

# AIG



## What Can \$3-A-Day Do For You?

- What 3 Dollars a Day Can Do for You?
- July Updates



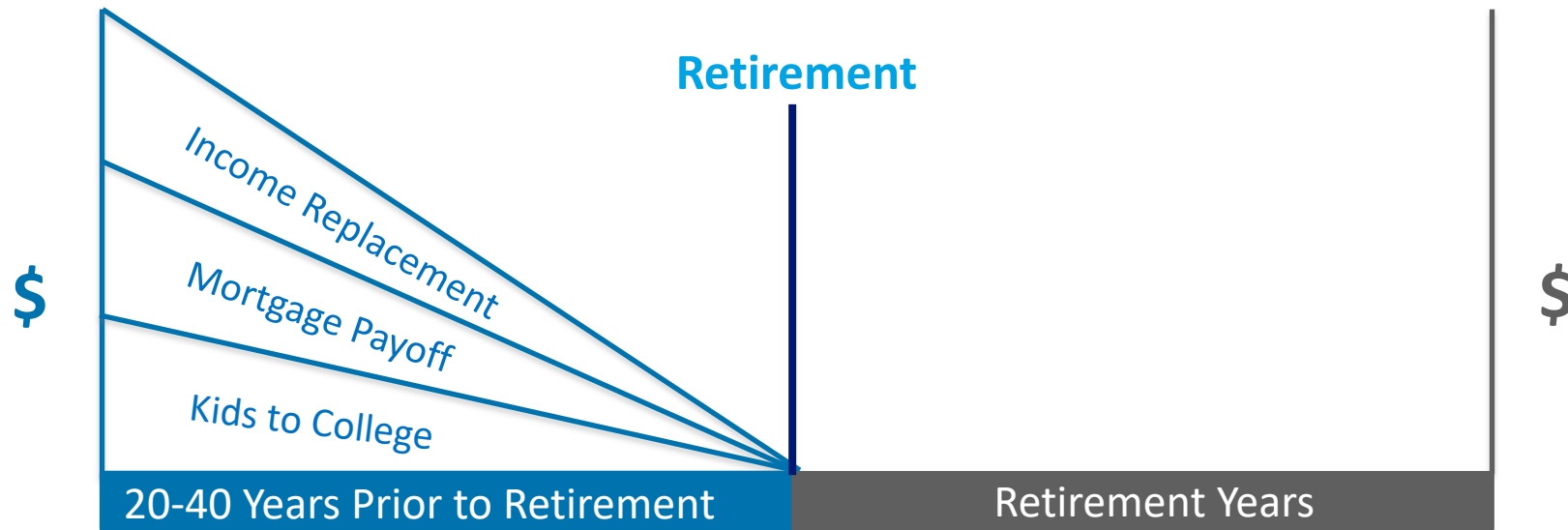
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# Why Do People Need *Permanent* Life Insurance?



