

# Ensuring Retirement Dreams

We're told to work hard, invest wisely and save for the future. Part of a sound financial plan is to fully invest in a 401(k) or individual IRA. But the amount that can be contributed to this is limited. And what if Social Security isn't there at retirement? Will there be enough to fund a fulfilling retirement?

Life insurance may be used as a tool to supplement retirement planning efforts. During an individual's working years, the policy's death benefit provides asset and income protection from premature death for surviving family members. As a tax-favored asset, the cash value inside the insurance policy grows on a tax-deferred basis. In addition, through a series of withdrawals and loans from the policy, the policy's cash values can be accessed income tax free. By balancing income sources among employer-sponsored retirement plans, taxable investments and income-tax-free life insurance cash values, it's possible to maximize retirement income while still minimizing income taxes.

## HOW MUCH LIFE INCOME WILL BE NEEDED?

The old adage that you'll have fewer expenses after retirement isn't proving true; most retirees don't want to cut back their standard of living. Most advisors recommend targeting at least 75 percent of pre-retirement income.

The following is a list of some of the things to consider in determining retirement income needs.

- Number of years to anticipated retirement date
- Number of years spent in retirement (personal life expectancy)
- Expected employer-provided retirement benefits
- Will Social Security benefits be available/reduced?
- Inflation can greatly reduce the value of a fixed income, and building a cost-of-living index into the plan can protect a retiree's quality of life
- What additional assets exist currently to help fund objectives, and what assumptions should be made about their growth?
- What will the retiree's marginal tax bracket be at retirement?



## THE BOTTOM LINE

There are many financial calculators available to help quantify targeted needs and determine if there's a shortfall that might be funded by acquiring life insurance. A financial advisor can also help determine the best product and design to achieve an individual's objectives considering their risk tolerance and flexibility needs.

A cash-value-oriented life insurance policy can offer an efficient vehicle to address several of life's most important challenges: It protects the family now, provides a tax-advantaged means of saving for retirement and builds toward the future.

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