



# Live your potential

*Transamerica Financial Choice IUL<sup>SM</sup> II*



## A personal accumulation strategy using life insurance

For high income individuals who have maxed out their qualified retirement savings and have an insurance need, cash value life insurance can be a smart option for accumulating additional funds with flexible access to cash value as needs arise.

When structured properly, policy cash values may be accessed tax-free and may be a source of supplemental income that can be used for multiple purposes.

## Turn possibilities into realities ...

- A flexible source of cash for major expenditures such as a home addition or renovation
- A vacation and adventure fund
- An emergency fund for the unexpected
- Supplemental retirement
- Supplemental education
- A fund to help start a business or to support an existing business

**Index universal life insurance is not a security**, and index universal life insurance policies are not an investment in the stock market or in financial market indexes and do not participate in any stock or security. Index account interest is based, in part, on index performance. Past performance of an index is not an indication of future index performance.

There is no guarantee that any excess index interest will be credited above the guaranteed minimum interest rate for the index account(s). Additionally, there is no guarantee that the company will declare an interest rate greater than the guaranteed minimum interest rate for the Basic Interest Account.

# Transamerica Financial Choice IUL<sup>SM</sup> II (FCIUL II)

<b>Protection</b>	<b>Growth potential</b>	<b>Tax-free access<sup>1</sup></b>
Index universal life provides permanent life insurance protection that may be used to help replace income, fund major expenses, or leave a legacy for your heirs.	Allocate your cash value to any of five index accounts with the opportunity to provide growth over time with protection against market declines.	Tax-free access to cash value through loans and withdrawals can provide a source of supplemental income in retirement or as needs arise.

## Benefits of a personal accumulation strategy

<b>Tax deferred growth</b>	<b>Tax free income</b>	<b>Tax free death benefit</b>
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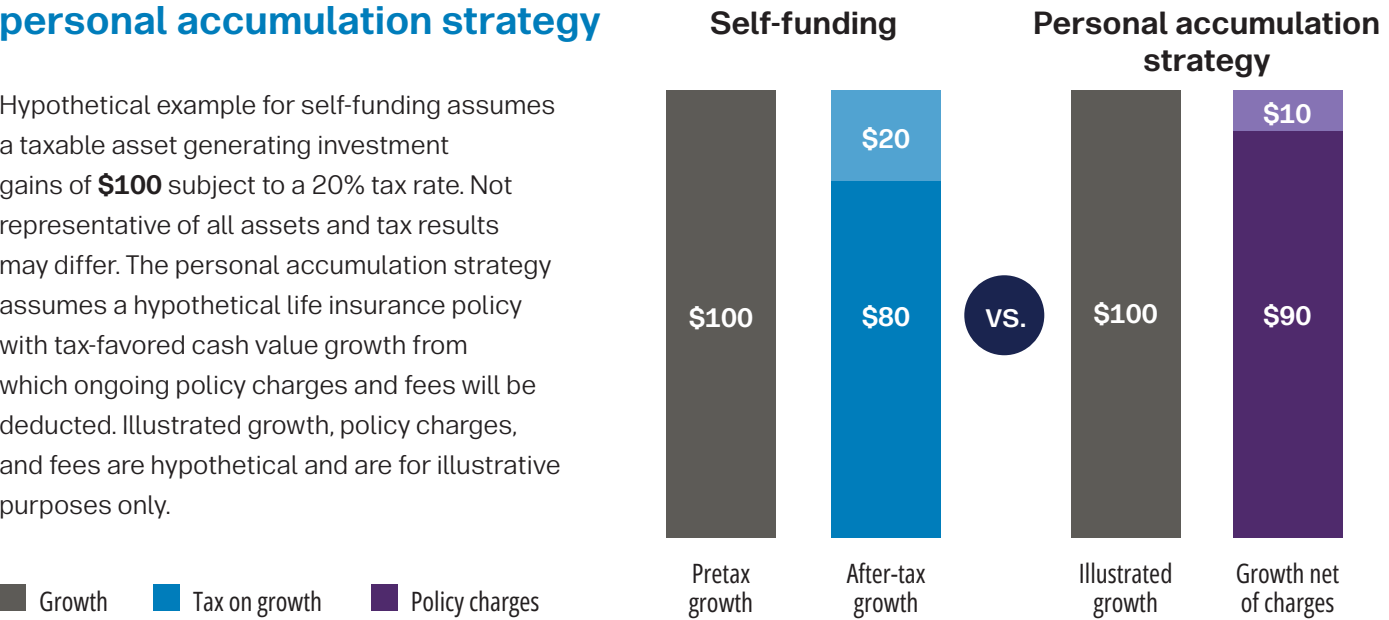
A personal accumulation strategy using cash value life insurance can provide tax-deferred growth of policy cash values, tax-free income via policy withdrawals to basis and loans, as well as a federal income tax-free death benefit to your chosen beneficiaries. To provide insurance protection, a cash value life insurance policy assesses monthly charges that should be considered when evaluating if a personal accumulation strategy is right for you.