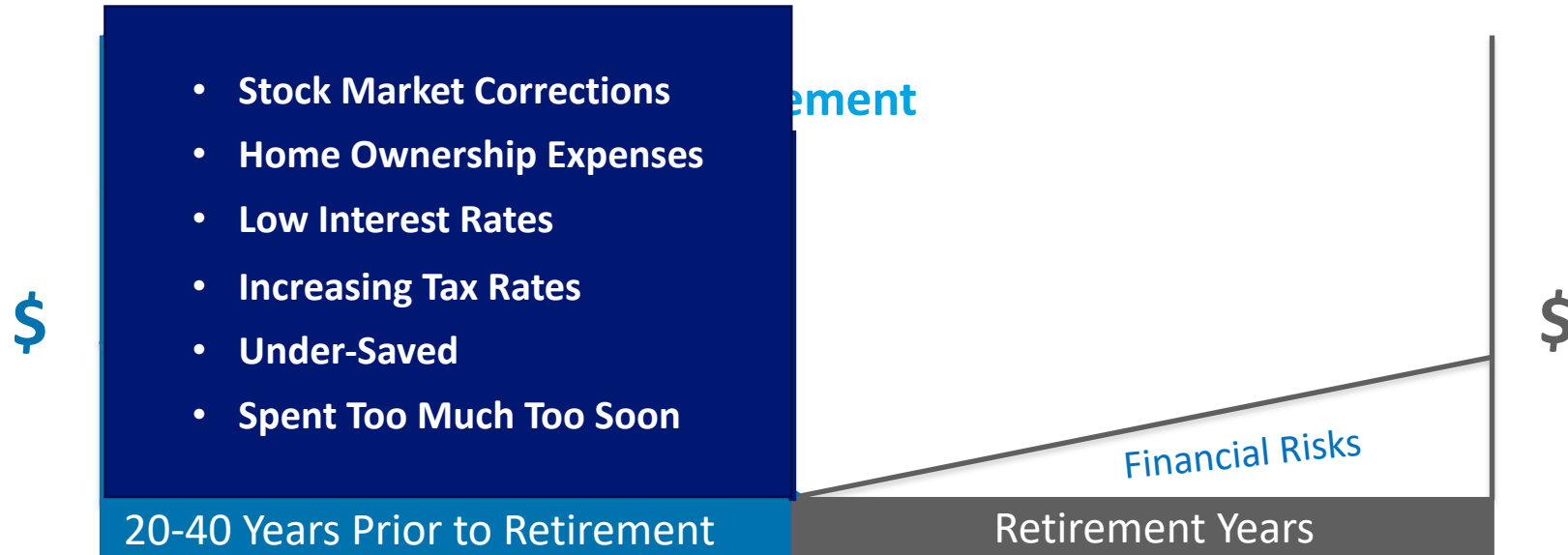
# Why Permanent Life Insurance?



**3 big risks get smaller over time.**

**3 other big risks get larger over time.**

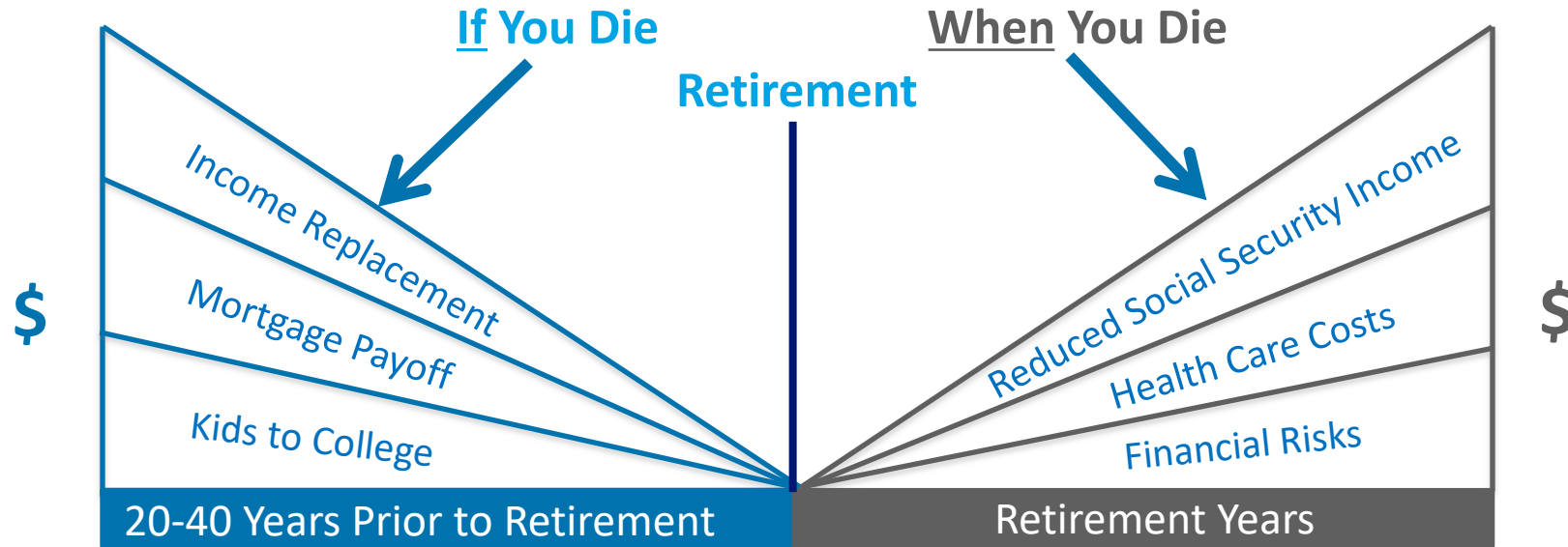
# Why Permanent Life Insurance?



