

Life



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

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Income and growth on accumulated cash value 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.

The tax-deferred feature of the indexed universal life policy is not necessary for a tax-qualified plan. In such instances, you should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your clients' needs. Before purchasing this policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

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.

Builder Plus 2 IUL is issued on policy form series LS173 or state variation including all applicable endorsements and riders, by North American Company for Life and Health Insurance®, Sioux Falls, South Dakota. 57193. Products, features, riders, endorsements, or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

Life



Together, we win.
Experience North American.

Conquering the Mountain:

How Life Insurance can position clients to Win in Retirement

Gary Proco
Regional Vice President

The Ascent



The Descent

Life

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The Challenges

Life

Clients are worried of the challenges they could face in retirement that would have an impact on their finances.

Retirement
Income

Taxes

Volatility

Health
Event

Retirement Income

Americans Still Missing the Boat on Retirement Savings^{R1}

How to Make Your Money Last as Long as You Do^{R2}

What Happens if We All Run Out of Money for Retirement?^{R3}

No Retirement Savings? Thinking you'll just work longer? Think Again.^{R5}

More than 40% of Americans are at risk of going broke in Retirement-and that's the good news^{R4}

Many Americans Still Lack Retirement Savings^{R6}

Am I Saving Enough?

- Retirement landscape has shifted over the past generation
- Uncertainty about income sources and limitations on qualified plans
- Increased rise for use of cash value life insurance



Taxes

Life

Beware of
Hidden Taxes in
Retirement^{T1}

You may be
surprised what
retirement
income is taxed
and what isn't^{T3}

The truth about
taxes in
retirement^{T2}

6 ways you
might get taxed
in retirement^{T4}



Are my Retirement Assets Taxes Diversified?

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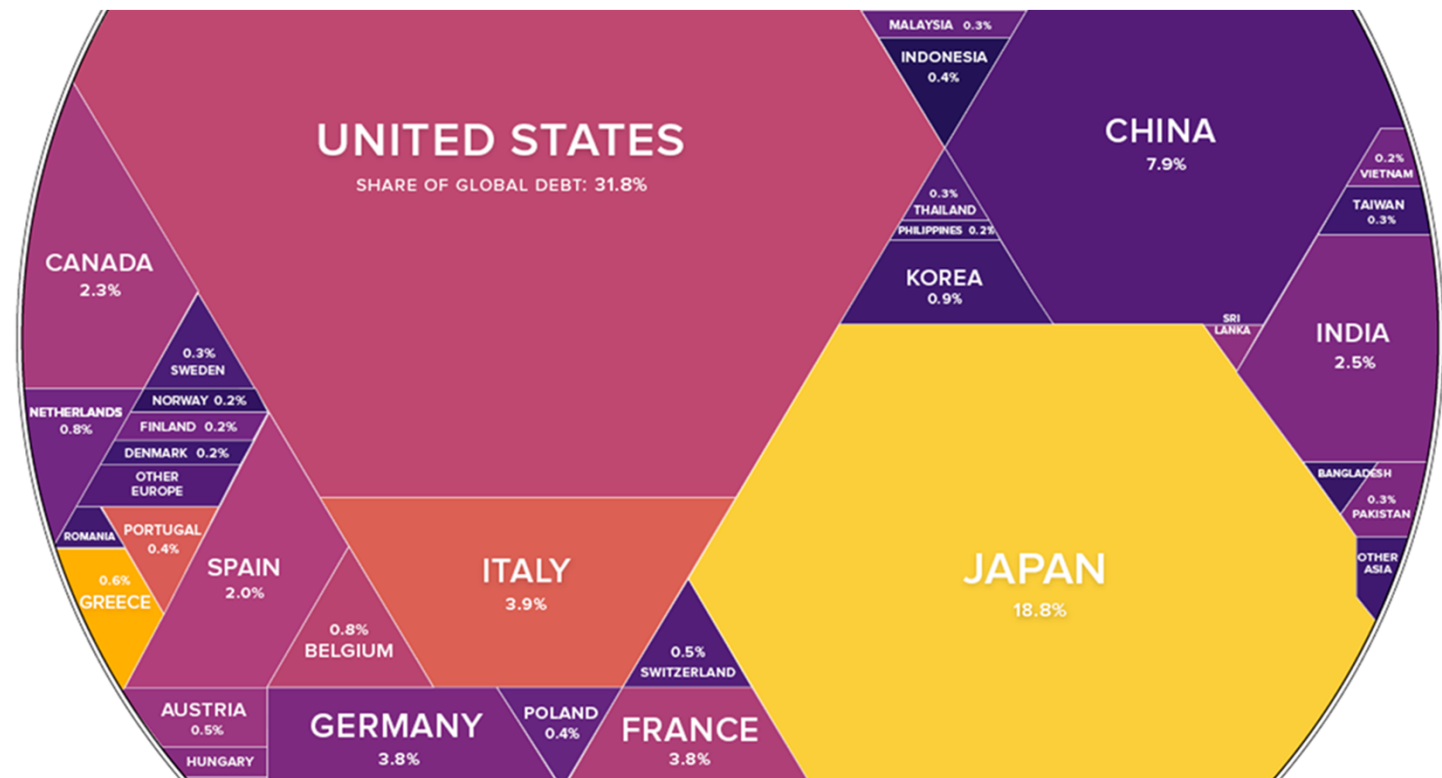
Minimize taxes through diversification of assets

