

# Longevity Planning

*Client Brochure*



Using Permanent Life Insurance  
to Help Prepare for  
a Long, Healthy Retirement



**North American Company**  
for Life and Health Insurance  
Since 1886

| *Life*





## Protect yourself and those you love by being prepared for an extended retirement.

Thanks to medical advancements and a nationwide emphasis on healthy living, life expectancy is on the rise in the United States. Today, a 65-year-old man can expect to live until he is 86, and a woman of the same age can expect to live to 89.\* If the upward trend continues, today's young adults can look forward to an even longer and healthier life after their working years.

A long and healthy retirement can mean a desire to travel, a new home, new hobbies, gifting assets, and countless other wants or needs that require adequate retirement funds. A long retirement can also be expensive if you experience an unexpected illness.

As life expectancy increases, you might face "longevity risk," or the potential for your assets to run out during retirement. In addition to providing death benefit protection, permanent life insurance can help you manage that risk.

\* Society of Actuaries, RP-2014 Mortality Tables. February 2014.

KEY BENEFITS	
Why life insurance?	Learn how a permanent life insurance policy can provide death benefit protection as well as help supplement retirement income in case your primary or secondary sources of funds are exhausted.
Who can benefit?	Explore whether using permanent life insurance is right for you, based on what you think you might need in the future.
How does it work?	Find out how you can put a permanent life insurance plan in place today.

## WHY LIFE INSURANCE?

Permanent life insurance provides death benefit protection that can help you protect your loved ones in the future. Plus, it can be designed with the flexibility to address changing needs throughout your life.

Life insurance can be a twofold strategy as part of your financial plan:

- **Death benefit protection during working years.** A solid financial plan often begins with life insurance. In the event of death, the proceeds are distributed to your beneficiaries generally income tax-free.<sup>1</sup>
- **Potential source of funds to help support a longer retirement.** Your premium payments on a permanent life insurance policy may accumulate cash value on a tax-deferred<sup>2</sup> basis. Through policy loans and withdrawals, the cash value may then be used to help pay for a wide variety of needs in retirement.<sup>3</sup> These could be planned distributions for planned expenses, or potential cash value may be used as additional funds to help protect you from outliving other retirement income sources or unplanned expenses. You may also qualify for accelerated death benefits which allow you to access a portion of this death benefit during your lifetime in case of an unexpected illness if eligibility requirements are met.<sup>4</sup>

## WHO CAN BENEFIT?

Longevity planning is becoming a key concern for many people. Here are a few reasons why:

- Loss of a wage earner during working years could disrupt family finances, including retirement plans, house payments, or a child's tuition.
- Employers may no longer offer defined benefit plans or retirement health care.
- As cited previously, life expectancy—and therefore, the length of time people live in retirement—continues to grow.
- Some form of long-term care is a 70% probability for those over age 65.<sup>5</sup> The average cost of a private room can be over \$92,000 a year.<sup>6</sup>

How would your family handle these uncertainties? Are your needs adequately protected?

Life insurance could be a viable solution.

## HOW DOES IT WORK?

After a thorough needs-based discussion with your life insurance representative to determine if permanent life insurance is right for you, you select a life insurance policy that meets your needs. Your representative will help structure a policy to match the desired death benefit coverage and cash value growth potential.

**Contact your North American representative to start planning for an extended retirement today.**



North American Company for Life and Health Insurance has been providing quality life insurance products since 1886. As one of the leading life insurance companies in the U.S., we'll make it as easy as possible for you to become one of our insureds. Please visit our Website at [www.NorthAmericanCompany.com](http://www.NorthAmericanCompany.com) to find out more about our company.

1 Neither North American Company nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

2 The tax-deferred feature of the indexed universal life policy is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your needs. Before purchasing this policy, you should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

3 Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

4 Accelerated death benefits are subject to eligibility requirements. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. An administrative fee is required at time of election.

5 U.S. Department of Health and Human Services, "How Much Care Will You Need?" <http://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>, accessed January 2018.

6 U.S. Department of Health and Human Services, "Costs of Care," <http://longtermcare.acl.gov/costs-how-to-pay/costs-of-care.html>, accessed January 2018.

Life Insurance policies have terms under which the policy may be continued in force or discontinued. Current cost of insurance rates and interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death. For costs and complete details, call or write North American Company, One Sammons Plaza, Sioux Falls, SD 57193. Telephone 877-872-0757.

TEXAS RESIDENTS: Receipt of acceleration-of-life-insurance benefits may affect your, your spouse's or your family's eligibility for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), supplementary social security income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect your, your spouse's and your family's eligibility for public assistance.

***We're Here For Life®***

**[www.NorthAmericanCompany.com](http://www.NorthAmericanCompany.com)**