



THE LEGACY PROTECTION STRATEGY

Do you have clients who are parents or grandparents and want to leave a legacy for their children or grandchildren, but aren't sure how, with retirement and unexpected financial setbacks on the horizon? Use permanent life insurance and the legacy protection strategy to ensure your clients' families receive a legacy and have assets for retirement and other contingencies.

CLIENT PROFILE	
Nancy is a 55-yr old who recently became a grandmother	
Working Years Remaining:	10 – 15 years
Investable Assets	\$4,000,000
Other assets: 401(k) plan, which she's funded for the past 20 years, and a "cash balance" pension plan through her employer	



As Nancy looks forward to her retirement and the chance to spend more time with her grandson, she has taken the opportunity to sit with her trusted financial professional and discuss her financial position. She would like to utilize the legacy protection strategy to make sure she has money for her retirement, unexpected financial challenges, and for a legacy she'd like to leave her children and new grandson.

THE STRATEGY AT WORK

Bucket A: Retirement Funds



Nancy believes that \$1 million of her investment assets, her employer-sponsored retirement plans and Social Security will provide her with a comfortable retirement. These assets make up what Nancy and her trusted financial professional consider her **"Bucket A"** retirement assets.

Bucket B: Contingency Funds



To help protect against unforeseen retirement expenses, including potential long-term care expenses, Nancy has purchased a \$500,000 permanent life insurance policy with a Long-Term Care rider. That, and \$1 million of her investment assets, make up her **"Bucket B,"** or the contingency portion of her assets.

Bucket C: Legacy Funds



This leaves Nancy with \$2 million of other portfolio assets she doesn't expect to need for retirement. While not formally segregated, these are Nancy's **"Bucket C"** legacy assets. If Nancy lives until age 87 (her anticipated life expectancy) and earns an average return of 3% (net of taxes) on these assets — her Bucket C assets will have grown to more than \$5.1 million (see chart on following page).

Although Nancy is a healthy and active 55-year old woman, good health can be fleeting. She and her trusted financial professional are assuming a modest net 3% growth on her investment portfolio but that isn't something she can count on since an ill-timed market correction could have a devastating impact on her anticipated legacy.

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