

OFFICIAL GUIDE TO TAX FREE RETIREMENT



Full Service Insurance

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WHAT IS INDEXED UNIVERSAL LIFE (IUL) INSURANCE

WHAT IS INDEXED UNIVERSAL LIFE INSURANCE

Indexed universal life insurance is a type of permanent, lifelong coverage that allows people to pay different premiums during times in their lives when they need protection the most.

The policyholders can adjust the amount given as a death benefit and change it for another with just one extra expense each year.

This product has been paired up using an indexing strategy, meaning its cash value grows faster than other products like whole-life policies. This particular setup increases based on how well (or poorly) specific markets perform over time rather than at fixed rates, regardless of whether anything happens.





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7 BENEFITS OF INDEXED UNIVERSAL LIFE (IUL) INSURANCE

7 BENEFITS OF INDEXED UNIVERSAL LIFE INSURANCE

- 1 With a cash value of the life insurance policy, you can get higher returns than traditional universal Life.
- 2 The IUL policy is a great way to protect investments from variables outside your control. Unlike investing directly in the market, an index-linked life insurance product credits you with 0% during years when underlying indices produce negative returns. Hence, it guarantees protection for both principal and income.
- 3 The cash value is tax-deferred, meaning you can grow your investments without paying any taxes until they are withdrawn from the account. However, what you should know about an IUL policy loan is that the funds in your cash value may be accessed tax-free.

7 BENEFITS OF INDEXED UNIVERSAL LIFE INSURANCE (continued)

4 An IUL policy can be used for several purposes . If you're retired and need the money for retirement but don't have any other sources of regular income, then this type of coverage can help supplement your monthly stipend so that it covers all expenses. It can also support your child's education or pay off debts.

5 The indexed universal life insurance policyholder has significant flexibility (within specific guidelines) in determining how much to put into their cash value account and what percentage goes towards the death benefit.

6 The protection will remain throughout the insured's lifetime, provided that the premium is paid, and there may be an option to stop paying if enough cash value exists.

7 BENEFITS OF INDEXED UNIVERSAL LIFE INSURANCE (continued)

7

There are no maximum contribution limits, so you can add an extra amount to your retirement plan or IRA account if it's already full.





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INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR RETIREMENT PLANNING

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With an IUL, you have the luxury of choosing your retirement plan and can be confident that it will not lose value even when the stock market crashes. Other investments with similar risk profiles may fail during down markets; however, this type is guaranteed not to happen.

IUL INSURANCE VS SAVINGS ACCOUNT

Savings accounts are a great way to save money, and there's no limit on how much you can put away.

IUL INSURANCE	SAVINGS ACCOUNT
Not covered by FDIC but protected by the State-sanctioned Insurance Guaranty Associations.	The FDIC guarantees up to \$250,000 in deposits.
Cash value grows at a higher rate, up to 12%, based on the index market.	Interest rates on most savings accounts are low, at around .25%-1.5%.
Loan and withdrawals are tax free	You must pay tax if you earn interest of more than \$2 per year.

INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR RETIREMENT PLANNING (continued)

IUL INSURANCE VS INVESTMENT ACCOUNTS

An investment account with a brokerage firm not only has the potential for higher returns but also offers more security than keeping your money in any one place.

IUL INSURANCE	INVESTMENT ACCOUNT
Linked to a performance risk of the index market	No Limits on the amount of investment per year
Investment in only up to 7 pay limit	Allows you to invest in a variety of ways by buying stocks, bonds, mutual fund shares, real estate, cryptocurrency
IUL policies are tax free	Easily sell your investments at any time and take cash out of the account
	Taxes are paid on the interest and gains from your investments

INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR RETIREMENT PLANNING (continued)

IUL INSURANCE VS IRA

Individual Retirement Accounts (IRAs) are long-term savings accounts that allow individuals with earned income to save for their future and enjoy certain tax advantages. The IRA is the perfect retirement account for self-employed people who don't have access to workplace accounts like 401(k)s.

IUL INSURANCE	IRA
Loan and withdrawal from the account is allowed anytime with a minimum fee	Limited annual contribution, up to \$6,000
Withdrawals are tax free	The employer may match employee contributions up to 50%
	The amount of contributions and tax deductions are limited to your income
	Withdrawn cash before the age of 59.5 years will incur fees and tax deduction
	Withdraw cash beyond the age of 59.5 years will be taxed
	Withdrawal must be made at the age of 72 years

INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR RETIREMENT PLANNING (continued)

IUL INSURANCE VS ROTH IRA

Unlike the traditional IRA, Roth IRA allows you to save for retirement without paying taxes on your withdrawals. When you retire, all those earnings will be tax-free, and there's no limit as long as how much money can go into this account.

IUL INSURANCE	ROTH IRA
The contribution has no limits as long as the 7 Pay Rule is covered	For individual with annual income less than \$139,000 or \$206,000 for couples
Tax free withdrawals	Tax free for qualified withdrawals
0% credit floor when underlying indices produce negative returns	The annual contribution limit for both a Roth IRA and traditional IRAs combined is \$6,000

INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR RETIREMENT PLANNING (continued)

IUL INSURANCE VS 401(K)

The 401(k) plan is one of the most popular ways for businesses to offer employees tax-free income in retirement. The money an employee contributes will automatically be invested, and it can grow without risk.

