

Leverage. Legacy. Liquidity.

Smart Money

Life



Overview

Smart Money is money you want to control and be able to access during times of need. While there are several options where to keep this Smart Money, one that's often overlooked is permanent life insurance.

Be sure to work with your agent to conduct a thorough needs-based analysis to determine if death benefit coverage is necessary before proceeding.

The situation

You're working towards retirement and are looking for areas in your financial strategy where improvements can be made.

You know you want to pass something on to the next generation but also would like funds available for emergencies or to cover end-of-life costs.

While the funds are fairly easy to access, the current performance is not meeting your needs.

One solution might be a Smart Money strategy using Smart Builder indexed universal life (IUL) insurance.

What does Smart Builder IUL provide?

Leverage for a legacy

Smart Builder allows you to *leverage* funds into a larger generally tax-free death benefit, allowing you to pass on a *legacy* to your loved ones.¹

Liquidity

Smart Builder offers the potential to grow cash value and then access those funds in the form of policy loans or withdrawals for those "just-in-case" needs, and can be used any way you like. Plus, with accelerated death benefits, you have the option to access a portion of the death benefit if you're diagnosed with a qualifying illness, subject to eligibility requirements.



Considerations

There are also some considerations of using permanent life insurance such as:

- **Cost of insurance charges (COIs) or other charges:** Life insurance comes with charges that you need to be aware of for planning purposes.
- **Loss of premium:** Depending on funding, life insurance may not guarantee avoiding loss of premium.
- **Maintaining the death benefit:** Additional premiums may be necessary to continue the desired death benefit, depending on funding.
- **Modified Endowment Contracts (MECs):** MECs may have tax implications that you need to know about when considering your options.³
- **Surrender charges:** Withdrawals may be subject to surrender charges and the amount available for policy loans.²

**Ask your financial professional how
Smart Builder IUL could work for you.**

1. Neither North American Company nor its agents give legal or tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

2. Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation.

3. For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

Indexed Universal Life Insurance products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Life insurance policies have terms under which the policy may be continued in force or discontinued. Current cost of insurance rates and interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. Failure to meet premium requirements may result in a lapse in the policy and participation in the index accounts. The index accounts are subject to caps and participation rates. In no case will the interest credited be less than 0 percent. Please refer to the customized illustration provided by your agent for additional detail. The policy's death benefit is paid upon the death of the insured. The policy does not continue to accumulate cash value and excess interest after the insured's death. For costs and complete details, call or write North American Company for Life and Health Insurance, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Telephone: 877-872-0757

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a *commission on the sale of an insurance product*.

For Texas Residents Only: Receipt of acceleration-of-life-insurance benefits may affect your, your spouse's or your family's eligibility for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), supplementary social security income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect your, your spouse's and your family's eligibility for public assistance.

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Smart Builder (policy form series LS187), Waiver of Surrender Charge Option Rider (form series LR479), Accelerated Death Benefit Endorsement for Critical, Chronic and Terminal Illness (form series LR508), Accelerated Death Benefit Endorsement for Chronic and Terminal Illness (form series LR507), Accelerated Death Benefit Endorsement for Terminal Illness (form series LR506), Accelerated Death Benefit Endorsement for Chronic Illness (form LR492, CA only), Accelerated Death Benefit Endorsement for Critical Illness (form LR498, CA only) and Accelerated Death Benefit - Terminal Illness (form series LR466, CA only) or state variations are issued by North American Company for Life and Health, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Product, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply. North American is not licensed in New York.