

AmerUs Life Insurance Group Presents...

IDEAS

For the
Sales
Professional



Non-Guaranteed Elements of Life Insurance

Many aspects of a life insurance contract are guaranteed, including the minimum interest rate and maximum charges. However, other aspects of the policy cannot be predicted, for example the interest rate credited may exceed the guaranteed rate, and monthly charges may be less than the maximum guaranteed charges. The non-guaranteed elements can improve the value of a life insurance by increasing the contract's cash value and/or death benefit. Variations in these factors could affect: death benefits, net cash value, or cash flow taken from the policy.

The non-guaranteed cash surrender values and non-guaranteed death benefits provided in this Guide offer snapshots of the contract values assuming higher interest and lower charges than those that are guaranteed. Since these elements cannot be predicted, ranges of results are illustrated. The actual policy values will be less or more favorable than these illustrated results.

The numeric illustrations provided in this Guide also assume all premium outlays are paid as shown. Unless otherwise stated, all values shown are determined as of the end of the contract year. All values are based on the actual Modal Premium Payment selected. The non-guaranteed benefits and values are based on assumptions that are subject to change by the Company.

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Table of Contents



Wealth Enhancer2



The Roth IRA Alternative4



The IRA-RMD Dilemma6



Control Your Destiny7



Succession Planning8



Gift of a Lifetime10



"Trusting" in Life Insurance12



CRT to the Rescue!13



Pay the Mortgage Early14



To Retirement...And Beyond!16

Grace Allen is 63 years old and has \$100,000 that she would like to set aside for her children. Currently, her income needs are being met and she does not need the money. However, Grace would like to have access to the money in case the need arises.



Situation: Grace can either purchase a no-lapse guarantee life insurance policy with a single premium, or place her money in a fixed annuity. Here is how the two methods compare:

Using Life Insurance

- Purchase an Advantage Builder/Vista Advantage life insurance policy with a no-lapse guarantee to age 100.
- A single premium of \$100,000 would provide an initial death benefit of \$214,460.
- Though the life insurance policy would be a modified endowment contract (MEC), it provides an income-tax free death benefit, which the annuity does not.
- After 16 years, the non-guaranteed death benefit of the life policy is nearly \$305,000.
- If Grace lives to age 100, her non-guaranteed death benefit will be over \$1.5 million.

Using a Fixed Annuity

- Purchase a traditional fixed annuity with a single premium of \$100,000.
- The gain in the annuity policy is taxable to beneficiaries at Grace's death.
- If Grace's beneficiaries are in the 30% income tax bracket, the annuity would need to grow to over \$260,000 before the death benefit would be equal to that of the Advantage Builder/Vista Advantage initial guaranteed death benefit.
- Growing at 6% interest rate, it would take the annuity 16 years to accumulate sufficient value to equal the guaranteed death benefit on an after-tax basis.

Access to Money

Since the life insurance policy is a MEC, Grace would have to pay income taxes on any withdrawals or loans to the extent of any gains in the policy. In addition, if she took money from the Advantage Builder/Vista Advantage policy, the No-Lapse Guarantee Rider could be lost if the amount needed to fund the Rider is not made up within five-years. Withdrawals and loans from the MEC life policy would be taxed the same as the annuity.

Conclusion: *After reviewing her options, Grace chose the life insurance policy over the annuity, because she had the opportunity to leave substantially more to her children while still having access to her money in case of an emergency.*

Advantage Builder/Vista Advantage

Female, age 63, preferred, non-tobacco,
single premium of \$100,000,
\$214,460 initial face amount

	End of Year	Age	Annual Outlay	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
One-time premium	1	64	100,000	92,800	214,460
	10	73	0	178,720	214,460
	16	79	0	290,375	304,894
	20	83	0	395,761	415,549
	30	93	0	857,649	874,802
	37	100	0	1,485,789	1,515,504

At age 100, the cash value and death benefit are projected to be approximately \$1.5 million.

Growing at a 6% interest rate, it would take the annuity 16 years for the after-tax death benefit to equal the guaranteed death benefit of the life policy.

However, after 16 years, the non-guaranteed death benefit of the life policy is over \$300,000.

At the age of 42, Jeremy Gray has begun to think about retirement. He is considering a Roth IRA. He likes the idea that the cash value of a Roth IRA accumulates income tax deferred, and when he retires the income will be tax free.

When Jeremy approached his life insurance agent about setting up the Roth IRA, the agent suggested that he also consider the Roth Alternative... life insurance.

