

The Roth IRA alternative

A case study using
cash value life insurance.



Perhaps you've looked into contributing to a Roth IRA.

After all, a Roth IRA can be a valuable part of your overall retirement income strategy, offering:

- tax-free accumulation
- tax-free distributions
- no Required Minimum Distributions (RMDs)

But you don't qualify...

You may have maximized your Roth IRA contributions (the maximum is \$5,500/year) or your income may be too high for you to be eligible. You've maxed out your 401(k) and want to save more for retirement, but you're not sure how.

You may want to consider life insurance as a Roth IRA alternative.

If you have a need for life insurance protection and want to save additional money for retirement, but don't qualify for a Roth IRA, a cash value life insurance policy may be a strategy for you.

As you can see, cash value life insurance has many of the same benefits as a Roth IRA.

	Roth IRA	Cash value life insurance as a Roth IRA alternative
Tax-Free Accumulations	Yes	Yes
Tax-Free Distributions	Yes	Yes
Tax-Free Income to Beneficiaries	Yes	Yes
Requirement for RMDs	No	No
Contribution Ceiling	Yes	No
Income Limitation	Yes	No
Earned Income Contributions Requirement	Yes	No
Tax Penalty on Early Distributions	Yes	No
Contributions Deductible?	No	No

See the Roth IRA Alternative in action.

Meet Mike and Robin Miller:

- Both age 45
- Successful professionals earning more than \$200,000 in income per year
- Need life insurance protection
- Maxed out their 401(k)s
- Don't qualify for a Roth IRA, due to their income level
- Have an additional \$10,000 per year they'd like to save for retirement

They purchase a cash value life insurance policy and fund it for 20 years (total \$200,000); they may be able to take \$30,000 per year in income for 20 years (total \$600,000) and still maintain some life insurance benefit under current rates.

Age	Cumulative premiums	Cumulative income	Non-guaranteed cash value	Life insurance benefit
45	\$10,000	\$0	\$0	\$266,400
55	\$100,000	\$0	\$115,000	\$375,400
65	\$200,000	\$0	\$360,000	\$618,300
66	\$0	\$30,000	\$354,000	\$425,000
75	\$0	\$300,000	\$269,754	\$296,440
85	\$0	\$600,000	\$80,000	\$113,000

The policy premium and death benefit amounts used for this case are intended only to help demonstrate the planning concept discussed, and not to promote specific product. The values are broadly representative of rates that would apply for a policy of this type and size for the insured's health and the ages noted in the example and are not guaranteed. To determine how this approach might work for you, individual illustrations based on your own individual age and underwriting class, containing both guaranteed charges and guaranteed interest rates, as well as other important information, should be prepared or requested from your financial professional. If guaranteed charges and rates were used, the policy would fail in year 24.

Things to think about before moving ahead.

Carefully review all of the features, benefits and costs of a cash value life insurance policy with your financial professional before making a purchase.

- If you do not keep paying the premium on a life insurance policy, you will lose substantial money in early years.
- To be effective, you need to hold the policy until death. A life insurance policy generally takes years to build up a substantial cash value.
- Tax-free distributions will reduce the cash value and face amount of the policy. You may need to pay higher premiums in the later years to keep the policy from lapsing.
- You must qualify medically and financially for life insurance, unlike a Roth IRA.
- Generally, there are many additional charges associated with a life insurance policy, including, but not limited to, a front-end load, a monthly administrative charge, a monthly segment charge, a cost of insurance charge, additional benefit rider costs and surrender charges.

Under current federal tax rules, you generally may take federal income tax-free withdrawals up to your basis (total premiums paid) in the policy or loans from a life insurance policy that is not a Modified Endowment Contract (MEC). Certain exceptions may apply for partial withdrawals during the policy's first 15 years. If the policy is a MEC, all distributions (withdrawals or loans) are taxed as ordinary income to the extent of gain in the policy, and may also be subject to an additional 10% premature distribution penalty prior to age 59½, unless certain exceptions are applicable. Loans and partial withdrawals will decrease the death benefit and cash value of your life insurance policy, and may be subject to policy limitations and income tax. In addition, loans and partial withdrawals may cause certain policy benefits or riders to become unavailable, and may increase the chance your policy may lapse. If the

policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values.

Count on AXA for strategies to fit your needs.

At AXA, we know that your needs are unique. That's why we offer a portfolio of life insurance products designed to work with you and adjust as your needs change. You can choose from variable universal life or an indexed universal life policy, each offering different ways to invest and potentially grow your cash value. Work with your financial professional to find the best fit for you. He or she can help you break down your decisions into small, manageable steps.

For more information on how the Roth IRA alternative could help you, contact your financial professional today.

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GE-139065 (8/18)(Exp. 8/20)

G287325
Cat. #152906 (8/18)