	TAX QUALIFIED PLAN	MUTUAL FUND	DEFERRED ANNUITY	LIFE INSURANCE
AT TIME OF CONTRIBUTION				
INCOME TAXABLE	NO	YES	YES	YES
FICA TAXES APPLY	YES	YES	YES	YES
GROWTH				
TAX DEFERRED	YES	NO	YES	YES
AT TIME OF DISTRIBUTION				
INCOME TAXABLE	YES	YES	YES (LIFO)	NO (FIFO)
CAPITAL GAINS APPLY	NO	YES	NO	NO
TAX TO HEIRS				
INCOME TAXABLE	YES	NO	YES	NO

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

United States Debt

Currently the United States is over \$26 trillion in debt



Source: <https://www.visualcapitalist.com/63-trillion-world-debt-one-visualization/>

Volatility

Life

Volatility is back. Are your retirement investments ready?^{V1}

How to handle market volatility close to retirement^{V2}

Don't Let Volatility Rear-End Your Retirement Plans^{V3}

Don't let market volatility derail your retirement^{V4}

The Lost Decade

Life



Data Source: Yahoo Finance April 2018

The Break-Even Point

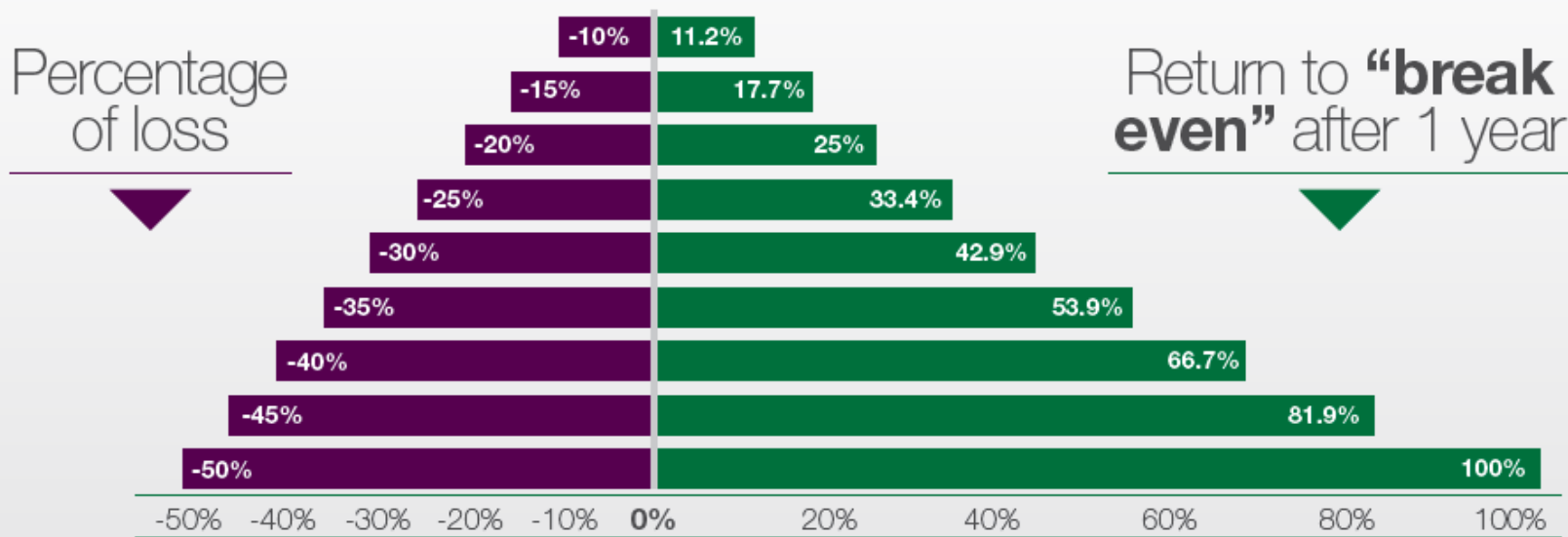
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The break-even



