Individual Life Insurance
The tax-efficient legacy

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

Leaving a tax-efficient legacy

Qualified plans are a good way to accumulate money for retirement — but not so efficient for transferring a legacy to your heirs. If you don't need the money, why not use those required distributions to fund a life insurance policy — and create a tax-efficient legacy for your loved ones?

Wondering how to preserve your nest egg for your family?

You've spent years building up your retirement funds. Your goal was to accumulate these assets as tax-efficiently as possible, perhaps with qualified plans like 401(k)s.

Now, as you near or are in retirement, you realize you don't need the money, and you'd like these assets to provide a legacy to your children or grandchildren. While tax-efficient for retirement savings, qualified plans are not so efficient for passing to the next generation.

Solution: Create a tax-efficient legacy

If you don't need the money, you can use the required distributions of your qualified plan to fund a life insurance policy. This can create a more tax-efficient legacy for your heirs — and can make good sense, especially if any of these situations apply:

You need a life insurance death benefit to pay estate taxes when you* die

Your children are in a higher tax bracket than you are

You have multiple sources of income and assets with varying tax implications

You don't need all your qualified plan assets for living expenses

*If owner and insured are different, the death benefit will be paid upon death of the insured.

The limitations of qualified plans

Typically, distributions from qualified plans are required when you reach age 73 — and the income is taxable, reducing the balance available to your heirs.

For beneficiaries, they're required to take distributions from those plans according to strict government schedules. And if they don't, they could face a 50 percent IRS penalty.

Plus, distributions are considered taxable income — which can be compounded if assets were also subject to estate taxes upon your death.

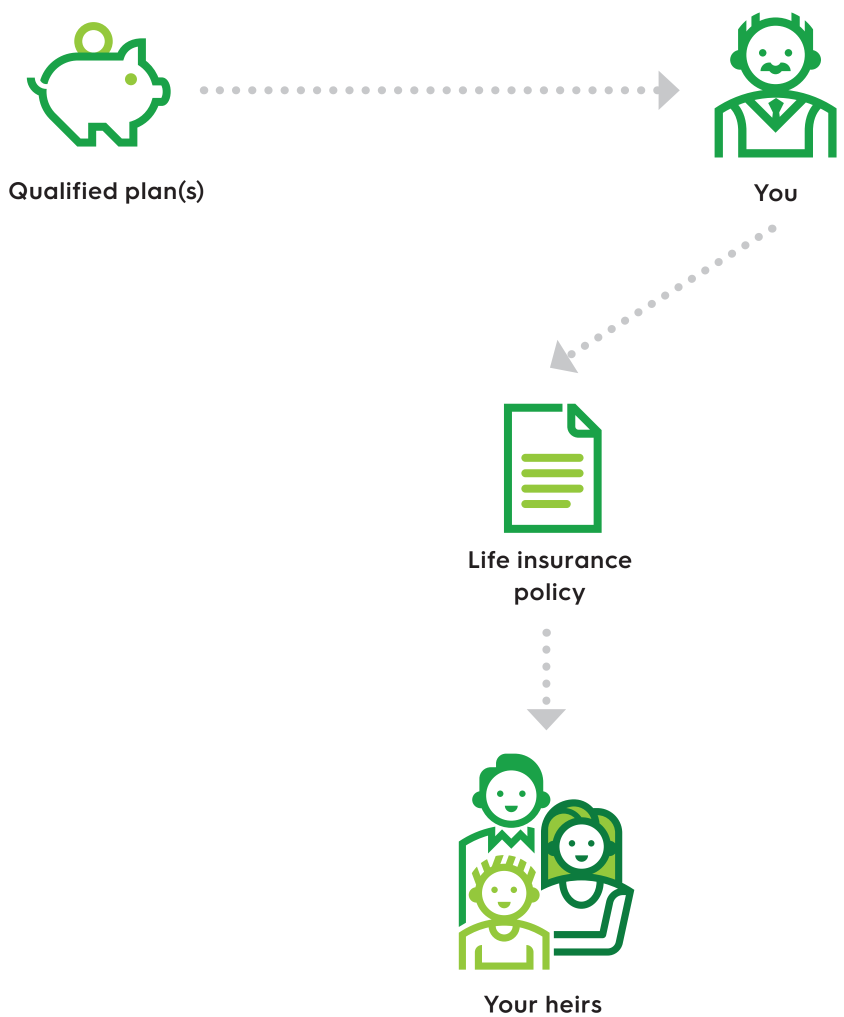
What are qualified plans?

- 401(k)s
- Individual Retirement Accounts (IRAs)
- Simplified Employee Pensions (SEPs)
- Savings Incentive Match PLan for Employees (SIMPLE) IRAs

How the tax-efficient legacy works

- Purchase life insurance to meet your death benefit needs.
- Use the after-tax distributions from your qualified plan to pay premiums on your life insurance policy. Ideally, you would do this after age 59½ to avoid a 10 percent penalty on the distributions.
- Upon your death, the life insurance will provide an income-tax-free death benefit to your heirs.

The tax-efficient legacy



Potential benefits:

- The death benefit to your heirs is income tax free.
- You may be able to leverage more death benefit to your heirs than the value of your qualified plan.
- If the life insurance has cash value, you may be able to access those dollars if you own the policy.
- Your heirs can decide when they access the money you provide them; it's not based on a government table.

Potential risks:

- Income taxes will be due on distribution from the qualified plan.
- Distributions prior to age 59½ from a qualified plan may be subject to an additional 10 percent penalty.
- You must be underwritten for the life insurance you purchase.
- Tax rates may change over time and make the strategy less attractive.
- Life changes may require you to use plan assets for living expenses, which could put funding of your life insurance policy in jeopardy.
- Policy loans and withdrawals may create an adverse tax result in the event of a lapse or policy surrender and will reduce both the cash value and death benefit.

At Securian Financial, we're here for family. And we're here because of it.

Family doesn't have to branch from your tree, but it always shares your roots. Roots woven by common understanding, shared values and mutual respect. Those who believe a rewarding life is really about being present in the here and now, and that your financial picture should support the everyday moments as much as the major milestones. That's why our insurance, investment and retirement solutions give you the confidence to focus on what's truly valuable: banking memories with those who matter most.

Learn more

For help creating a tax-efficient legacy, contact your financial professional. They can work with you to develop a customized life insurance solution that's right for you, your family and your estate.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods. Variable life insurance products contain fees, such as management fees, fund expenses, distribution fees and mortality and expense charges (which may increase over time). The variable investment options are subject to market risk, including loss of principal. Variable life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods. There may also be underlying fund charges and expenses, and additional charges for riders that customize a policy to fit individual needs. Charges and expenses may increase over time. The variable investment options are subject to market risk, including loss of principal.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first 15 years of the contract. You should consult your tax advisor when considering taking a policy loan or withdrawal.

The policy design you choose may impact the tax status of your policy. If you pay too much premium, your policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable, and if the taxpayer is under the age of 59½, may also be subject to an additional 10% penalty tax.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of avoiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

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