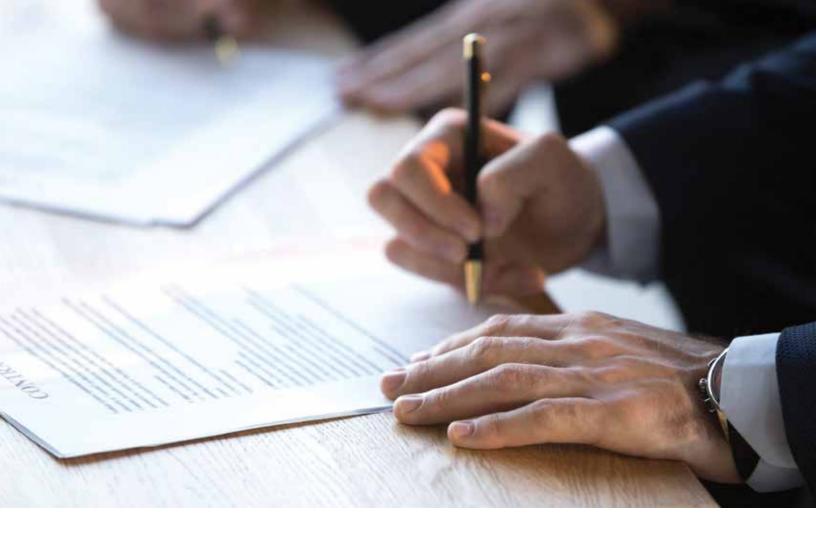
The Challenge

Smith and Son, Inc. is a family business owned by Michael Sr., age 50 and his son Michael Jr., age 25. Michael Sr. retains 80% ownership of the business while Michael Jr. holds the remaining 20%. The business is currently valued at \$1,000,000 with steady growth. Michael Sr. wants to see the business continue after he stops participating in the business, and wants to make sure Michael Jr. and his family can continue the business through the possible death, retirement, or illness of Michael Sr. The business's cash flow allows for a \$40,000 annual commitment to fund a buy-out solution.

The Solution

Use Signature Performance IUL to fund the Buy-Sell agreement.⁴ A Signature Performance IUL policy with Accelerated Benefit Riders could benefit the business in the following ways:

- If the majority owner dies prematurely, the Death Benefit could be used to purchase the business.
- If the majority owner decides to retire, a policy loan² against the Accumulation Value could be used to help purchase the majority owner's interest.
- If the majority owner becomes ill with a qualifying condition, the Accelerated Benefit Riders¹ for Critical, Chronic, or Terminal Illness may be used to receive a discounted Death Benefit that could be used to help purchase the majority owner's interest.



Estate Liquidity

Passing along an estate can be a complicated process, even if there are no estate taxes owed. Signature Performance IUL can help provide liquid funds to keep an estate or beneficiaries from taking on debt during the transition.

If you are waiting until your death to transfer your business to the next generation, you will need some way of paying for the transaction whether there is estate tax or not. Failure to plan may result in the liquidation of the business in order to pay estate taxes and expenses. If an estate representative is forced to liquidate the business in order to pay estate taxes nine months after the date of death, the price they can obtain will be dramatically impacted not only by the speed with which the business must be liquidated but also because no planning was done to create a market for the business. The sale of the business becomes a fire sale which is reflected in the price that can be obtained.

Proper life insurance planning can alleviate the need to sell the business or if the business must be sold, a market plan can be created to obtain a fair price. If there is an estate tax, life insurance can be used to pay the taxes and related expenses. Typically, an irrevocable life insurance trust is used to hold the policy and keep the death benefit out of the owner's estate. In that way, the beneficiaries can receive the proceeds free of the estate and income tax. If there is not an estate tax, there are still estate expenses for lawyers and accountants, burial expenses, and potential loss of revenue due to the owner no longer being a part of the company. There may be issues with suppliers, creditors, and customers without the key owner in place. Insurance can be a way to calm these various groups so they know the company has the funds to sustain a drop in revenue while the owner is replaced with a family member or key executive.

The Challenge

Jacob started the family air conditioning business by himself when he was 35 years old and, in the last 25 years, the business had grown to 23 employees and was now the biggest air conditioning business in town. Jacob's net income was \$1,400,000 and his accountant projected out the business value at eight times earnings for a value of \$11,200,000. In total, Jacob figured he had \$3,000,000 in assets plus the business for a total of \$14,200,000. Jacob had lost his wife three years before to cancer and had his three children all working in the business. Joe wanted to be able to pass the business on to his children intact but was concerned by how much estate tax he would owe on the business and his other assets he had accumulated.

The Solution

Jacob met with his attorney who estimated his future estate tax liability at \$1,200,000. He told Jacob that if he wanted to be able to pass his estate and business intact to his children, he recommended that he purchase life insurance to cover the current estate tax liability. He advised Jacob to purchase \$1,200,000 of life insurance on his life and place it in an irrevocable life insurance trust to avoid it being taxed in his estate. While the attorney drafted his new will and insurance trust, Jacob talked to his insurance agent and had the trustee of his insurance trust apply for the \$1,200,000 of Signature Performance IUL insurance Jacob's estate needed. Jacob was rated Standard Plus and his trustee purchased the policy.

