

ESSENTIAL TAX ADVANTAGES OF

LIFE INSURANCE

TAX DEFERRED CASH VALUE

Generally, any gain or income associated with cash value is not subject to income tax until it is withdrawn.



FIFO

First In, First Out. Cash value can be withdrawn from policy tax-free up to the basis. Then loans are taken tax deferred. Tax paid upon death or surrender. (This does not apply to a MEC or withdrawals reflecting taxable income.)



INCOME ON POLICY LOANS

Accrued loan interest that is added to the loan balance is not taxable income, as it is treated as a distribution under RC Section 72.



CHRONIC ILLNESS & LONG TERM CARE RIDERS

Riders are becoming increasingly important due to increasing life expectancy and advances in the medical industry. Policyholders can receive up to the IRS limits tax-free.



DEATH BENEFIT

Death proceeds are tax-free and not included in a recipient's gross income. Certain situations should be considered and discussed with a tax advisor to ensure estate tax consequences and policy specifics.



* Always speak with a tax advisor to get the specific nuances of a carrier contract.

