

Whole Life is the “Smartphone” of Financial Products

by William F. Rainaldi, CFP®
Regional Vice President
607-760-3315 | wrainald@smlny.com



Things are a little bit different than they were when we were younger, and I think the smartphone is a perfect symbol of that.

Think About It

When I got my first cell phone, it was just a phone. The innovation was that it wasn't connected by a wire. Now it's more than just a phone. It's a camera, a notepad, an alarm clock, a camcorder and a jukebox . . . You get the idea. The point is that a smartphone can make calls, but it can also do a whole lot of other things all at once.

The same could be said for a cash value whole life policy. Want death benefits? Check. How about tax-free growth? College savings? Retirement income? Or protection against a chronic illness? Check, check, check and check.

What drives this flexibility, among other things, is the (normally) tax-free accumulation and (normally) tax-free death benefit that life insurance provides. People—even people in the insurance industry—often forget that. The income tax savings alone can make a huge difference in someone's lifestyle. (*See our article “An In-Depth Case Study on Social Security Taxation” (0014079XX) for a compelling example.*)

And There's So Much More

- Guaranteed cash value growth
- Access to cash value
- Use of cash value as collateral
- Creditor protection
- Attractive rates of return
- Survivor benefits

These features all combine to make whole-life insurance a powerful financial protection and planning tool in one package.

I think the camera in my phone is at least as good as a camera I would get in a camera store. And life insurance, used properly, can easily take the place of so many other products.

All information provided from the Security Mutual Life Social Security Evaluator is intended to be accurate and timely; however, Security Mutual does not guarantee its accuracy.

Life insurance death benefits are generally income-tax-free to the beneficiary. Tax laws are complex and subject to change. The information presented is based on current interpretation of the laws. This publication is intended for general information purposes or to support the promotion or marketing of the Company's products and does not constitute legal or tax advice. This publication is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed on the client under the Internal Revenue Code or any other applicable tax law. Neither Security Mutual nor its agents are permitted to give clients tax or legal advice. Clients are advised to seek advice from an independent tax or legal professional advisor.

Tax-free retirement income assumes, among other things, that withdrawals do not exceed tax basis, the policy remains in force until death, and the policy is not at policy issue, and does not become post issue, a modified endowment contract (MEC). Distributions from a MEC may be subject to income tax and possible penalties.

Both federal and state laws provide certain creditor exemptions for cash values and death benefits.

Life insurance policies contain exclusions, limitations and terms for keeping them in force. Medical exam required. All life insurance applications are subject to underwriting approval and receipt of payment. Guarantees are based on the claims-paying ability of Security Mutual Life Insurance Company of New York. Products, features and benefits may vary by state.

Loans from the policy will reduce the death benefit and cash surrender value and may cause the policy to lapse. Lapse of a policy with a loan may have tax consequences.

The Chronic Illness Benefit Rider is a life insurance policy and rider that accelerates the death benefit on account of chronic illness. It is not a health insurance policy or rider providing long-term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long-Term Care Partnership program or similar programs in other states, and is not a Medicare supplement policy or rider. Note: The payments under the Chronic Illness Benefit Rider are intended to qualify for favorable tax treatment under Section 101(g) of the Internal Revenue Code. However, payments made under this rider may be taxable depending upon specific facts and circumstances. Accordingly, the policyowner should consult with his or her tax adviser to determine the tax consequences before requesting the payment of an accelerated benefit under this rider. Receipt of accelerated death benefits may affect eligibility for public assistance programs.

Insurance Products are: Not FDIC insured, Not a Deposit, Not Bank Guaranteed, Not Insured by Any Federal Government Agency

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607-723-3551 • www.smlny.com



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