Situation: Jeremy can either purchase a Roth IRA or a life insurance policy to accumulate funds for retirement. Here is how the two compare.

Feature	Roth IRA	Life Insurance
Non-Deductible Contribution	Yes	Yes
Tax-Deferred Growth	Yes	Yes
Tax-Free Distributions	Yes	Yes (if non-MEC)
Defer Distributions Until Death	Yes	Yes
Income Tax Free To Beneficiaries	Yes	Yes
Unlimited Contribution Limitations	No	Yes, subject to guideline premium limitations
Early Withdrawals Without Penalty	No	Yes (if non-MEC)
Immediate Estate Creation Upon Premature Death	No	Yes
Compensation Requirements	Yes	No
Income Limitations	Yes	No

Using Life Insurance

In Jeremy’s situation, he could purchase a Vision Builder/Vista Elite Indexed Universal Life policy. An annual premium of \$4,000 would provide an initial death benefit of \$188,000. As illustrated, the projected policy loan amount of \$23,202 from age 65 to 100 would still leave the policy’s death benefit well maintained.

Conclusion: After reviewing his options, Jeremy chose the life insurance policy over the Roth IRA. He liked the fact that life insurance had no compensation requirements or income limits. However, what ultimately won Jeremy over was the liquidity of life insurance. Except in certain instances, withdrawals from Roth IRAs are generally restricted until after age 59½, while the cash value of a life insurance policy can be withdrawn, borrowed against or used as collateral for a loan at any time.



Vision Builder/Vista Elite
Male, age 42, preferred, non-tobacco
\$4,000 annual premium until age 65
\$188,214 initial face amount

End of Year	Age	Annual Outlay	Loan Balance	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	43	4,000	0	0	188,214
10	52	4,000	0	42,544	188,214
20	62	4,000	0	156,265	196,894
23	65	4,000	0	212,978	255,573
24	66	-23,202	24,725	206,390	250,319
30	72	-23,202	213,655	164,555	206,244
40	82	-23,202	759,239	111,387	155,056
50	92	-23,202	1,827,668	159,744	219,566
58	100	-23,202	3,382,225	537,106	537,106

At age 66, the policy projects a maximum annual variable loan of \$23,202, which Jeremy could take each year to supplement his retirement income to age 100. If Jeremy lives to age 100, this creates a potential cash flow of \$812,070 versus \$92,000 in premiums paid — a very healthy return!

At age 100, the policy has more the \$537,000 of projected cash value and death benefit

Potential cash value available for use as needs arise

Jack Reynolds has \$1,000,000 in his IRA. With age 70½ approaching, his accountant told him that he must begin taking a required minimum distribution (RMD) from his IRA in the following year.

Jack does not need the money, and he would like to save the full value of the IRA for his children, but he knows that they will have to pay income tax on what they receive. He asks his agent if there is anything that can be done to help.

Situation: Jack could follow a traditional approach to the RMDs, or he could incorporate life insurance to help him meet his objectives.



Traditional Approach

Give IRA distributions to children.

They pay full income tax

1,000,000	
- \$400,000	taxes
\$600,000	Net After Taxes to Jack's Kids

Using Life Insurance

- Purchase a \$1,000,000 Advantage Builder/Vista Advantage Indexed Universal Life policy to replace the IRA money.
- The death benefit of the life insurance is income tax free to Jack's beneficiaries.
- An annual premium of \$35,000 illustrates over \$2,000,000 of cash value/death benefit at age 100.
- Withdraw \$50,000 each year from the IRA to pay the \$35,000 life insurance premium, and to cover the income taxes on the withdrawal.
- If there is still money left in the IRA, Jack can give it to his children or leave it to a charity.
- His children get a minimum of \$1,000,000 free of income taxes.

Advantage Builder/Vista Advantage
Male, age 70, preferred, non-tobacco,
\$35,000 annual premium
\$1,000,000 initial face amount

End of year	Age	Annual Outlay	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	71	35,000	0	1,000,000
5	75	35,000	85,996	1,000,000
10	80	35,000	260,726	1,000,000
15	85	35,000	493,050	1,000,000
20	90	35,000	780,718	1,000,000
25	95	35,000	1,300,971	1,326,990
30	100	35,000	2,092,375	2,134,222

After-tax distribution is placed into the policy

Potential of over \$2,000,000 cash value/death benefit at age 100

Conclusion: Using life insurance in situations involving Required Minimum Distributions can greatly enhance values for the client and the beneficiaries.

