

Understanding Life Insurance Tax Advantages

By Ronald Stevenson and Barbara Clark

Do you have a financial plan set up to protect your loved ones after you pass away? With a well thought out life insurance plan, you can do just that. The purpose of life insurance is to help provide a measure of financial well-being for your family and loved ones when you are no longer there. With the purchase of a carefully planned life insurance policy, you can help ensure that your family and loved ones will be taken care of.

Life insurance offers two essential benefits. First, it offers protection for your family from the financial hardships that will occur when you pass away. Secondly, certain types of life insurance policies offer wealth accumulation features. Not only can life insurance benefit your family in the event of your passing, but it can also benefit you as a key component in your financial portfolio.

In addition, there are two terms commonly used when discussing life insurance: term and permanent. Term insurance is the most commonly used. This insurance policy is when you purchase a certain death benefit that will go to your heirs upon your death that typically lasts for 10 to 20 years. Once you reach the end of that term, you no longer have insurance unless you purchase another policy. The other term used is permanent insurance. This type of



insurance is permanent as long as the premiums continue to be paid. Permanent insurance generally has higher premiums than term insurance for the same amount of death benefit coverage.

Life insurance enjoys a unique status among financial products. It may provide you with an array of benefits such as providing for funeral costs and final medical bills, along with helping with life expenses for your dependents and/or survivors. But, what really sets it apart from other financial options is that it receives

advantageous tax treatment, unlike any other financial tool.

This little known or discussed tax asset holds some of the greatest value for your financial situation both during life and upon death. After purchasing a life insurance policy, your loved ones will be provided with a financial windfall from the life insurance company when you pass to help them with your final expenses and carry on with their lives comfortably. One of the best parts about the life insurance windfall is that nobody will have to pay tax on the

money they receive. This is one of the greatest tax advantage devices available. However, it does have one downside, you do not get to use it, only your heirs will.

Additional tax benefits on a life insurance policy are that there are no current income tax on interest or earnings, no income tax on the borrowed cash value and no income tax on proceeds. However, in certain situations, life insurance death benefits may be partially or wholly taxable.

As an independent insurance firm, we are able to shop dozens of insurance carriers to find the best rates and product solutions to fit your specific needs and goals. In addition, we offer complimentary reviews on your existing life insurance contracts. **QCBN**

Ronald F. Stevenson & Barbara E. Clark own American Financial Security, LLC. They specialize in Retirement Income Planning, Social Security Maximization, Tax Free Income Design, Personal & Corporate Tax Preparation and Planning. For more information, call 928-771-8368 or visit www.AmericanFinancialSecurity.net, 3112 Clearwater Dr., Suite B, Prescott, AZ 86305



8 YEARS HELPING SENIORS AGE-IN-PLACE

THE REVERSE MORTGAGE PROGRAM

HIGHTECHLENDING – PRESCOTT, AZ



WILLIAM 'BILL' BINKEY
Sr. Reverse Mortgage Consultant

GET THE FACTS!
928-237-9599
IN PRESCOTT

EMAIL: HOMELOANRANGER@AOL.COM

NMLS #214866
AZ #0916242

HighTechLending Inc. Licensed by the Department of Corporations under the California Residential Mortgage Lending Act. - 7147 HTL is licensed in AZ#0912577, CA#4130937, CO #7147, FL #7147, HI #MB1393, OR# MI4386, TX #7147, WA #7147. HTL AZ Br Ofc 500 E Fry Bl. Sierra Vista AZ 520-458-2800

www.isAreverseMortgage4me.com

Highlands

Floor & Window Coverings

It's Worth Talking to the Experts!

Lifetime installation warranty on all work

Financing available
*OAC

Wood • Tile • Carpet • Cork • Laminate
Luxury vinyl • Custom showers • Countertops

2703 S Union Dr | Cottonwood, AZ | 928.634.6300
2009 N 4th St | Flagstaff 86004 | 928.774.6700

www.highlandsfloorcoverings.com
www.pinterest.com/highlandsfloors/
www.facebook.com/pages/Highlands-Floor-Coverings/