



## Post COVID-19 Financial Planning Strategy #1

### IRA Conversion to Overfunded Index Universal Life Insurance

#### Talking Points

1. 5 Year conversion period.
2. Create pre-retirement non-taxable death benefits.
3. Upside growth potential.
4. No risk of principal loss.
5. Delivers far greater after-tax retirement distributions.

Case Facts: Male Age 60  
 Pre Retirement Taxes = 40%  
 Post Retirement Taxes = 40%  
 Desired Income Start Age = 70

Plan Type	Qualified Account & Tax Analysis	Roth Conversion	IUL Alternative Conversion I	IUL Alternative Conversion II
Current Account Balance	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Optional Tax Liability (Age 60)	\$0	\$400,000	\$400,000	0*
Optional Account Balance	\$1,000,000	\$600,000	\$600,000	\$1,000,000
Assumed Tax Liability (All years)	40%	40%	40%	40%
Annual Pre-Tax Earning %	5.00%	5.00%	5.67%	5.67%
Age that income begins	70	70	70	70
Annual Distributions Pre Tax	\$100,916	\$59,693	\$102,105	\$108,143
Annual Distributions After Tax	\$60,550	\$59,693	\$102,105	\$108,143
Total Net Distributions to Age 100	\$1,816,500	\$1,790,790	\$3,063,150	\$3,244,290
Total taxes paid thru Age 100	\$1,210,993	\$400,000	\$600,000	0*
Cash Value at Age 100	\$0	\$0	\$702,900	\$3,481,396
Net Value to Heirs at Age 100	\$0	\$0	\$779,783	\$3,612,440
Additional Net Income at Age 100	\$0	\$0	\$1,272,360	\$1,453,500
Meaningful Growth	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Market Risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Tax Risk	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Tax Free Income			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Legacy Enhancer			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Higher Income	Possibly	Possibly		

\* IUL Alternatives use non-taxable loans to:  
 1) facilitate transfer tax  
 2) facilitate retirement distributions



IRA Conversion/ 0 Net Tax Cost

Non—Guaranteed Values (End Of Year) @ 5.67%

Targeted index return rate.  
0% floor, no risk of loss

Year	Age	Premium Outlay	Policy Loan	Net Outlay	Net Accumulated Value	Net Cash Surrender Value	Death Benefit
1	60	\$200,000		\$200,000	\$133,582	\$58,838	\$2,873,555
2	61	\$200,000	\$80,000	\$120,000	\$205,692	\$168,347	\$2,791,531
3	62	\$200,000	\$80,000	\$120,000	\$293,966	\$260,345	\$2,705,677
4	63	\$200,000	\$80,000	\$120,000	\$399,687	\$369,790	\$2,615,814
5	64	\$200,000	\$80,000	\$120,000	\$525,344	\$499,206	\$2,521,753
6	65	\$0	\$80,000	-\$80,000	\$463,147	\$440,733	\$2,423,301
7	66	\$0		\$0	\$483,135	\$464,445	\$2,402,274
8	67	\$0		\$0	\$507,007	\$492,076	\$2,380,265
9	68	\$0		\$0	\$534,588	\$527,139	\$2,357,228
10	69	\$0		\$0	\$562,354	\$582,354	\$2,333,116
11	70	\$0	\$108,143	-\$108,143	\$503,241	\$503,241	\$2,196,999
12	71	\$0	\$108,143	-\$108,143	\$458,954	\$458,954	\$625,092
13	72	\$0	\$108,143	-\$108,143	\$421,577	\$421,577	\$574,448
14	73	\$0	\$108,143	-\$108,143	\$391,942	\$391,942	\$528,400
15	74	\$0	\$108,143	-\$108,143	\$371,211	\$371,211	\$487,330
16	75	\$0	\$108,143	-\$108,143	\$360,724	\$360,724	\$451,692
17	76	\$0	\$108,143	-\$108,143	\$361,778	\$361,778	\$461,749
18	77	\$0	\$108,143	-\$108,143	\$375,785	\$375,785	\$485,824
19	78	\$0	\$108,143	-\$108,143	\$404,166	\$404,166	\$525,429
20	79	\$0	\$108,143	-\$108,143	\$448,720	\$448,720	\$582,474
21	80	\$0	\$108,143	-\$108,143	\$507,164	\$507,164	\$654,582
22	81	\$0	\$108,143	-\$108,143	\$572,281	\$572,281	\$734,200
23	82	\$0	\$108,143	-\$108,143	\$642,693	\$642,693	\$819,901
24	83	\$0	\$108,143	-\$108,143	\$717,713	\$717,713	\$910,992
25	84	\$0	\$108,143	-\$108,143	\$795,406	\$795,406	\$1,005,463
26	85	\$0	\$108,143	-\$108,143	\$884,055	\$884,055	\$1,112,042
27	86	\$0	\$108,143	-\$108,143	\$983,962	\$983,962	\$1,231,070
28	87	\$0	\$108,143	-\$108,143	\$1,095,469	\$1,095,469	\$1,362,939
29	88	\$0	\$108,143	-\$108,143	\$1,219,622	\$1,219,622	\$1,508,777
30	89	\$0	\$108,143	-\$108,143	\$1,356,905	\$1,356,905	\$1,669,123
31	90	\$0	\$108,143	-\$108,143	\$1,508,423	\$1,508,423	\$1,845,173
32	91	\$0	\$108,143	-\$108,143	\$1,659,650	\$1,659,650	\$1,949,298
33	92	\$0	\$108,143	-\$108,143	\$1,813,205	\$1,813,205	\$2,046,193

Annual non-taxable lifetime income.

Income tax free estate benefit

Annual IRA distributions

Annual tax refund from policy values. (assume 40% tax bracket)