Map Your Course

With preparation, you can help minimize your retirement risks

Mutual of Omaha

Underwritten by
United of Omaha Life
Insurance Company

284758

What's your retirement dream?

Whether it's traveling the world, spending time with grandchildren or just slowing your pace a bit, indexed universal life insurance can help make it a reality.

Here's how. An indexed universal life insurance (IUL) policy provides:

- **A death benefit,** which can help provide for your loved ones upon your death
- Access to **cash value**,[1] which grows tax deferred. You have the option of taking tax-free loans or withdrawals from the cash value, which can help supplement your income during retirement or can be used for other expenses[2,3]
- A way to **diversify your assets**. With an IUL policy, you can participate in a portion of the index's upside but have a guaranteed floor to protect against a possible downside

So, it's easy to see that life insurance can have an important role in your retirement. But, here's something it offers that you may not have considered. Life insurance can also help manage the risks your retirement plans face.

The features and benefits discussed are provided by an Income Advantage℠ IUL policy from United of Omaha Life Insurance Company. United of Omaha Life Insurance Company is a Mutual of Omaha insurance company. We have been committed to helping customers like you through life's transitions by providing an array of insurance products designed to meet your unique needs and help you achieve your financial goals.

[1] The amount that may be available through loans or withdrawals, as defined in the contract.
[2] For federal income tax purposes, tax-free income assumes (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); and (2) the policy does not become a modified endowment contract. See IRC §72, 7702(f)(7)(B), 7702A. This information should not be construed as tax or legal advice. Consult with your tax or legal professional for details and guidelines specific to your situation.
[3] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

8 Retirement Risks and How Indexed Universal Life Insurance Can Help Manage Them

Economic Risks

1 Market Performance Risk

Market performance risk includes those nagging "what-if" questions you ask yourself as you prepare for retirement. *What if the market doesn't perform well enough for my retirement savings to grow at the rate I've projected? What if there is a market downturn before I'm ready to retire? What if I have to delay my retirement?*

How an IUL Policy Can Help

If market performance isn't what you projected, an IUL policy could help supplement your retirement savings. It has the potential to build cash value[4] at an interest rate that is linked to the S&P 500® Index, so you have the potential for significant growth.[5] Unlike most retirement investments, IUL has a downside floor that would protect you from market losses. For all index interest crediting strategies, a zero percent floor applies – if there happens to be a negative index percentage change, the minimum crediting rate is zero percent.

2 Inflation Risk

Inflation can eat away at the value of investments and can reduce purchasing power. For your money to grow, your retirement savings need to outpace the inflation rate.

How an IUL Policy Can Help

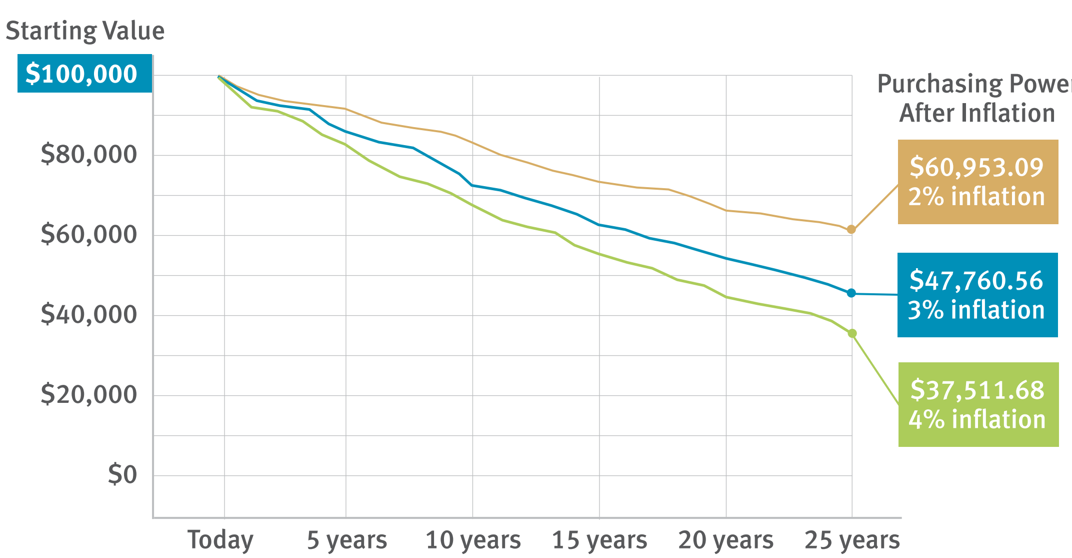
Because it's linked to S&P® growth, if your IUL policy is funded properly, its cash value[4] should keep current with inflation. If inflation turns out to be more than you planned for, an IUL policy can potentially provide a source of supplemental income.