30 year-old Jason Green understands that successful people have the ability to control debt and use credit wisely. With a degree in finance, he understands the necessity of having control of his financial future.

Jason has concerns about the uncertainty of financial markets and his desire to be financially independent. His agent offered to show him an idea called “Control Your Destiny.”

Vision Builder/Vista Elite
Male, age 30, preferred, non-tobacco,
\$3,000 annual premium, 250,000 initial face amount

End of year	Age	Annual Outlay	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	31	3,000	0	250,000
5	35	3,000	10,041	250,000
10	40	3,000	30,462	250,000
15	45	3,000	64,025	250,000
20	50	3,000	113,306	250,000
25	55	3,000	188,276	282,415
30	60	3,000	302,517	393,272
35	65	3,000	476,255	571,507

Can borrow from the cash value at any time, or use the cash value as collateral for a loan

Can be converted to a retirement income stream

Benefits of an Indexed Universal Life policy like Vision Builder/Vista Elite:

- Credited interest linked to S&P 500 Index.
- Upside potential, downside protection.
- Two loan provisions, fixed interest or variable.
- Can use policy as collateral with outside lending.
- Flexibility to use cash value for family needs such as college education, emergencies, and retirement.

Variable Loan vs. Fixed Loan:

- All cash value, including that borrowed, continues to receive the interest crediting with a variable loan.
- When the variable loan rate is favorable, it is possible to create a type of arbitrage. (If Jason thinks the S&P 500 will grow more than the variable loan interest rate, he will probably use it since it would give him greater cash accumulation.)
- A fixed loan costs less, which means not as much to repay. (If Jason believes the S&P 500 is going to go down or be flat, he can use the fixed rate, which will be less expensive.)

Conclusion: After learning about the ways he can use his Indexed Universal Life policy, Jason expressed surprise, "I didn't know life insurance could do all of these things." It surely can. Life insurance is one of the most flexible properties one can own. It can provide dollars when they are needed most. Life insurance can be much more than just a death benefit.

Jack O'Malley is 50 years old and has been a farmer his entire life. His son, Larry, who is 28, has farmed with Jack for the past six years. Jack's other three children are not interested in joining their father in his profession and have taken different career paths. Larry has already purchased one farm of his own, and Jack wants to someday pass the O'Malley family farm on to his son.

Jack's agent suggested a succession plan using life insurance, where Larry could use the benefits of the policy in the event of Jack's retirement, or his untimely death, to purchase the farm.

Situation: Larry can purchase a no-lapse guarantee life insurance policy on his father's life with premiums payable for 15 years. At that time Jack will be 65 years old, his planned retirement age. A premium of nearly \$11,000 for 15 years will guarantee the death benefit beyond age 100 for Jack.

Larry enters into an agreement with Jack where Larry is given the first right of refusal to purchase the O'Malley family farm. Because Jack wants to make certain that Larry will be able to make the premium payments on the life insurance policy, Jack will gift half of the premium for the policy to his son.

Conclusion: *The benefits of the life insurance policy in this instance are two-fold. In the event Jack dies before he retires at age 65, the policy's death benefit would allow Larry to buy-out his siblings and continue the family farm. If Jack lived beyond age 65, Larry could use the cash value of the policy as collateral for a loan or borrow from the policy to buy-out his father's interest in the family farm.*



Advantage Builder/Vista Advantage

Male, age 50, standard, non-tobacco
\$10,920 annual premium until age 65
\$600,000 initial face amount

End of Year	Age	Annual Outlay	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	51	10,920	0	600,000
10	60	10,920	97,502	600,000
15	65	10,920	195,536	600,000
16	66	0	207,870	600,000
20	70	0	258,731	600,000
30	80	0	475,983	600,000
33	83	0	592,190	621,799
40	90	0	1,008,687	1,059,121
50	100	0	2,186,641	2,230,374

Pay the no-lapse guarantee premium years 1-15 (Jack gifts half of the premium to Larry)

Projected cash values that Larry may use as collateral for a loan or to borrow from

Death benefit that Larry will use to buy-out his siblings' interest in the farm at Jack's death and fulfill the purchase agreement

Death benefit begins increasing at age 83 and is over \$2.2 million at age 100

Betty and Bill are thrilled at the birth of their new grandson, Ben. They want to give baby Ben a gift that he will have for life and will cause Ben to think of his grandparents fondly.

Their agent suggested that Betty and Bill consider a gift of life insurance. Properly funded, the policy could provide Ben with valuable coverage for him and his future family.



