

Advanced Markets

what does the debt clock mean to your retirement?



In Manhattan, there is a clock that tracks the National Debt. In the five minutes it will take you to read this, the debt recorded on that clock will increase several million dollars. As the debt increases, the numbers can become staggering. The chart below shows how conservative commentators translated these numbers, by removing zeros, to bring it to the level of a family budget.

Federal Budget and Deficits ¹		Family Income Compared	
U.S. Tax Revenue	\$3,374,000,000,000	Annual Family Income	\$33,740
Federal Budget	\$6,961,000,000,000	Money Spent by Family	\$69,610
New Debt	\$3,587,000,000,000	New Debt on Credit Cards	\$35,870
National Debt	\$20,604,000,000,000	Credit Card & Mortgage	\$206,040

What Does This Mean to Your Retirement?

Some may dispute this analogy, but no matter what your political or economic philosophy, this still translates into the message that you must become increasingly self-reliant to fund your own retirement.

Consider:

- Starting in 2018, the maximum tax rate on income is 37%.
- There is a 3.8% federal surcharge on all passive income (income from most investments, such as interest, dividends or capital gains).
- Pensions, which supported 85% of all Americans in 1975 declined to 16% of the population in 2013.²
- Social Security won't cover most retirements, and tax-qualified savings vehicles such as IRAs, Roth IRAs and 401(k)s are capped, so that you may not be able to save as much as you might need to maintain your lifestyle in retirement.

Are You a Candidate for Using Life Insurance to Supplement Your Retirement Income?

- Do you have a life insurance need?
- Are you concerned about income tax increases, and looking for a tax-deferred means to accumulate savings?
- Will you need more retirement income than Social Security, your IRA and other current savings can provide?
- Are you already fully funding your 401(k) and IRAs?

Life Insurance: · Is Not a Deposit of Any Bank · Is Not FDIC Insured · Is Not Insured by Any Federal Government Agency · Is Not Guaranteed by Any Bank or Savings Association · Variable Life Insurance May Go Down in Value

AXA Equitable Life Insurance Company (NY, NY)
MONY Life Insurance Company of America (MLOA)



Life Insurance May Offer an Answer

If you have a life insurance need, a cash value life insurance policy might offer you an option to help fund a portion of your retirement. Life insurance can provide you a death benefit at a time it is most needed. With the death benefit, you can protect your family in case something unexpected happens. However, permanent life insurance also offers a savings component.

By adequately funding life insurance you can:³

- Build cash values on a tax-deferred basis: Cash value accumulation is not subject to income taxes.
- Take withdrawals and loans on a tax-deferred basis to help supplement your income. If done properly and as long as you don't let your policy lapse, loans and withdrawals may be taken tax-free and won't even be subject to the 3.8% Federal surcharge.

Now may be the ideal time to consider your life insurance needs and how to best fund a life insurance policy.

How This Can Work for You

Matt is 45 years old and needs \$275,000 of life insurance to take care of his family. He purchases a permanent, cash value life insurance policy with a premium that is approximately \$625/month (\$7,500/year). Here is how things might look for Matt and his family:

Death Benefit Protection - Year One / Age 45	\$275,000
Annual Premium	\$7,500
Death Benefit at Age 65	\$488,000
Cash Value at Age 65	\$233,000
Annual Withdrawals and Loans - 20 years starting at age 66	\$21,700
Tax Equivalent Income from policy cash values - assuming family is in a 28% Bracket	\$30,000
Death Benefit at Age 85	\$43,000
Cash Value at Age 85	\$17,400

The policy premium and death benefit amounts used for this case are intended only to help demonstrate the planning concept discussed and not to promote the sale of a specific product. The rates are broadly representative of rates that would apply for a policy of this type and size for Insureds of good health in the ages mentioned. To determine how this approach would work for you, individual illustrations should be prepared or requested for your review. If 0% rate and guaranteed charges are used, the policy would fail in year 24. If different rates were used, there might be significantly different results.

AXA Equitable and MONY Life insurance of America offer a wide range of permanent life insurance products that may meet your needs and risk tolerance. Work with your financial professional to help you select a cash value life insurance product that is appropriate for you.

Why AXA?

- At AXA, we know that one size does not fit all. That is why we have a portfolio of life insurance products specifically designed to work with your unique needs in mind. You can choose from an array of products, each with features that are engineered to help meet your goals best.
- Working with your financial professional, we can design a presentation customized just for you - and help you break down your decisions into small, manageable steps. Your financial professional can show you how.
- A suite of optional features, called riders, that can further tailor your insurance policy, including a Long-Term Care ServicesSM Rider that can be used for qualified long-term care expenses. Please note, all riders have limitations and restrictions. The LTCSR does have an additional cost. You may qualify for the insurance but not the rider. It is paid as an acceleration of the death benefit; speak to your financial professional.

1 Figures are from <http://www.usdebtclock.org>. Debt Clock visual is from January, 2018.

2 By the Numbers - March 10, 2014 citing the National Institute on Retirement Security.

3 You must pay the minimum premium to maintain the life insurance and there is an upper cap on how much can be contributed and still allow the contract to fall within the definition of life insurance under Tax Code Section 7702. Loans and withdrawals reduce the policy's cash value and death benefit, and increase the chance the policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values. In addition, withdrawals, policy loans and any accrued loan interest may cause your policy to lapse even if you are in a period of coverage under the No-Lapse Guarantee Rider. Speak to your financial professional before taking any withdrawals and policy loans.

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