3 Sequence of Returns Risk

The sequence of positive and negative annual returns and timing of withdrawals can impact how long assets last. If there happens to be a market downturn, accessing retirement income and selling into a market loss can be very detrimental – especially if this happens early in retirement.

How an IUL Policy Can Help

If there is a market downturn, you can access income from your IUL cash value[4, 6] rather than selling into a market loss by taking a distribution from your retirement fund. Having this supplemental source of income gives you flexibility while you wait for your retirement accounts to recover from the market downturn.



Personal Risks

4 Longevity Risk

Outliving assets is a real threat as people are living longer. According to data compiled by the Society of Actuaries, a man reaching age 65 today has a 50% chance of living until age 86. A woman turning age 65 today, has a 50% chance of living until the age of 88. And those are just for those in average health. About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past age 95.

How an IUL Policy Can Help

With an IUL policy, if you live longer than anticipated, you can use the cash value[4] to help supplement retirement income. Additionally, if you die first, your spouse can use the death benefit for income.

Not knowing exactly how long you and/or your spouse will live, can make planning tricky.

	65-year-old male (average health)	65-year-old female (average health)	65-year-old couple (average health, assumes at least one spouse still surviving)
75% chance of living to age	78	81	87
50% chance of living to age	86	88	92
25% chance of living to age	92	95	97
10% chance of living to age	97	99	101

Source: 2016 Society of Actuaries Longevity Illustrator Tool

5 Health Care Risk

As a retiree, you need to be prepared for unexpected health problems. According to a 2017 report from the U.S. Department of Health and Human Services, almost 70 percent of people over age 65 will require chronic care later in life – for an average of three years. And 20 percent of those individuals need care for longer than five years.

Health care can be expensive, especially if it's a long-term illness. Long-term health care expenses can put a serious dent in retirement savings. Or, you might have to spend down your assets in order to qualify for Medicaid assistance.

How an IUL Policy Can Help

Your IUL policy comes with a Chronic Illness rider. This feature allows you to access part of your death benefit early if you are chronically ill. This provides you with additional funds that can be used to help pay for expenses such as long-term health care or custodial care.

6 Change of Situation Risk

What seems like the perfect solution to your needs now may no longer feel so right in the future. Your life situation could change or an innovative product solution could come along that better suits you.

How an IUL Policy Can Help

With IUL, you're not locked into the product; you have options. You can get your premiums back under the Guaranteed Refund Option (GRO) rider,[7] or you can surrender your policy and receive the surrender value. You can also transfer the surrender value into another permanent life insurance solution that may be more suitable at that time.

What is the GRO rider? This rider is included on all qualifying policies at no additional charge. It provides seven 60-day windows within which you can surrender your policy and receive your paid premiums back – up to 50 percent at the end of year 15 and up to 100 percent at the end of years 20, 21, 22, 23, 24 and 25.[7]

[4] The amount that may be available through loans or withdrawals, as defined in the contract.
[5] Intrest is based on the selected crediting strategy, and is subject to participation and cap rates.
[6] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.
[7] Refund is limited to 50 percent of the specified amount. In order to remain eligible for the rider, you must continue to make your required premium payments as defined in the rider.

Tax Risks

7 Tax Bracket Risk

It's possible that the income you take from your retirement plan could put you into a higher tax bracket, especially since you may lose some of your previous deductions. Even the Social Security income you receive is subject to taxation. If more money is going toward taxes, you'll be getting less money from your retirement plan for spending.

How an IUL Policy Can Help

To avoid moving yourself into a higher tax bracket, you can take the extra income you require from your IUL policy. Cash taken from your IUL through loans and withdrawals is not generally counted as taxable income.[8,9]

8 Estate Tax Risk

If you did a good job of saving and you watched expenses in retirement, your assets could create a large enough estate that your heirs have to pay estate taxes on a portion of the estate they will receive. Keep in mind, even if your estate may not seem large now, if you have a growing business or if you plan to receive any inheritance, those values may also be included in your total estate.

