



Imeriti, Inc.

Life Insurance Strategies Session 10: FundCollege

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Beneficial ways to save for college:

	Coverdell Education Savings Account	529 College Savings Plan	Traditional IRA	Roth IRA	UTMA / UGMA	Trust	Permanent Life Insurance
How much may be contributed?	\$2,000 per year, per student	Depends on the plan; some as high as \$250,000.	\$5,000 per year if individual has Earned Income; additional \$1,000 if Age 50 or older.	\$5,000 per year if individual has Earned Income; additional \$1,000 if Age 50 or older.	Unlimited ³	Unlimited ³	Premiums paid can vary and will depend on the amount of coverage purchased, age and health of insured.
Who has control?	Parent or Guardian until student reaches age of majority.	Account owner who is named by the donor.	Account owner.	Account owner.	Custodian who is named by the donor until student reaches age of majority.	Trustee who is named by the donor.	Contract owner.
Are there any tax benefits?	Tax-deferred growth, tax-free distributions if used for qualified education expenses.	Tax-deferred growth, tax-free distributions if used for qualified higher education expenses. Possible state tax benefits.	Tax-deferred growth. Contributions may be tax-deductible. Distributions taxable ² , and penalty if pre-59 ^{1/2} .	Tax-deferred growth. Contributions distributed first, tax-free and penalty-free. Qualifying distributions are not subject to tax or penalty. Non-qualifying distributions of earnings subject to tax, and penalty if pre-59 ^{1/2} .	Investment income may avoid taxation; subject to "kiddie tax" rules.	No.	Tax-deferred growth of the accumulated value, tax-free death benefits, and tax-free loans. ⁴
Which education expenses qualify?	In 2010, K-12 expenses for both public and private schools, and required expenses at accredited post-secondary institutions. Beginning in 2011, only required expenses at accredited post-secondary institutions.	Required expenses at accredited post-secondary institutions.	No requirement that funds be used for education. However, can avoid 10% premature distribution penalty on contributions and earnings if used to cover qualifying expenses for self, spouse, children, or grandchildren at accredited post-secondary institutions.	No requirement that funds be used for education. However, can avoid pre-59 ^{1/2} 10% premature distribution penalty on earnings if used to cover qualifying expenses for self, spouse, children, or grandchildren at accredited post-secondary institutions.	No requirement that funds be used for education.	Depends on Trust language.	No requirement that funds be used for education.
Does this asset impact Federal financial aid/assistance?	Yes, when child is owner of the account. ¹ Yes, when parent is owner of the account and amount exceeds asset-protection allowance. ¹	Yes, when child is owner of the account. ¹ Yes, when parent is owner of the account and amount exceeds asset-protection allowance. ¹	No.	No.	Yes, considered an asset of the child.	May, depending on the structure of the Trust.	No. Under current guidelines, life insurance cash value is not considered.

* Notes for Education Funding are an integral part of the chart, and are incorporated therein.



College Education Funding

Any plan you have must continue regardless of what happens to you!

3 things can disrupt your plans to accumulate adequate college education funds:

1. **Loss of Life**
2. **Illness, or**
3. **The amount saved doesn't stay saved.**



College Education Funding

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1. Loss of Life

Delivers death benefit proceeds.

2. Illness

Accelerated Benefit Endorsement provides access to death benefit if diagnosed with terminal illness.

3. The amount saved doesn't stay saved

Policy values accumulate on a tax-deferred basis, which can be taken out as a loan and used for college expenses.



College Education Funding

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Using life insurance allows you to:

- **Organize your assets more favorable when determining college loans, grants and financial aid.**
- **Obtain loans that are generally not subject to income taxes** (i.e. borrowing to pay for college in the most cost-efficient manner).



College Education Funding

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- ❑ Life cash value excluded from State education financial needs analysis.
- ❑ Life cash value not restricted to just educational expenses.
- ❑ Life premium / cash value annual addition can exceed 529 contribution limits.
- ❑ Life cash value not used for education not restricted/taxed if not used for future education expenses.
- ❑ Owner of life policy can take cash value without having to identify who's educational expenses are being paid – whereas 529 has a specified beneficiary.





- Tuition Reward Points are earned by the "Sponsor" (parent, grandparent, etc.) and credited to the Sponsor's Tuition Rewards account.
 - **The Sponsor assigns some or all of their Tuition Reward Points to students listed on their account.**
 - **If a student does not use his/her Tuition Reduction Reward –**
 - **the reward can be rolled back into the Sponsor's Tuition Rewards account or**
 - **transferred to a different eligible student.**
 - **When a student applies to a participating school, that student's Sponsor submits the student's Tuition Reward's statement to that school.**
- The use of Tuition Rewards is limited to full-time, undergraduate tuition at participating colleges.
- Tuition Rewards are remitted solely as a reduction to the participating college's full tuition bill -- and NOT awarded in cash.
- Colleges may use the tuition reduction as part of, or separate from, any financial aid packages.

You purchase FundCollege Life Insurance policy

Earn Tuition Rewards Points

Tuition Rewards Account

After 1st Year: 7,500
After 2nd Year: 9,500
After 3rd Year: 11,500
After 4th Year: 13,500
...

500 points immediately
+5,000 policy issue
+2,000 each year policy
is in force

Submit a Tuition Rewards statement to the school(s) your student is applying to during the application process.

Assign some or all of your Rewards to a student before he/she starts senior year in high school.

Add as many students to your account as you'd like.

Students must be children, grandchildren, nieces or nephews; and they must be added before August 31st of the beginning of the students' high school junior year.



College Education Funding

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Life Insurance



FundCollege

- No contribution limits.
- No income limits.
- You maintain control of the policy and the points.

Life insurance offers a potentially powerful combination of benefits, protections and advantages

I wish to Thank You for attending.
And now, Questions

For Case Design and Life Product assistance,
contact an **Imeriti Representative** at 800.921.3100