**3 big risks get smaller over time.**

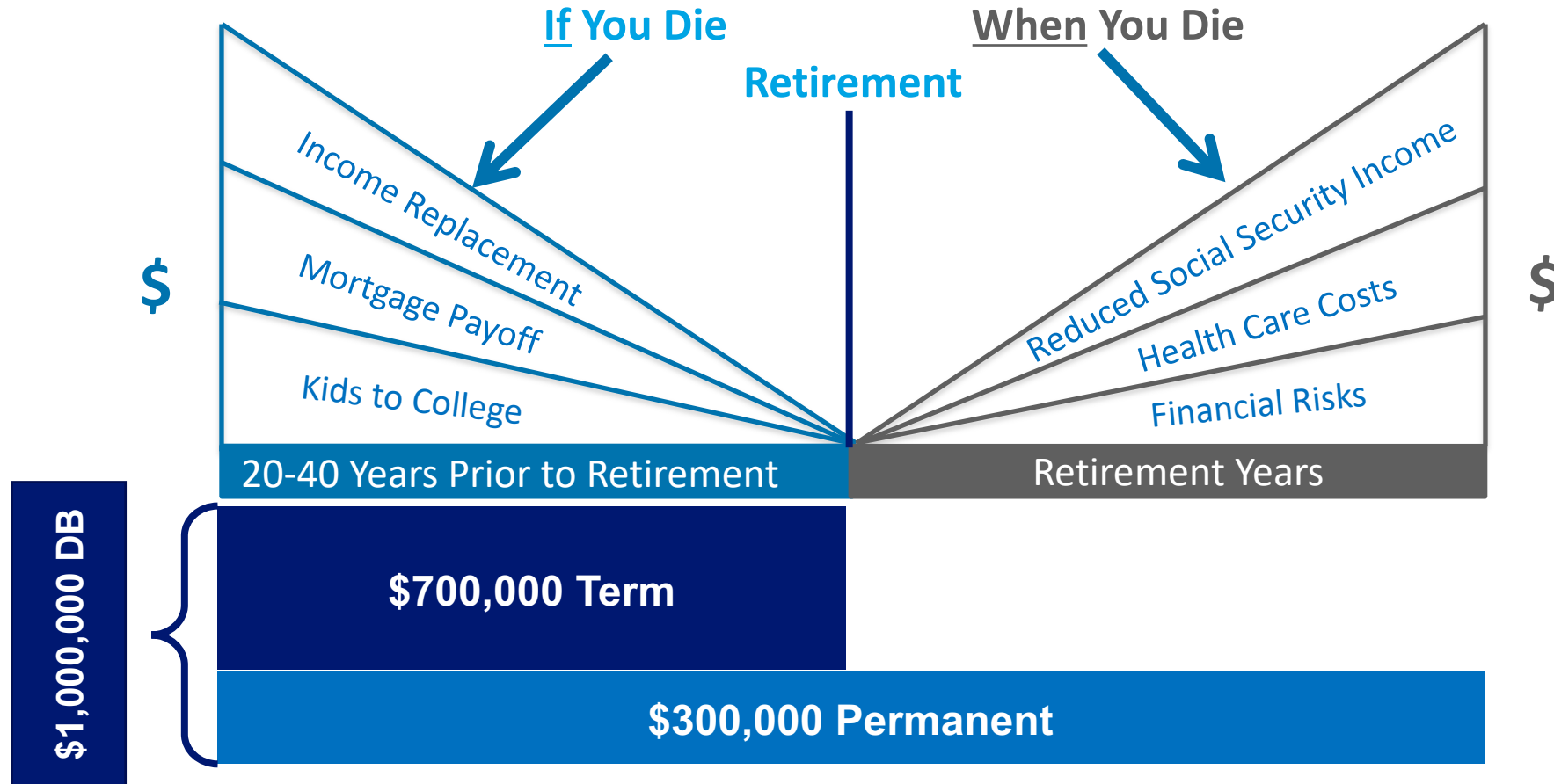
**3 other big risks get larger over time.**