Annuity

What is the “break-even”



- **Accumulation potential:** both index-linked interest (subject to cap, participation rate or index margin) and fixed rate options.
- **Interest credits floored at 0 percent:** No risk of loss of premium due to market downturns.

financial
professional
for details.

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.

Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from your accumulation value for additional optional benefit riders could under certain scenarios exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients.

North American Annuities 27272Z REV 6-19

27272Z REV 6-19

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Sequence of Returns



Annuity

Going against the
GRAIN

Year	George		Jane	
	Gain/Loss	Account value	Gain/Loss	Account value
At Issue	-	\$500,000.00	-	-
1998	26.67%	\$595,342.37	-	-
1999	19.53%	\$675,731.38	-	\$500,000.00
2000	-10.14%	\$580,259.47	-10.14%	\$422,345.82
2001	-13.04%	\$478,490.84	-13.04%	\$341,173.38
2002	-23.37%	\$343,696.62	-23.37%	\$238,464.71
2003	26.38%	\$396,451.03	26.38%	\$263,458.53
2004	8.99%	\$399,407.63	8.99%	\$254,454.51
2005	3.00%	\$380,493.64	3.00%	\$231,190.44
2006	13.62%	\$398,228.88	13.62%	\$228,591.43
2007	3.53%	\$381,225.80	3.53%	\$205,600.87
2008	-38.49%	\$216,053.76	-38.49%	\$108,019.48
2009	23.45%	\$229,691.17	23.45%	\$96,318.32
2010	12.78%	\$225,217.12	12.78%	\$74,795.60
2011	0.00%	\$195,210.91	0.00%	\$44,794.18
2012	13.41%	\$187,358.58	13.41%	\$16,777.44
2013	29.60%	\$203,938.68	29.60%	\$0
2014	11.39%	\$193,751.40	11.39%	\$0
2015	-0.73%	\$162,561.58	-0.73%	\$0
2016	9.54%	\$145,201.35	9.54%	\$0
2017	19.42%	\$137,573.41	19.42%	\$0
2018	-6.24%	\$100,863.78	-6.24%	\$0

Down backs

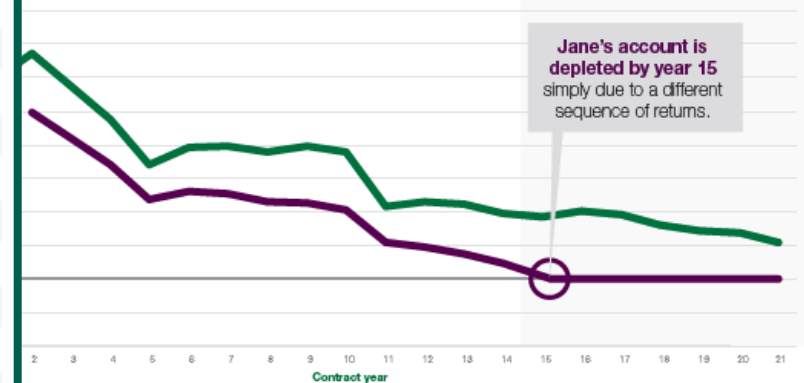
a sequence
ns deplete
vings?

generating sustainable
many people only think of an
m needed on their assets.
ht be more important is not the
the order of the returns. In
all examples provided, George
aking withdrawals in 1998 and
withdrawals just two years
have \$500,000 at the time
vals. 21 years later, with just
years from when withdrawals
has over \$100,000 while
depleted by year 15.

Assumptions:

Initial premium \$500,000, annual withdrawal \$30,000, S&P 500® index

Year	George		Jane	
	Gain/Loss	Account value	Gain/Loss	Account value
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Talk to your financial professional for details.