Having a Signature Performance IUL policy in place to cover the tax liability allowed Jacob to pass his business to his children intact. The children did not have to worry about incurring hundreds of thousands of dollars of debt that the company would need to take on right at a time when their father passed away. This gave the business a better chance of survival and provided the children with a business free of debt.

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Estate Equalization

Consider how Signature Performance IUL can be used to divide a family business evenly when not all family members are directly involved in the business.

As mentioned under the Buy-Sell Agreement, there may be times when family members that have not been involved in the business receive partial ownership of the business. When there are multiple family members with different levels of involvement in the business, it is oftentimes difficult to determine how the assets of the family business should be divided. Life insurance can help ensure that once the owner dies, the business will have the cash flow to continue as planned. The proceeds of the life insurance can be used to purchase the non-involved family members' interest in the business, so that the family members who have been involved in the business can continue to operate it as planned.

The Challenge

Barbara, the family matriarch, had started a staffing business thirty years ago and had built up the business over the years. As the business grew, Barbara reinvested her money back into it and it became her main asset, valued at approximately \$2,000,000. With the large unified credit, Barbara was not facing any estate taxes but was concerned about how to divide the business between her children as it was a closely-held business that did not declare dividends. Barbara had two children who worked in the business and two who did not. Her concern was that if she left the business equally to her four children, the two who did not work in the business would not be able to enjoy the fruits of the business like her children in the business would. The children in the business would receive salaries and other benefits from the business while the other two children would not partake in these benefits.

The Solution

When she presented the problem to her financial advisor, she told her that she should take out sufficient insurance to fund the bequest to her two children not in the business and that way she could leave the entire business to the two children who actually worked in the business. Barbara wanted to equalize the value of what each child received so she took out a policy for \$2,000,000. That way, after she died each child would receive \$1,000,000. The children in the business would have the business free and clear and children who did not participate in the business would each receive \$1,000,000 to do with what they wanted.

By providing an inheritance for the children who do not participate in the business Barbara has ensured that the children will continue to have holiday dinners together and continue to be a family. Had Barbara not provided the outside funds to ensure the children not working in the business received an inheritance, the children not working in the business would have seen their siblings in the business prospering while they owned stock in something they had no control of and received very little from. That is what breaks up families and causes rifts between siblings. Insurance can make sure that never happens.

Important information about Signature Performance IUL

The Signature Performance Indexed Universal Life Insurance policy is not a registered security or stock market investment and does not directly participate in any stock or equity investments or index. When you buy this policy, you are not buying an ownership interest in any stock or index. American National and its agents do not make any recommendations regarding the selection of indexed strategies. American National and its agents do not guarantee the performance of any indexed strategies. There is not one particular interest crediting strategy that will deliver the most interest under all economic conditions.

Proceeds from life insurance paid because of the death of the insured are generally excludable from the beneficiary's gross income for tax purposes. (IRC 101(a)(1)) Your should consult your tax advisor or attorney regarding your specific situation.

Only through a general review of your specific situation can it be determined if there are tax advantages available to you through American National's products, one of which is life insurance.

Neither American National nor its representatives provide legal or tax advice. Please consult your attorney or tax advisor regarding specific circumstances. Policy Form Series: IUL19. (Forms May Vary by State)

Accelerated Benefit Rider Notice

Policy Form Series: ABR14-TM; ABR14-CT. Forms will vary by state and may not be available in all states. Have your agent refer to rider forms for a complete list of illnesses and definitions. Some states may limit the definition of terminal illness to conditions that are expected to result in death within 12 months. The riders are offered at no additional premium. However, the accelerated payment will be less than the requested death benefit because it will be reduced by an actuarial discount and an administrative fee of up to \$500. The amount of the actuarial discount is primarily dependent on American National's determination of the insured's life expectancy at the time of election. Outstanding policy loans will reduce the amount of the benefit payment. The accelerated death benefit is an unrestricted cash payment. The Chronic and Terminal Illness Riders are intended to receive favorable tax treatment under 101(g) of the IRC. Chronic Illness is not available on term products or products with term riders in California. Receipt of a benefit could be a taxable event. You should consult a tax advisor regarding the tax status of any benefit paid under these riders. Receipt of Accelerated Benefits may affect your eligibility for Medicaid, supplemental security income, or other governmental benefits or entitlements. Before accelerating any benefit you should consult an advisor to determine the impact on your eligibility. Accelerated Benefit Riders are not replacements for Long-Term Care Insurance. This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate is not a Medicare supplement policy. Accelerated benefit riders ("ABR") and long-term care insurance ("LTCI") provide different types of benefits. An ABR allows the insured to access a portion of the life insurance policy's death benefit while living and may be used for any purpose. LTCI provides reimbursement for necessary care received due to the inability to perform activities of daily living or cognitive impairment. Coverage may include reimbursement for the cost of a nursing home, assisted living, home health care, homemaker services, adult day care, hospice services or respite care for the primary caretaker. The benefits may be conditioned on certain requirements or meeting an elimination period or limited by type of service, the number of days or a maximum dollar limit. Benefits under some ABRs and all LTCI are conditioned upon the insured not being able to perform two or more of the activities of daily living or being cognitively impaired.

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For more information on Signature Performance Indexed Universal Life Insurance, please see the product brochure, form 11144.

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American National Insurance Company, headquartered in Galveston, Texas is licensed to conduct business in all states except New York.