Conclusion: *The original \$1,000 premium per year for 10 years, which was paid by Betty and Bill—Ben’s grandparents—netted Ben a non-guaranteed cash distribution of \$1,436,000 over his lifetime, and he could still have nearly \$1,500,000 of non-guaranteed values left at age 100. This is truly a gift of a lifetime, and would remind Ben of his grandparents for the rest of his life.*

Note: *If Betty and Bill were to add the Life Protector Rider to their policy, Ben would be protected from incurring “phantom income” if Ben should borrow too much money during his retirement years and cause the policy to lapse.*

Vision Builder/Vista Elite
Male, age 0, non-tobacco,
\$1,000 annual premium,
\$150,000 initial face amount

	End of Year	Age	Annual Outlay	Loan Balance	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit	
	1	1	1,000	0	0	150,000	
	2	2	1,000	0	530	150,000	
	3	3	1,000	0	1,330	150,000	
Pay \$1,000 premium annually in years 1-10 (Betty and Bill's gift to Ben)	4	4	1,000	0	2,194	150,000	
	5	5	1,000	0	3,129	150,000	
	6	6	1,000	0	4,137	150,000	
	7	7	1,000	0	5,222	150,000	
	8	8	1,000	0	6,393	150,000	
	9	9	1,000	0	7,654	150,000	
	10	10	1,000	0	9,100	150,000	
		20	20	0	0	18,193	150,000
		31	31	-10,000	0	30,116	139,975
	Ben's age 31, withdraw \$10,000 to cost basis for new home down payment	49	49	-10,000	10,695	117,383	233,934
50		50	-10,000	22,134	116,898	235,075	
51		51	-20,000	45,063	105,864	223,586	
52		52	-20,000	69,586	94,265	210,600	
53		53	-10,000	85,119	92,779	206,633	
54		54	-10,000	101,731	91,436	201,541	
55		55	4,000	104,525	105,247	210,134	
56		56	4,000	107,514	120,327	225,134	
Ben's age 55 to 66, he repays \$4,000 per year of the college loans	57	57	4,000	110,710	136,765	240,705	
	58	58	4,000	114,128	154,668	256,838	
	59	59	4,000	117,784	174,231	273,516	
	60	60	4,000	121,695	195,547	290,720	
	61	61	4,000	125,876	218,807	315,318	
	62	62	4,000	130,349	244,140	341,507	
	63	63	4,000	135,133	271,732	369,380	
	64	64	4,000	140,249	301,791	399,039	
	65	65	4,000	145,721	334,541	430,593	
	66	66	-40,000	198,632	323,174	422,318	
At Ben's age 66, he begins taking an annual loan of \$40,000 to age 100	75	75	-40,000	875,104	225,517	280,548	
	80	80	-40,000	1,470,406	202,710	286,366	
	90	90	-40,000	3,469,263	334,255	524,430	
	100	100	-40,000	7,383,667	1,419,177	1,419,177	
				-1,436,000			

- Ben's age 49, he uses loans to help cover his kids' college expenses
- \$10,000 annual loan ages 49 to 50
- \$20,000 annual loan ages 51 to 52
- \$10,000 annual loan ages 53 to 54

At age 100, it is projected that Ben will still have a cash value and death benefit of \$1,419,177

Net amount of cash distribution that Ben received over his lifetime (\$1,490,000 in total distributions versus \$54,000 in premiums paid)

Mary James is 60 and has found herself holding a \$10,000,000 estate consisting primarily of real estate and some stocks and bonds. It is currently estimated that, upon her death, Mary’s estate would be subject to a tax of about \$4,000,000.

Mary has three children and is interested in providing some liquidity for her estate, as well as possibly reducing the size of her estate. She has given her children small gifts, but nothing major.



Situation: Mary has the \$1,000,000 lifetime gift exemption available to her.

She could establish an Irrevocable Life Insurance Trust with a one-time gift of \$600,000 using part of the \$1 million lifetime gift exemption. The \$600,000 in the ILIT will purchase an Advantage Builder/Vista Advantage Indexed Universal Life policy with a face amount of \$4,000,000. At age 100 the policy projects a cash value and death benefit of more than \$4,500,000...all income tax-free to her beneficiaries.