# Why Permanent Life Insurance?



**3 big risks get smaller over time.**  
**3 other big risks get larger over time.**

# Why Permanent Life Insurance?





# What About That \$3-a-Day Concept?





# Now That You See The Need For Permanent Life Insurance...

- Permanent life insurance policies, like Index Universal Life, have tax advantages:
  - Tax-Deferred growth of the cash values
  - Income-Tax-Free access to the policy's cash values (*using loans and withdrawals*)<sup>1</sup>
  - Income-Tax-Free death benefits for the beneficiaries when the insured dies<sup>2</sup>
- If you're going to purchase an Index Universal Life insurance policy, would it make sense to take advantage of these tax benefits?
- How do you do that?

1. Based on current federal income tax law. Assumes the use of withdrawals to basis and/or policy loans. If the policy is classified as a modified endowment contract (see IRC section 7702A), withdrawals or loans are subject to regular income tax and an additional 10% tax penalty may apply if taken prior to age 59 ½.

2. Death Benefits are generally excludable from the beneficiary's federal taxable income under most circumstances and under current federal income tax law.

# Now That You See The Need For Permanent Life Insurance...

- Universal Life has funding flexibility...  
and different policies can make a difference, too.
- As an example, based on your assumptions,  
you could fund a Universal Life policy:
  1. At the minimum level necessary to keep the policy in force for the desired time frame; or...
  2. You could "medium fund" your policy for just a few extra dollars-a-day; or...
  3. You could "maximum fund" your policy by adding a few more dollars-a-day

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# Now That You See The Need For Permanent Life Insurance...

- Different life insurance policies are designed to perform differently:
  - Some are designed to generate low premiums for long durations of death benefit protection
  - Others are designed to generate maximum cash accumulation within the policy
  - Depending on the policy design, different policies can illustrate different maximum interest rates.  
*(These maximum projected interest rates are determined using complex, regulated formulas.)*
  
- AIG offers two different IUL policies that you may want to consider:
  - **QoL Value+ Protector II** – Designed for low premiums and long durations of protection
  - **QoL Max Accumulator+ II** – Designed to maximize cash accumulation with long durations of protection

# Now That You See The Need For Permanent Life Insurance...

## Let's look at a sample case:

- Male, age 35, Preferred Non-Tobacco (PNT); premiums to age 70 (*no premiums in retirement*)
- He needs \$300,000 of Universal Life as the “***permanent life insurance***” portion of his solution
- His “***minimum-funding solution***” will be illustrated using QoL Value+ Protector II
  - Illustrated at 5.00% projected interest
  - Solving for the minimum premium necessary to carry the policy to age 110 under “current” assumptions
- His “***\$3-A-Day***” option will be illustrated using QoL Value+ Protector II
  - Illustrated at 5.00% projected interest
  - Adding \$3-a-day to the premium; solving for retirement income loans
- His “***\$8-A-Day***” option will be illustrated using QoL Max Accumulator+ II
  - Illustrated at 6.00% projected interest
    - The maximum AG49-A interest rate for QoL Max Accumulator+ II is about 1% higher than the maximum AG49-A interest rate for QoL Value+ Protector II
  - Adding \$5-more-a-day, taking the total to an additional \$8-a-day; solving for retirement income loans

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This is not an actual case. It is a hypothetical case for illustrative purposes only. Projected interest rates are hypothetical and are not guaranteed.