2B185Z REV 3-19

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Health Event

Life

Long-Term
Care
Expenses
Growing as a
Worry for
Retirees^{HE1}

Out-of-Pocket
Health-Care
costs likely to
take half of
Social
Security
Income by
2030, analysis
shows^{HE2}

Health Care will
cost \$280,000 in
Retirement-and that
doesn't include this
huge expense^{HE3}

Pete the Planner:
Long-Term health
care costs blow up
couple's retirement
planning^{HE4}

Would a sickness impact my financial plan?

- 50% of mortgage foreclosures are the result of financial hardship due to critical illness¹
- More than 60% of bankruptcies are tied to critical illness²
- For every 1,000 people who are 50 years old, roughly 12 to 15 might experience a critical illness of cancer, heart attack, stroke, kidney failure, or an organ transplant. 90% of claims are tied to the first 3.³
- Someone turning age 65 today has almost a 70% chance of needing some type of Long-Term Care services⁴

1 The American Group Insurance Brokerage Service, Inc. <http://americangroupinsurance.com/Critical-Illness/>

2. United States Critical Illness Insurance Resource Center, 2018 <http://www.criticalillnessinsuranceinfo.org/learning-center/individuals.php>

3. New York Times, Insurance for Critical Illness May Add Security, but at a Cost, May 18, 2016. <https://www.nytimes.com/2016/03/19/your-money/insurance-for-critical-illness-adds-security-but-at-a-cost.html>

4. LongTermCare.gov <https://longtermcare.acl.gov/the-basics/how-much-care-will-you-need.html>

A Solution

Life

Clients are afraid of the financial impacts of dying too soon, outliving assets, or getting hurt along the way

Supplement
Retirement
Income

Tax
Advantaged

Risk
Protection

Living
Benefits

Retirement

Accumulation

Distribution

Accumulation

- Death Benefit
- Access to Potential Cash Value
- Flexible Premium
- Living Benefits¹

Distribution

- Tax Deferred Cash Value
- Tax Free Distributions
- Living Benefits¹
- Death Benefit

¹Subject to eligibility requirements.

