

Flexible Lifetime Account vs 401k/IRA/403b Strategy

It's not how much you accumulate, but how much you keep and use!

Example: Pretax Contributions for 25 years of \$7500 Pre-tax or \$6000 after tax for a 20% effective tax rate. Accumulation of 25 years and then income for at least 30 years at a 7% average return based on the historical S&P 500 index for the last 30 years. These numbers are estimates and the markets could do better or worse

Old Conventional Way: IRA/401k

- Offered by employers all over the US. Conventional Wisdom promoted by Wall Street.
- \$7,500 for 25 years at 5% yields \$375,851.
- Using the "Rule of 4" then this amount will generate about \$16,913 per year for 30 years. We use 4.5% here.
- No Insurance Coverage at all.
- Tax Burden is passed to your heirs.
- Government is your lifetime partner.
- Because this is taxable, the actual usable annual income at 20% tax is **\$16913, or \$1409 Monthly.**

New, Better Way

- It's only been available for a few years, is a special cash value life insurance policy offered by many of the largest financial institutions
- \$7500 pre-tax or \$6,000 After Tax for 25 years or accumulation.
- At 7%, it generates a cash amount of \$341,989. That's less than the 401k.
- Has Life insurance, Critical Illness, Terminal Illness, and Chronic Care coverage.
- Creates a tax-free yearly lifetime annual income of **\$35,387, or \$2949/Mo.**

That's **\$1540 more ea. month** than the IRA/401k for life. Over Double.

Bottom Line: Same money accumulating for 25 years. One generates **\$1409 per month for about 30 yrs**, the other generates **\$2949 per month for life**. One has no insurance, the other covers your family for life and provides extra living benefits the other does not. One needs to pay taxes, the new way does not, which can create extra taxation on your social Security Benefits, the other has no effect on your Social Security at all.

Which works best for you?

Which would you want?

How can it work for you or your company?

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401k/IRA/vs FLA Strategy

401k/IRA/403b

Assumption is 4.5% after fee growth (1% above Average).

Assumption is that S&P will be the same for next 30 yrs.

Assumption is the effective tax rate is 20%.

For \$7500 Pre-tax for 25Yrs = **\$375,851**.

Lasts 30 yrs at **\$1409** monthly (Rule of 4%, we use 4.5%.

Distribution income is taxed as ordinary income.

Grows Tax-deferred.

The IRS is your partner.

Pay a 10% penalty until 59½ and fully taxable upon withdrawal. Must take RMDs at 70½.

Upside Potential-get high gains

Downside Risk-Can lose it all.

No Life Insurance Protection.

No Critical Care Coverage.

No Chronic Care coverage-No LTC.

No terminal illness coverage.

Fees for admin, trading, management. Not fully disclosed. Financial planners also charge a fee.

Illustrations assume certain market factors based on past performance of the markets.

About the same accumulation as the Indexed Strategy, but taxes have to be paid so income from a 401k is about half that of the indexed strategy.

Can increase tax burden on your Social Security taxes because taxes on SS or dependent upon total income. Has no built-in protection at all.

Administered by banks and other financial institutions so your money is safe.

If you die, the account goes to your heirs, but they must pay the taxes.

Plan is tied to an employer, not portable.

Only for individuals. No choice.

The Old way to retire.

FLA Strategy

Assumption is 7% growth (1.5% below History).

Assumption is that S&P will be the same for the next 30 yrs.

Assumption is that the effective tax rate is 20%.

After Tax \$6000 for 25 yrs = **\$354,379**.

Lasts for life at **\$2948** for life – Over double.

Distribution Income not taxed or even reported.

Grows Tax-Deferred.

The IRS is not involved.

Tax-Free income loans for life. Repaid at death. remainder to heirs. No age restrictions at all.

Upside Potential-Capped-at 14-16% annually.

No downside Risk at all.

Life protection.

Critical Illness Coverage.

Chronic Care- LTC Coverage.

Terminal Illness Coverage.

Fees are included for cost of insurance, commissions, management. Well understood and disclosed.

Illustrations assume certain market factors based on past performance of the markets.

About the same accumulation as a 401k, but no taxes are due or reported to IRS so usable income is double, or more, at retirement.

Has positive effect on SS, or other income taxes, as FLA income not reportable to the IRS. Has a built-in protection of at least 3% growth.

Administered by even safer Insurance companies. Valid IUL contracts have never failed. Banks do.

When you die, the remaining death benefits are paid to your heirs tax-free.

Totally portable Employee owns the plan.

Multigenerational if needed. Many choices.

The New way to retire.

Check out www.FlexibleLifeAccount.com for more information.