For Financial Professional Use Only – Not For Consumer Distribution



# What Can Permanent Life Insurance Do?

**Male, Age 35  
Preferred NT  
\$300,000 DB**

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# What Can Permanent Life Insurance Do?

**Male, Age 35  
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\$300,000 DB**

**Minimum Funding**  
*(QOL Value+ Protector II @ 5.00%)*

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# What Can Permanent Life Insurance Do?

**Male, Age 35  
Preferred NT  
\$300,000 DB**

**Minimum Funding**  
*(QOL Value+ Protector II @ 5.00%)*

**Premiums  
Age 35 – 70**

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<b>Male, Age 35</b> <b>Preferred NT</b> <b>\$300,000 DB</b>	<b>Minimum Funding</b> <i>(QOL Value+ Protector II @ 5.00%)</i>
<b>Premiums</b> <b>Age 35 – 70</b>	<b>\$156 / month</b> <i>(\$1,872 / year)</i>



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<b>Male, Age 35 Preferred NT \$300,000 DB</b>	<b>Minimum Funding</b> <i>(QOL Value+ Protector II @ 5.00%)</i>
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<b>Cumulative Premiums</b>	<b>\$65,500</b>



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<b>Cumulative Premiums</b>	<b>\$65,500</b>
<b>Accumulation Age 70</b>	<b>\$103,000</b>

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<b>Accumulation</b> Age 70	<b>\$103,000</b>
<b>Distributions</b> Age 71 – 95	<b>\$0</b>

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# What Can Permanent Life Insurance Do?

Male, Age 35 Preferred NT \$300,000 DB	Minimum Funding <i>(QoL Value+ Protector II @ 5.00%)</i>	Add \$3-A-Day <i>(QoL Value+ Protector II @ 5.00%)</i>
Premiums Age 35 – 70	\$156 / month <i>(\$1,872 / year)</i>	
Cumulative Premiums	\$65,500	
Accumulation Age 70	\$103,000	
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Cumulative Premiums	\$65,500	
Accumulation Age 70	\$103,000	
Distributions Age 71 – 95	\$0	

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Accumulation Age 70	\$103,000	\$203,000 <i>(\$103,000 + \$100,000)</i>
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Accumulation Age 70	\$103,000	\$203,000 <i>(\$103,000 + \$100,000)</i>
Distributions Age 71 – 95	\$0	\$380,000 <i>(\$15,200 x 25)</i>

Based on current federal income tax law. Assumes the use of withdrawals to basis and/or policy loans. If the policy is classified as a modified endowment contract (see IRC section 7702A), withdrawals or loans are subject to regular income tax and an additional 10% tax penalty may apply if taken prior to age 59 ½. Death Benefits are generally excludable from the beneficiary's federal taxable income under most circumstances and under current federal income tax law.

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Premiums Age 35 – 70	\$156 / month <i>(\$1,872 / year)</i>	\$246 / month <i>(\$2,952 / year)</i>	
Cumulative Premiums	\$65,500	\$103,000 <i>(\$65,500 + \$37,500)</i>	
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Premiums Age 35 – 70	\$156 / month <i>(\$1,872 / year)</i>	\$246 / month <i>(\$2,952 / year)</i>	\$396 / month <i>(\$4,752 / year)</i>
Cumulative Premiums	\$65,500	\$103,000 <i>(\$65,500 + \$37,500)</i>	
Accumulation Age 70	\$103,000	\$203,000 <i>(\$103,000 + \$100,000)</i>	
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# Next Steps

1. Memorize the “Butterfly Chart” story.
2. For each presentation, prepare an illustration for minimum-funding, medium-funding and maximum-funding.
3. Know the math: *How much additional premium **per-day**?*
4. Discuss the big question: *What are you concerned that you'll need to give-up for \$3-a-day? \$8-a-day?*
5. Show them the potential reward they'll get for their sacrifice.



# **What Can \$3-A-Day Do For You?**

## ***The Advantages Of IUL***

Policies issued by American General Life Insurance Company (AGL), Houston, TX and by  
The United States Life Insurance Company in the state of New York (US Life), members of American International Group, Inc. (AIG)

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