

Millie the Millionaire



Life insurance can be a powerful way to leave a legacy for a child. Talk to your Tarkenton Financial agent to find out how.

Rebecca Kincaid, CLU
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The Power of Indexed Universal Life Insurance

I recently helped one of my clients make his daughter a “millionaire”...and she was just born in February of this year! It may be something you want to consider, so let me share how he did it.

David and Wendy are in their early 30's and their daughter Millie was born the day after Valentine's Day, just a couple months ago. In honor of her birth, Wendy's parents (Millie's grandparents) established a new program by contributing dollars to a life insurance policy on Millie's life. In their case, they plan to contribute \$5,000 per year to an Indexed Universal Life policy. They intend to fund this premium annually until she is 10 years old. In February 2025, they will have contributed \$50,000 toward Millie's cash value life insurance policy.

David and Wendy are great athletes, though, and they assure me that Millie will earn an athletic college scholarship – ah, the dreams of new parents! But let's assume she does not earn that athletic scholarship and needs other funds to pay for college such as student loans. By allowing the policy to continue growing untouched until Millie's graduation the cash value could be more than \$130,000, which Millie can access to repay student loans.

As Millie grows older, she will be able to access funds as needed to help her buy a new house, pay for her kids' education, and by age 65, still have potentially over \$1 million in cash value. This cash value could provide annual distributions of over \$150,000 per year of tax-free income for retirement. It can also provide a long-term care benefit for Millie if she needs it.

The power of using life insurance to fund a college education and expenses through one's life is impressive. Structured correctly, an IUL policy provides tax-free growth of cash value, the ability to take policy loans with no penalties and the ability to turn that cash value into a pension-like stream of income later in life. Even if you can only contribute \$100 per month, cash value life insurance provides an incredible opportunity for you to help leave a legacy.

Want to learn more about using IUL to leave a legacy for your kids or grandkids?
Call me for a free brochure and a no-cost, no-obligation case illustration.

DISCLOSURE: Guarantees are backed by the claims-paying ability of the issuing insurer. Assumes 7.5% annual return over the life of the policy. Numbers are for illustrative purposes only and are not guaranteed.

Millie's IUL Policy: By the Numbers

- **\$50,000** – Total out of pocket contribution paid over 10 years
- **\$95,000** – Tax-free policy loan taken at age 23 to help pay off college loans if needed
- **\$60,000** – Tax-free policy loan taken at age 31 to help buy a new house
- **\$95,000** – Tax-free policy loan taken at age 51 to help pay for kids' college
- **\$154,813/year** – tax-free income available for life at age 66
- **\$0** – amount that would ever be paid in taxes on any money accessed from the policy



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