Lifetime Gift Exemption:	\$1,000,000
One-time gift to ILIT:	- \$600,000
Equals:	\$400,000
	of the original Lifetime Gift Exemption that she can use for other gifts, etc.
One-time gift to ILIT of:	\$600,000 buys \$4,000,000 of life insurance

Cash Value and Death Benefit at age 100: Greater than \$4,400,000...tax-free to Mary’s beneficiaries...this covers the estate tax that her beneficiaries would be subject to, plus it provides some extra cash on an income tax-free basis.

Conclusion: Without the policy, Mary’s heirs would have \$6,000,000 after estate tax, but with the policy they will share in the full \$10,000,000.

Advantage Builder/Vista Advantage
Female, age 60, preferred, non-tobacco,
\$600,000 one-time premium, \$4,000,000 initial face amount

End of year	Age	Annual Outlay	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	61	600,000	475,631	4,000,000
10	70	0	892,452	4,000,000
20	80	0	1,609,205	4,000,000
30	90	0	2,472,141	4,000,000
40	100	0	4,439,980	4,528,780

One-time gift to ILIT

Cash value and death benefit at age 100 is over \$4,400,000!



Leonard and Mary Miller are both 63 years old and they have five grown children.

Leonard was recently approached about selling a building that he has owned for several years. The building is valued at \$1,500,000 and has a cost basis of \$200,000.

Leonard would like to find a way to avoid capital gains tax, if possible, and to maximize the value of the situation for his family.

Situation: Leonard can complete this transaction in a traditional manner or he can use a Charitable Remainder Trust with life insurance to help meet his goals. Here is how the two methods compare:

Traditional Approach

- Sell the Building for\$1,500,000
- Subtract the Cost Basis of-\$200,000
- Leaves a Gain of\$1,300,000
- Capital Gains Tax\$195,000
- Leaving\$1,280,500
- Available for Investing, which may Yield Leonard\$64,025 per yr. at 5% per yr.

Charitable Remainder Trust

- Transfer ownership of the building to a CRT.
- The CRT could pay an annual annuity payment of as much as \$120,000.
- With \$33,000 per year of the \$120,000, purchase an Advantage Builder/Vista Advantage Indexed Universal Life policy (\$1,000,000 Base, \$500,000 Primary Insurance Rider) for \$1,500,000 in total face amount, which grows to a non-guaranteed death benefit of \$2,358,296 at age 100.
- Leonard will still have \$87,000 (of the \$120,000) per year vs. the \$64,025 with the Traditional Approach.
- Plus, Leonard’s family also has the full replacement value of the building via the life insurance death benefit (which is income tax-free to his beneficiaries).
- Leonard avoids capital gains tax on the sale of the building.

Advantage Builder/Vista Advantage
Male, age 63, standard, non-tobacco,
\$33,000 annual premium
\$1,500,000 initial face amount
(\$1,000,000 Base, \$500,000 Primary Insured Rider)

End of year	Age	Annual Outlay	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	64	33,000	0	1,500,000
10	73	33,000	268,536	1,500,000
20	83	33,000	670,606	1,500,000
30	93	33,000	1,225,052	1,500,000
37	100	33,000	2,312,054	2,358,296

Death benefit replaces the value of the gift given to charity

More than the replacement value of the building, income tax-free to his beneficiaries

Conclusion: *The use of life insurance and Charitable Remainder Trusts can greatly enhance current income, save on capital gains taxes, and preserve estates.*

When Kevin Smithson and his wife, Gloria, purchased their new house, he approached his agent about getting additional life insurance to cover the mortgage in the event of his untimely death. He assumed his agent would suggest an inexpensive term life policy. However, Kevin was surprised when the agent presented a permanent life insurance policy with a Mortgage Balance Analysis run on the Sales Solutions illustration software.

Situation: Kevin could either purchase a term life policy to cover the mortgage in the event of his death, or a permanent life policy and use the income tax savings to more than just cover the mortgage.



The agent gave Kevin the following options:

1. If Kevin died, the mortgage could be paid off in the event of his death.
2. Sometime between years 20 and 21, the cash value of the permanent policy is projected to be greater than the remaining mortgage balance. At that time, Kevin could use the cash value to pay the mortgage balance. This would save him approximately \$37,000 in future interest payments. It would also allow Kevin to have the mortgage paid before he retired.
3. In the event Kevin and Gloria decided to move into another house, the policy could be used to cover a new mortgage. It could also be used as a source of down payment if needed.
4. If Kevin decided not to pay off the mortgage balance, he and Gloria could continue to use the policy as life insurance protection, supplemental retirement income, or a source of emergency funds in later years.