Life Insurance

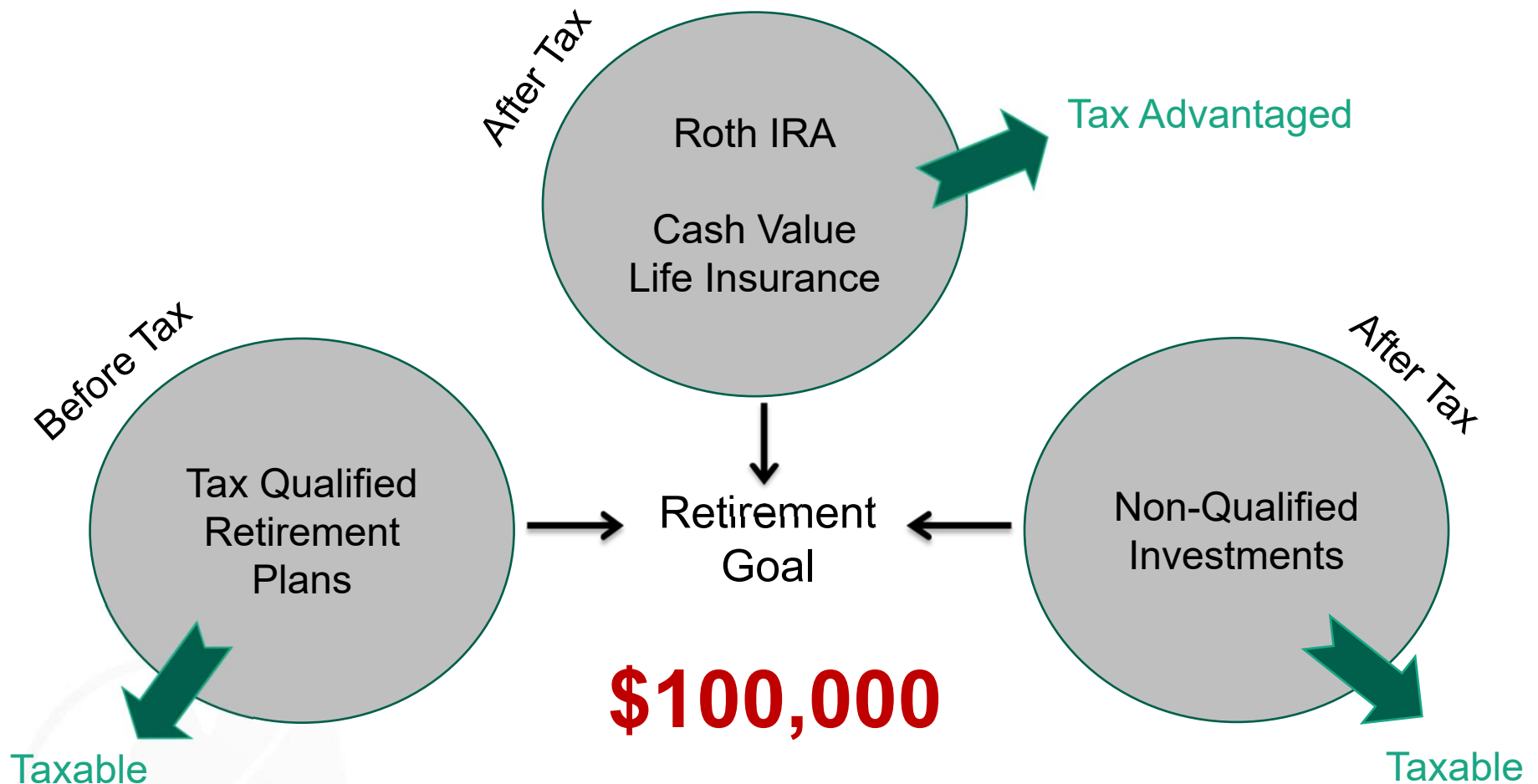
Life

- Death Benefit Need
 - Income Replacement
 - Legacy Building
 - Final Expenses
 - Estate Management

But what about the Potential Cash Value?

Taxable Money vs Tax-Advantaged Money

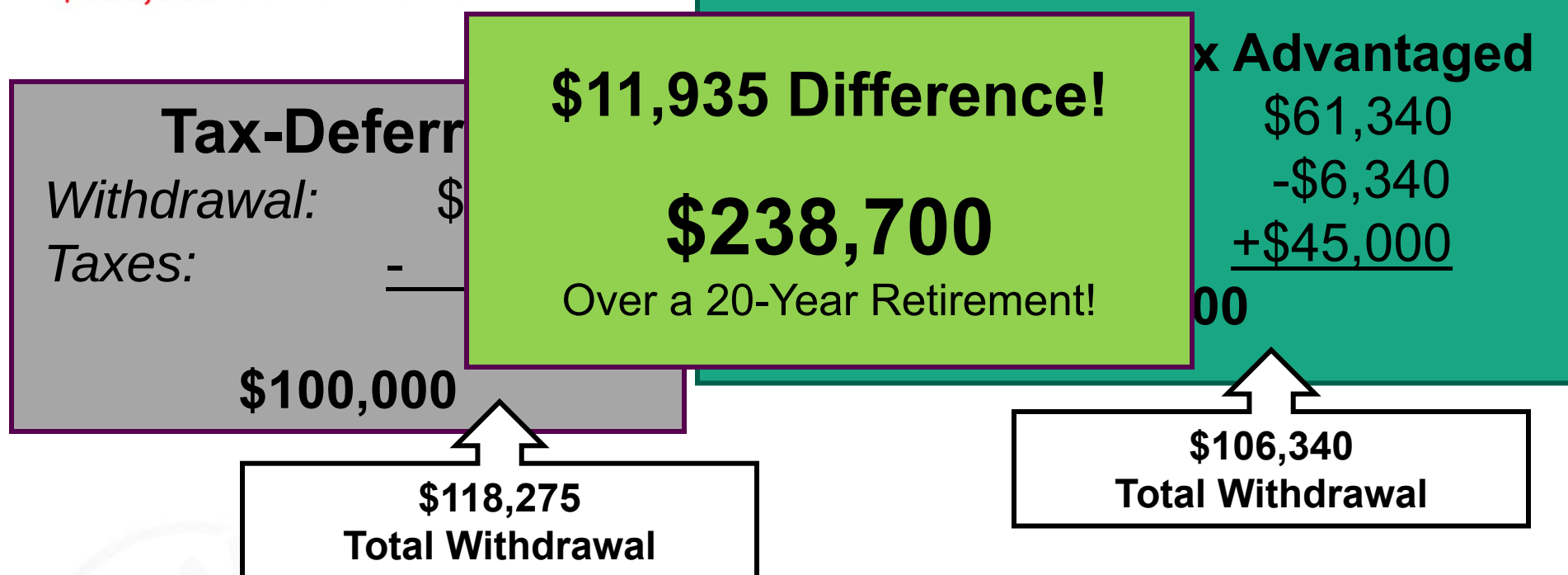
Life



Retirement Case Study

Hypothetical

In addition to Death Benefit, there is
a **\$100,000** Annual Needed



Assumptions: 2019 tax brackets, married filing jointly, standard deduction, and 6% state income tax.
The information presented is hypothetical and not intended to project or predict investment results.