Self-funding with a taxable asset may not provide the same level of protection and after-tax growth as a personal accumulation strategy depending on the growth rate of the asset. Below is an example of how self-funding compares to a personal accumulation strategy assuming a 6% rate of growth for both the taxable asset and the life insurance policy's cash value.



## Self-funding vs. personal accumulation strategy

Hypothetical example for self-funding assumes a taxable asset generating investment gains of **\$100** subject to a 20% tax rate. Not representative of all assets and tax results may differ. The personal accumulation strategy assumes a hypothetical life insurance policy with tax-favored cash value growth from which ongoing policy charges and fees will be deducted. Illustrated growth, policy charges, and fees are hypothetical and are for illustrative purposes only.



<sup>1</sup> Loans, withdrawals, and death benefit accelerations will reduce the policy value and death benefit and may increase the chance of the policy lapsing. Provided the policy is not and does not become a modified endowment contract (MEC), 1) withdrawals are tax-free to the extent that they do not exceed the policy basis (generally, premiums paid less withdrawals) and 2) policy loans are tax-free as long as the policy remains in force. If the policy is surrendered or lapses, the amount of the policy loan will be considered a distribution from the policy and will be taxable to the extent that such loan plus other distributions at that time exceed the policy basis.

## Hypothetical case study

Alex, age 40, is an independent contractor and fast-food franchise owner who earns over **\$500,000** per year. Even though he's experienced recent success, his income fluctuates year to year. He has maxed out his retirement plan contributions. **Alex has a large portion of his personal wealth in his retirement plan, which makes him nervous because accessing those funds would come with a 10% penalty since he is not 59½ yet.** Alex has two children, ages two and six months, and would like to plan for their future college tuition expenses as well.

### Alex's needs:

Death benefit protection	Access to policy value or cash value funds for future expenses such as a home addition	Create a reserve of policy value or cash value savings that Alex could use to help pay for his children's college tuition	Supplemental income in addition to his qualified plans in retirement
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Income need	Home addition	College funding	Supplemental income
Income amount	\$200,000	\$50,000/Year	\$128,000/Year
Duration	1 Year	4 Years	Ages 66–85

## Self-funding vs. personal accumulation strategy

### Summary values (Nonguaranteed)

End of year age	Self funding strategy		Personal accumulation strategy using FCIUL II		
	Annual after-tax outlay	After-tax account value	Premium outlay	Cash surrender value	Death benefit
41	\$100,000	\$104,800	\$100,000	\$52,355	\$1,908,105
42	\$100,000	\$214,630	\$100,000	\$153,068	\$2,005,979
43	\$100,000	\$329,733	\$100,000	\$259,667	\$2,109,739
44	\$100,000	\$450,360	\$100,000	\$372,720	\$2,219,953
45	\$100,000	\$576,777	\$100,000	\$492,743	\$2,337,136
46	\$100,000	\$709,262	\$100,000	\$623,056	\$2,461,770
47	\$100,000	\$848,107	\$100,000	\$761,277	\$2,594,313
48	(\$200,000)	\$679,216	(\$200,000)	\$596,934	\$1,390,903
50	\$0	\$745,986	\$0	\$676,743	\$1,448,772
55	\$0	\$943,055	\$0	\$926,779	\$1,537,914
56	(\$50,000)	\$935,922	(\$50,000)	\$937,390	\$1,535,461
57	(\$50,000)	\$928,446	(\$50,000)	\$948,988	\$1,529,592
58	(\$50,000)	\$920,611	(\$50,000)	\$961,667	\$1,519,979
59	(\$50,000)	\$912,400	(\$50,000)	\$975,552	\$1,506,293
60	\$0	\$956,196	\$0	\$1,043,960	\$1,541,566
65	\$0	\$1,208,797	\$0	\$1,464,154	\$1,913,898
66	(\$128,000)	\$1,132,675	(\$128,000)	\$1,430,070	\$1,883,839
70	(\$128,000)	\$789,853	(\$128,000)	\$1,276,672	\$1,729,768
75	(\$128,000)	\$260,236	(\$128,000)	\$1,043,392	\$1,243,983
77	(\$128,000)	\$11,091	(\$128,000)	\$937,294	\$1,161,570
78	(\$11,091)	\$0	(\$128,000)	\$880,358	\$1,117,377
79	\$0	\$0	(\$128,000)	\$820,546	\$1,070,945
80	\$0	\$0	(\$128,000)	\$757,640	\$1,022,082
84	\$0	\$0	(\$128,000)	\$464,882	\$792,475
85	\$0	\$0	(\$128,000)	\$377,618	\$722,786
90	\$0	\$0	\$0	\$563,645	\$1,008,262
95	\$0	\$0	\$0	\$776,831	\$776,831
100	\$0	\$0	\$0	\$1,427,710	\$1,427,710