How an IUL Policy Can Help

A life insurance death benefit passed to a beneficiary is generally excluded from taxable income.[10] Your beneficiaries may use this money to pay any estate taxes they may incur on your estate. This can help them avoid having to sell off non-liquid assets to pay for estate taxes.

IUL Distribution Flexibility

When it comes time to take money from an IUL policy, you have options. Flexibility is part of the beauty of using IUL to help supplement your retirement fund. Here's a case study that illustrates this flexibility.

Scenario

Bob has owned his IUL policy for several years. Here are the details:

- 65-year-old male, ready for retirement
- Has $1.2 million in retirement savings
- Needs $100,000 per year during retirement to maintain his current standard of living
- His retirement income:
  - $20,000 annually from Social Security
  - $15,000 annually from his pension
  - Will need $65,000 annually from his retirement savings

Here are three examples of how an IUL policy could help this client attain his retirement goals.

1. The client could take distributions from his IUL policy from ages 65-85 in an amount that supplements his distributions from retirement savings – $40,000 annually (of the $65,000 yearly income needed) from the retirement savings (taxed income), $25,000 annually from his IUL policy (not taxed income).[8,9]

2. The client takes annual distributions of $65,000 (taxed income) from his retirement account, then begins taking distributions from his IUL policy once his retirement account is depleted. (This approach preserves his death benefit and keeps his maximum chronic illness benefit available for a longer period of time.) Keep in mind that because the distribution from IUL isn't taxed, he might be able to take less ($46,800) to add up to the same amount of income.[8,9]

The tax-free difference[8]

To get $46,800 worth of value (using a 28 percent tax rate), you would need to take:

- $65,000 from retirement savings (would be taxed)
- $46,800 from an IUL policy (not taxed)

3. The client plans to take $65,000 in disbursements from his retirement fund each year. He uses his IUL policy as a safeguard against market loss for his retirement account – taking distributions from his IUL policy only in years where the markets are down or in years where he wants to avoid moving into the next higher tax bracket. This leaves more of his retirement fund intact over time. This would preserve a meaningful death benefit and the chronic illness benefit.

Life insurance can help you make your retirement dreams come true. It can also help you manage the risks your retirement plans face.

[8] For federal income tax purposes, tax-free income assumes (1) withdrawals do not exceed tax basis (generally, premiums paid less prior withdrawals); and (2) the policy does not become a modified endowment contract. See IRC §72, 7702(f)(7)(B), 7702A. This information should not be construed as tax or legal advice. Consult with your tax or legal professional for details and guidelines specific to your situation.

[9] Any policy withdrawals, loans and loan interest will reduce policy values and benefits.

[10] Death benefit proceeds from a life insurance policy are generally not included in the gross income of the taxpayer/beneficiary (Internal Revenue Code Section 101(a)(1)). There are certain exceptions to this general rule including policies that were transferred for valuable consideration (IRC §101(a)(2)). This information should not be construed as tax or legal advice. Consult with your tax or legal professional for details and guidelines specific to your situation.

Mutual of Omaha

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Base plan, riders and product features may not be available in all states and may vary by state.

This brochure is only a brief summary of some of the key features of this policy. For more complete information, you should refer to the form of the policy, including any applicable riders and endorsements to the policy, and other materials about the policy that you will receive. We strongly urge you to thoroughly review all of these items and to discuss any questions you have with our licensed agent/producer or with your own professional advisors, as appropriate.

All guarantees subject to the financial strengths and claims-paying ability of the issuing insurance company.

Income Advantage℠ – Sex Distinct Policy Forms: ICC15L123P, or state equivalent; in FL, D501LFL14P. Unisex Policy Forms: ICC15L124P, or state equivalent; in FL, D502LFL14P.

Rider Form Numbers: Terminal Illness Accelerated Death Benefit, ICC13L098R, or state equivalent; in FL, D433LNA13R. Chronic Illness Accelerated Death Benefit, ICC13L099R, or state equivalent; in FL, D478LFL13R. Enhanced Surrender Value (GRO), ICC14L125R, or state equivalent.

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