Life Insurance Considerations

Life

- Cost of Insurance (COIs) charges and other charges
- Life policy may not guarantee an avoidance of loss of premium, depending on funding
- Additional premiums may be necessary to continue the desired death benefit, depending on funding
- Review illustrations thoroughly for guaranteed and non-guaranteed death benefit values
- Modified Endowment Contracts (MECs) may have tax implications¹

¹For 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 for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums)

Next Steps.....Advisors

- Identify Clients
- Request Illustrations
- Schedule client Meeting
- Visit

www.AboveAverageFuture.com

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Article Source Information

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Retirement

R¹Forbes: *Americans Still Missing The Boat On Retirement Savings* <https://www.forbes.com/sites/kateashford/2018/02/28/retirement-3/#3b0101b26935>

R²The New York Times: *How to Make Your Money Last as Long as You Do* <https://www.nytimes.com/2017/02/18/your-money/retiring-longevity-planning-social-security.html>

R³U.S News: *What Happens if We All Run Out of Money for Retirement?* <https://money.usnews.com/money/retirement/articles/2018-05-30/what-happens-if-we-all-run-out-of-money-for-retirement>

Taxes

T¹Nerd Wallet: *Beware of Hidden Taxes in Retirement* <https://www.nerdwallet.com/blog/taxes/taxes-in-retirement/>

T²Washington's Top New: *The truth about taxes in retirement* <https://wtop.com/business-finance/2018/07/the-truth-about-taxes-in-retirement/>

T³The Washington Post: *You may be surprised what retirement income is taxed and what isn't* https://www.washingtonpost.com/news/get-there/wp/2018/04/16/you-may-be-surprised-what-retirement-income-is-taxed-and-what-isnt/?utm_term=.a43e1f0f0aff

T⁴USA Today: *6 ways you might get taxed in retirement* <https://www.usatoday.com/story/money/personalfinance/retirement/2018/04/18/6-ways-you-might-get-taxed-in-retirement/33879055/>

Volatility

V¹MarketWatch: *Volatility is back. Are your retirement investments ready?* <https://www.marketwatch.com/story/volatility-is-back-are-your-retirement-investments-ready-2018-08-17>

V²CNN Money: *How to handle market volatility close to retirement* <https://money.cnn.com/2018/03/24/pf/retirement-stock-wall-street-volatility/index.html>

V³Kiplinger: *Don't Let Volatility Rear-End Your Retirement Plans* <https://www.kiplinger.com/article/investing/T047-C032-S014-dont-let-volatility-rear-end-your-retirement-plans.html>

V⁴CBS News: *Don't let market volatility derail your retirement* <https://www.cbsnews.com/news/dont-let-market-volatility-derail-your-retirement/>

Health Event

HE¹Forbes: *Long-Term Care Expenses Growing As A Worry For Retirees* <https://www.forbes.com/sites/tedknutson/2018/04/24/long-term-care-expenses-growing-as-worry-for-retirees/#6a08127cea88>

HE²The Washington Post: *Out-of-pocket health-care costs likely to take half of Social Security Income by 2030, analysis shows* https://www.washingtonpost.com/business/get-there/out-of-pocket-health-care-costs-likely-to-take-half-of-social-security-income-by-2030-analysis-shows/2018/01/26/25b38a3a-0221-11e8-9d31-d72cf78dbeee_story.html?utm_term=.8608e7988fc8

HE³MarketWatch: *Health care will cost \$280,000 in retirement-and that doesn't include this huge expense* <https://www.marketwatch.com/story/health-care-will-cost-280000-in-retirement-and-that-doesnt-include-this-huge-expense-2018-04-19>

HE⁴USA Today: *Pete the Planner: Long-term health care costs blow up couple's retirement planning* <https://www.usatoday.com/story/money/personalfinance/columnist/2018/09/07/long-term-health-care-costs-blow-up-couples-retirement-plan/1081101002/>

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