Hypothetical self-funding strategy assumes \$100,000 contribution per year for seven years, 6% pre-tax growth rate, 20% applied tax rate on simple interest, 4.8% after-tax growth rate, and distributions equal to life policy distributions as long as sufficient account value remains. Hypothetical personal accumulation strategy assumes a male, age 40, Preferred Elite risk class, \$100,000 premium paid for seven years, assuming 6.57% index growth rate in the Balanced Uncapped Index Account, minimum non-MEC death benefit, increasing death benefit option switching to level in year 8, index loans in year 8, years 16–19, and years 26–45.

The example shown is derived from a complete hypothetical illustration which assumes nonguaranteed elements will continue for all years. This is not likely to occur and actual results may be more or less favorable. All nonguaranteed elements are subject to change by the company. Keep in mind that the purpose of hypothetical illustrations is to show how a policy might work under different scenarios, including minimum interest rates at maximum guaranteed charges. Illustrations may not be used to predict or project future policy values. Prospective policy owners should refer to a complete, personalized hypothetical sales illustration for guaranteed elements and other important information as well as the consumer brochure for the *Transamerica Financial Choice IUL<sup>SM</sup> II*. Not all policy years are displayed above. **At a 0% index growth rate and guaranteed charges, this policy lapses in year 18.**

# Summary comparison

## Self-funding vs. personal accumulation strategy

Strategy	Cumulative outlay	Cumulative distributions	Death benefit at age 85	Cumulative distributions plus death benefit
Self-Funding	\$700,000	\$1,947,091	\$0	\$1,947,091
Life Insurance Strategy	\$700,000	\$2,960,000	\$722,786	\$3,682,786
Life Insurance Advantage	-	\$1,012,909	\$722,786	\$1,735,695

### Considerations

- Remember cash value life insurance does have many other considerations that you should review carefully before selecting a life insurance policy. Please keep these important points in mind:
- If you do not keep paying the premium on a life insurance policy, you will lose substantial money in early years.
  - To be effective, a life insurance policy needs to be held in force until death.
  - A life insurance policy generally takes years to build up a substantial cash value.
  - Tax-free distributions will reduce cash value and the face amount of the policy.
  - You may need to pay higher premiums in later years to keep the policy from lapsing.
  - You'll have to qualify medically and financially for life insurance, unlike a Roth IRA.
  - Generally, there are many additional charges associated with a life insurance policy, including, but not limited to, a monthly administrative charge, index account monthly charge, cost of insurance charge, additional benefit rider costs, and surrender charges.

## Together, we'll help you prepare for a bright financial future.



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Contact your financial professional for more information on how a *Transamerica Financial Choice IUL<sup>SM</sup> II* policy can help you create a personal accumulation strategy.

This policy is first and foremost a life insurance policy. The main purpose is to provide a death benefit. It is not a short-term savings vehicle nor is it for short-term insurance needs. It is designed to be long term in nature and should be purchased only if you have the financial ability to keep it in force for a substantial period of time. This brochure is not intended to be a full description of the policy. Refer to the *Transamerica Financial Choice IUL II* consumer brochure, the life insurance policy, current Cap rates, Statement of Understanding, and a personalized hypothetical illustration for a complete explanation of the terms.

Transamerica and its representatives do not give investment recommendations, tax, or legal advice. These materials and the concepts presented are for informational purposes and should not be viewed as an investment recommendation, tax, or legal advice. Any investment, tax, or legal advice you require should be based on your particular circumstances and should be obtained from an independent professional advisor.

Even though the interest credited to the policy's index accounts may be affected by the index(es), this life insurance policy is not an investment in the stock market(s) or financial market index(es) and does not participate in the stock markets or in financial market indexes. The *Transamerica Financial Choice IUL II* (Policy Form ICC24 TPIU11-0224 or TPIU11xx-0224) is an index universal life policy issued by Transamerica Life Insurance Company, Cedar Rapids, Iowa. Policy form number may vary, and this product may not be available in all jurisdictions.

Not available in New York.