



The Advantages of Life Insurance in a Qualified Plan:

- Tax Deductible Premiums - the life insurance base premium is deductible as part of the plan contribution which creates a very cost effective method of purchasing life insurance.
- Tax Free Death Benefit – the policy beneficiary will receive the face amount of the policy (less the cash value) income tax free.
- Insurance Dividends - can be used to reduce premiums minimizing the future cost of insurance.
- Portable Benefit - life insurance is a portable benefit that can be retained by the participant at termination of employment or retirement.
- Pension Asset – life insurance is a pension asset owned by the plan and is not subject to claims by the participant’s creditors.
- Estate Tax Exclusion – insurance proceeds paid to a spouse beneficiary are exempt from current estate taxes through the unlimited marital deduction.
- Fixed return – net investment returns over time can be competitive with fixed investments.
- Increase in Disposable Income – having insurance in the plan can free up additional disposable income for the participants by reducing the amount of personal insurance needed outside the plan.
- Additional Cash at Death – life insurance can help complete the pension funding and will provide additional funds to the participant’s beneficiary in excess of the normal minimal accrued benefit at a premature death.
- Two Employee Benefits – allows the employer to provide both life insurance and a retirement benefit under one qualified plan.

Each prospect’s situation is unique and they should seek competent legal advice for their specific situation regarding the use of life insurance in their qualified plan.

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Neither American National Insurance Company nor its agents give tax advice.
Clients should contact their attorney or tax advisor on their specific situation.

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