IUL INSURANCE	401(K)
The contribution has no limits as long as the 7 Pay Rule is covered	Offered through employers
Tax free withdrawals	Annual contribution limit is \$19,400
Provides financial assistance to those who need it; whether you work or not or with a small business	Allows account holders to deduct their contributions from yearly income; reduces annual taxes on earnings

INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR RETIREMENT PLANNING (continued)

IUL INSURANCE VS WHOLE LIFE INSURANCE

Whole life insurance is a type of permanent life insurance. It provides permanent death benefit coverage for the insured's life. In addition to paying a cash value that accumulates with interest, whole-life also includes an additional savings component in which taxpayers may enjoy tax deferral on their investments while they're still alive.

IUL INSURANCE	WHOLE LIFE INSURANCE
Benefits are guaranteed	Guaranteed death benefit
Premium payments may be flexible	Premiums are fixed and do not increase with age
Higher interest earning potential	Face value can be paid in 10 years, 20 years or at age 65
Loanable cash value	Loanable cash value



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INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR BUSINESS SUCCESSION FUNDING

INDEXED UNIVERSAL LIFE (IUL) INSURANCE FOR BUSINESS SUCCESSION FUNDING

The benefits of an IUL are two-fold for investors. Not only do they provide more significant growth potential, but when compared to traditional Muni funds, there's also less risk involved because these products come with full guarantees from the issuer. This means that your investment is protected against bankruptcy.

The IUL policies are designed to offer the investor a cash value component that grows tax-deferred and has returns based on one or more underlying market indexes. The IUL policies are designed to offer the investor a cash value component that grows tax-deferred and has returns based on one or more underlying market indexes.

IUL could be the perfect solution for your business succession plan as it provides a funding mechanism and death benefits. Suppose a key person plan is purchased for an executive or a key person. In that case, they are named in the legislation of their own company, which makes them responsible for its finances during retirement or passing away. Should this happen, everything will go back into operation while finding another replacement takes place.



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3 METHODS FOR CREDITING IUL CASH VALUE

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Crediting of IUL cash value can be one or a combination of the following methods:

CAP

The cash value of a policy will be increased by the highest growth rate, even if during one year an index dramatically outperforms. Consider one with a cap at 5% and underlying assets grow 7%. So in this case you'll receive 5%.

PARTICIPATION RATE

The participation rate on an IUL policy is also set by the insurance company that offers it. These rates refer to how much of your earnings are credited towards growing cash values in stocks, bonds or other investments with fixed income markets.

$$80\% \text{ PARTICIPATION RATE} \times 10\% \text{ RETURN ON THE UNDERLYING INDEX} = 8\% \text{ RETURN CREDITED TO YOUR IUL ACCOUNT}$$



3 METHODS FOR CREDITING IUL CASH VALUE (continued)

SPREAD

A spread is also expressed as a percentage. In this case , an amount equivalent to what's being subtracted from your return would be added onto the indexer's overall profit margin. Consider a 5% spread and a return of 10%, then 5% will be credited to your IUL account.

10% RETURN ON THE UNDERLYING INDEX



5% SPREAD



5% RETURN CREDITED TO YOUR IUL ACCOUNT



ABOUT STEPHANIE SCIULLI, PITTSBURGH INSURANCE AGENTS

I am a resident of Moon Township. I live with my husband and adopted son. My family is my pride and joy in life. We enjoy going to the park with our three dogs and having game night is always fun with them. I grew up in a small town raised by my father. I graduated highschool and went on to earn an Associate Degree in Applied Science. After working in the medical field a few years I joined the Airforce studying Aerospace Propulsion while simultaneously earning a Bachelors in Nursing at Indiana University of Pennsylvania. Currently, I own and operate Pittsburgh Insurance Agents. I am a member of the Pittsburgh North Chamber of Commerce, Women's Small Business Administration (WSBA), Rotary E-Club, Veterans Breakfast Club, American Legion West Hills Post 924, Keith-Holmes VFW Post 402, VFW Riders Club, ABATE Beaver Chapter, Professional Moms South Hills Chapter, and G.L.O.S.S. Due to my military background, I believe in supporting veterans in every community. I enjoy supporting many great causes and lending a hand. There are many fundraising activities and events to participate in throughout the year.

ABOUT STEPHANIE SCIULLI, PITTSBURGH INSURANCE AGENTS

I volunteer for the Moon Township VFC Ladies Auxiliary at their local bingos and other events. Helping the elderly community with the many aspects of their Medicare plan and other resources that may help them is where I hold a great sense of pride.

I have been an insurance agent since 2019 and have enjoyed every minute of it. I gain great satisfaction being able to help my clients to be knowledgeable of their insurance plans. I help all my clients through all stages of life and the events that may occur.



Stephanie Sciulli

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