If Kevin purchased the term policy, benefit #1 and part of #3 would apply to his situation. If Kevin purchased a permanent policy, such as Advantage Builder/Vista Advantage Indexed Universal Life, benefits #1 through #4 would apply to his situation.

Conclusion: *Kevin could see the obvious benefits that the permanent policy had over the term policy, since it offered him greater planning opportunities for mortgage payoff, insurance needs and retirement planning.*

Advantage Builder/Vista Advantage

Male, age 43, standard, non-tobacco

\$3,600 annual premium until age 65

\$250,000 initial face amount

Mortgage Information

Mortgage Amount: \$250,000

Loan Interest Rate: 6%

Monthly Payment: \$1,498.88

Term: 30 Years

End of Year	Age	Annual Outlay	Years to Pay Mortgage	Sum of Future Mortgage Payments	Sum of Future Interest Payments	Mortgage Balance	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	44	3,600	29	521,607	274,677	246,930	0	250,000
10	53	3,600	20	359,727	150,514	209,214	36,206	250,000
20	63	3,600	10	179,862	44,855	135,007	121,392	250,000
21	64	3,600	9	161,875	37,031	124,845	133,659	250,000
23	66	0	7	125,902	23,302	102,600	157,907	250,000
30	73	0	0	0	0	0	267,025	291,058
40	83	0	0	0	0	0	582,179	611,288
50	93	0	0	0	0	0	1,262,056	1,287,297
57	100	0	0	0	0	0	2,185,313	2,229,019

Amount saved in interest payments if mortgage was paid off early

Between policy years 20 and 21, the cash value is projected to be greater than the mortgage balance, which would allow the mortgage to be paid off

If Kevin chooses to not pay off the mortgage, the cash value is available for a down payment on another home or for supplemental retirement income

At age 100, the policy has approximately \$2.2 million in cash value and death benefit

Chad Washburn is 40, married with two children, and is beginning to think about retirement. He has not historically been interested in life insurance, but has agreed to let his financial planner show him what he can do with an Indexed Universal Life policy.

Scenario #1

Advantage Builder/Vista Advantage
Male, age 40, preferred, non-tobacco,
\$5,000 annual premium until age 65
\$200,000 initial face amount
(increasing death benefit option to age 65)

End of year	Age	Annual Outlay	Loan Balance	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	41	5,000	0	0	204,207
10	50	5,000	0	57,879	259,913
20	60	5,000	0	204,479	404,479
25	65	5,000	0	334,282	534,282
26	66	-37,131	39,713	322,415	494,569
35	75	-37,131	547,443	214,660	252,765
40	80	-37,131	994,250	165,556	223,546
45	85	-37,131	1,619,512	140,798	228,814
60	100	0	4,438,233	1,744,319	1,744,319

At age 66, policy projects a maximum available variable loan of \$37,131 per year, which Chad could take to supplement his retirement income for 20 years

At age 100, the policy is projected to have more than \$1,700,000 of cash value and death benefit

Cash values may be available for use as needs arise

Scenario #2

Advantage Builder/Vista Advantage
Male, age 40, preferred, non-tobacco,
\$5,000 annual premium until age 65
\$200,000 initial face amount
(increasing death benefit option to age 65)

End of year	Age	Annual Outlay	Loan Balance	Non-Guaranteed Cash Surrender Value	Non-Guaranteed Death Benefit
1	41	5,000	0	0	204,207
10	50	5,000	0	57,879	259,913
20	60	5,000	0	204,479	404,479
25	65	5,000	0	334,282	534,282
30	70	0	0	502,481	577,854
35	75	0	0	762,103	800,208
36	76	-84,899	90,801	738,186	779,635
40	80	-84,899	521,672	638,135	696,125
45	85	-84,899	1,251,699	508,612	596,628
50	90	-84,899	2,273,299	386,352	519,335
55	95	-84,899	3,702,927	327,635	327,635
60	100	0	5,181,877	1,000,676	1,000,676

Wait until age 76 to begin receiving income. At age 76, the policy projects a maximum variable loan of \$84,899 each year for 20 years

At age 100, the policy is projected to have more than \$1,000,000 of cash value

Cash value available for use as needs arise

Conclusion: Current law allows withdrawals to basis and loans to be income tax free if the policy is not a Modified Endowment Contract. The death benefit would still go to Chad's beneficiaries income tax free as well, or could be used for final expenses. Plus, the flexibility that life insurance offers allows Chad to choose how he wishes to use it.

Note: Adding the Life Protector Rider to the policy will prevent it from lapsing if Chad borrows too much from the policy.



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