

# LIFE INSURANCE

## *a strategy for transferring wealth*



*After years of building a sizable estate — the value in your home, vehicles, investments, business interests, retirement plans, etc. — your focus is now on conserving assets and minimizing taxes. Your objectives are most likely twofold:*

- 1) **To maximize the amount of income you have for your needs before and during retirement.**
- 2) **To maximize the legacy you leave to your heirs.**

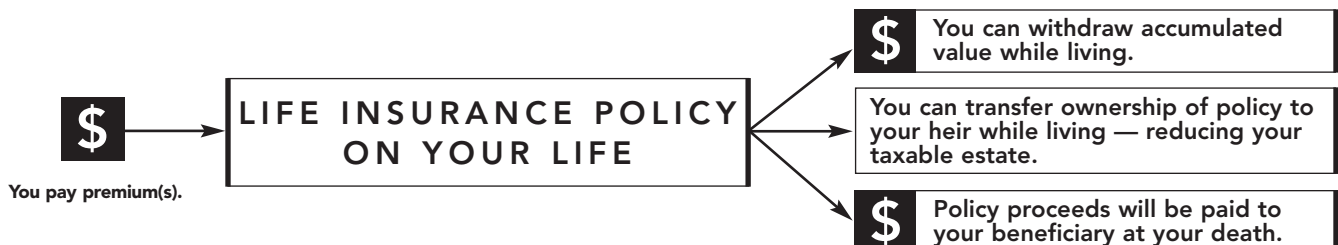
### LIFE INSURANCE OFFERS A STRATEGY FOR TRANSFERRING YOUR WEALTH

With life insurance, you can transfer part of your wealth — your estate — to heirs. Consider these two options:

#### Option One — Life Insurance on Your Life

Money or income you may not need to maintain your current standard of living can be used to fulfill your wealth-transfer desire. Consider the following:

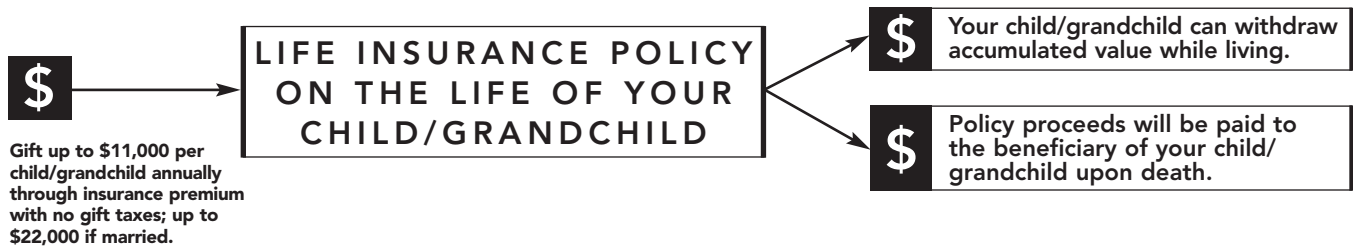
- The policy proceeds<sup>1</sup> paid to your loved ones upon your death may be fully excludable from federal income tax — your beneficiaries can receive the proceeds income tax-free.
- A portion of the accumulated value can be withdrawn while you're living for financial needs or to supplement retirement income (subject to any applicable income tax) in the event your situation changes. Any loans or partial withdrawals may reduce the death benefit.
- Potential growth of your policy's accumulated value is on a tax-deferred basis. This means you don't pay income tax on any growth in the policy until the funds are withdrawn.
- Ownership of the policy can be transferred to your heirs during your life, thus moving money out of your estate, which may help to reduce any applicable estate transfer taxes.<sup>2</sup>
- Upon your death, the policy proceeds that are paid directly to your beneficiaries are not subject to probate or public disclosure in most states.



## Option Two — Life Insurance on Your Child's or Grandchild's Life

Money or income you may not need to maintain your current standard of living can be used to fulfill your wealth-transfer desire by paying premiums on a life insurance policy owned by and insuring your children or grandchildren. This policy can provide a lifetime legacy for them. Consider the following:

- Life insurance can help provide financial peace of mind for your heirs, as well as their families.
- Lifetime gifts can minimize the potential for disagreement among family members after your death.
- Amounts necessary to pay life insurance premiums can be gifted to your heirs.<sup>3</sup>
- You can control how ownership of the policy is set up.



Your agent can help you select an appropriate wealth-transfer option based on your particular situation. He or she offers a full line of products and services to help meet your specific needs and goals.



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- 1 The policy proceeds will be paid to the beneficiary only if premiums and loan interest are paid as required, the policy is in force and the policy loans do not exceed the cash value.
- 2 Savings on income and/or estate taxes can result. The full tax advantages of certain gifts may not be realized if the donor dies within three years of making the gift. In addition, gift taxes may apply to the transfer of the policy.
- 3 Up to \$11,000 can be transferred to each heir annually with no gift taxes; up to \$22,000 can be gifted annually by a married couple.

As with any tax-planning strategy, you should consult your tax and/or legal professional advisors before proceeding.

This material briefly highlights the wealth-transfer options available using a life insurance product from Farm Bureau Life Insurance Company. The contract is contained only in the policy. For more information about the life insurance products available and their benefits, including costs and the terms under which the policy may be continued in force, contact your Farm Bureau agent. **For more information about the variable life insurance products available, including costs and other expenses, obtain a current prospectus from EquiTrust Marketing Services, LLC. Read it carefully before you invest or pay money.**

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