

GET THE MOST OUT OF YOUR RETIREMENT

*Tax diversification
can help*



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Are you on track to reach your retirement goals?

Most Americans are not on track to reach their retirements goals, but it's usually not for lack of trying. Several factors that are outside of your control seem to be making it more and more difficult to get to where you want to go.



People are living longer, which means you need to save more money to last for the long haul

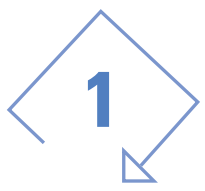


Fewer companies are offering private pensions, which puts the burden on personal savings

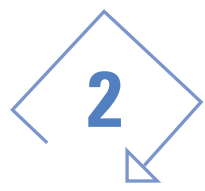


The low interest rate environment creates a growing skepticism that savings will keep pace with inflation

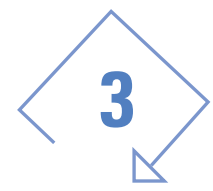
Three attributes of the perfect retirement vehicle



Tax-deductible deposits



Tax-deferred growth



Tax-free distributions

IS THERE A BETTER WAY TO PLAN FOR A COMFORTABLE RETIREMENT?

Unfortunately, the perfect financial vehicle doesn't exist.

➔ **A tax diversified retirement strategy comes close.**

How does tax diversification work?

By structuring your savings among different types of retirement accounts, you can minimize your tax obligations and keep more of your hard-earned money for the future.

Diversifying your tax strategy can be beneficial

	Traditional IRAs and 401(k)s	Roth IRA	Cash Value Life Insurance
Money In	Tax deductible	After tax	After tax
Growth	Tax deferred	Tax free	Tax deferred
Money Out	Taxable	Tax free	Tax free*

A permanent life insurance policy could be part of your retirement planning strategy

A cash value life insurance policy can protect your family against financial loss resulting from the death of a loved one. It can also help to prepare you for future expenses by accumulating cash value on a tax-deferred basis. And while distributions from your pre-tax retirement accounts like your 401(k) will be taxed, any excess accumulated policy value from your life insurance policy can be accessed tax free. You can take tax-free withdrawals* up to the cost basis, or borrow tax-free loans from your policy for any purpose during your lifetime – including retirement, college tuition, or other expenses. Loans and withdrawals* will reduce the policy's death benefit, so be sure to keep your life insurance needs in mind when considering these transactions.



Put more money in your retirement pocket. Here's how...

Proposed annual retirement income for a single filer = \$40,000

	Plan A: Using traditional pre-tax retirement accounts	Plan B: Using tax diversified strategy	
Source of income	Withdraw \$40,000 from 401K	Withdraw \$20,000 from 401K	Withdraw* \$20,000 from cash value life insurance
Taxable	100%	100%	0%
Tax rate	25%	15%	0%
Tax amount	\$10,000	\$3,000	\$0
Annual amount to spend in retirement	\$30,000	\$37,000	\$7,000 more in your retirement pocket

Hypothetical example for illustrative purposes only. Assumes a \$40,000 withdrawal for retirement income and that no additional income is received. If additional income is received, the tax rates shown would be different. This does not represent the performance of any particular insurance or financial product. Your actual results will vary and may be more or less favorable.

Assumed marginal federal income tax bracket under current rates. For purposes of this example, it is assumed that state and federal taxes make the average tax rate the same as the marginal tax rate.



Put the Tax Benefits of Life Insurance to Work for You

- Death proceeds from a life insurance policy are federal income tax free
- Any growth in the policy's cash value accumulates on a tax-deferred basis
- Access to any accumulated policy values are available through tax-free loans and cash withdrawals*

You may already be working toward a comfortable retirement contributing the maximum amounts to IRAs and employer-sponsored retirement plans. Retirement funds in traditional IRAs or employer sponsored accounts grow tax deferred and you pay taxes when you receive distributions from the accounts. But you may determine that's not enough.

An additional strategy you might consider is cash value life insurance. Cash value life insurance provides a federal income tax-free death benefit to your beneficiaries and once there is enough cash value in the policy, you can use it for many reasons, including supplementing income from your retirement plans.

Keep in mind that life insurance is a long-term product and should not be considered a short-term savings vehicle. You should purchase life insurance only if you have a need for a death benefit and if you have the financial ability to keep it in force for a substantial period of time. There are many fees and charges associated with life insurance that are not associated with other financial products.

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* Loans and withdrawals can only be made if the policy has been in force long enough and has accumulated sufficient value. Loans, withdrawals and death benefit accelerations will reduce the policy value and death benefit. 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 and other distributions exceed the policy basis. However, if the policy is treated as a Modified Endowment Contract (MEC) by IRC Sec. 7702A, withdrawals and loans are taxable at an ordinary income tax rate when taken to the extent of gain then in the contract and may also be subject to a 10% federal income tax penalty if taken prior to age 59½. Cash distributions associated with benefit reductions, including reductions caused by withdrawals during the first 15 years, may be taxable. Consult with your tax advisor regarding your particular situation.

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