

# Income & Tax Analysis Reports

## Future Contributions

### The New Rules of Retirement Saving

Stonewood's Income & Tax Analysis software enables you to evaluate two strategies for your client on equal grounds:

- Potential growth, income and tax liability if your client saves in a tax-deferred account, like a 401(k) or IRA
- Potential growth, income and tax liability if your client saves tax-free in an IUL policy

The guidelines in this booklet will help you create reports to evaluate these two strategies and determine the best path forward for your client.

**IUL Illustrated Values**  
Non-Guaranteed Assumed interest credited rate: 7.13%<sup>1</sup>

Total Premium	Total Cash Value at Age 72 <sup>2</sup>	Annual Potential Tax-Free Income*
\$375,000	\$522,778	\$49,553

Total tax-free distributions<sup>3</sup> (assuming death benefit paid at age 90)  
\$1,030,277

**Ages Income Distributed**

\*Except from prepared illustration, values are not guaranteed and are based solely on the assumptions and projections made in the illustration. Actual values may be higher or lower than illustrated and are likely to vary with fluctuations in the reference index. The information presented is hypothetical and not intended to project or predict index crediting results.

<sup>1</sup>Non-guaranteed assumed interest rate. This illustration assumes that non-guaranteed values shown continue in all years. This is not likely to occur, and actual results may be more or less favorable than illustrated. This is an average based on past performance and is not intended to predict future performance. Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. The policy design your choice may impact the tax status of your policy. If you pay too much premium, your policy could become a modified endowment contract (MEC). Distributions from a MEC may be taxable and if the taxpayer is under the age of 59 1/2 may also be subject to an additional 10% penalty tax. Check the attached illustration to determine if the policy illustrated is a MEC.

<sup>2</sup>Values shown are net of all mortality and expense charges.

<sup>3</sup>As policy loans. This applies to loans taken after the 10th policy year. See policy illustration for complete information on loan types and restrictions.

# Software and Illustration Guidelines

## Income & Tax Analysis Reports – Future Contributions

### Run the IUL Illustration

- Run your client's illustration at illustrated rate of your choice.
- Illustrate income.
  - The policy year you choose for income to end will represent the age at which the reports will show your client passing away.

### Determine IRA Growth Rate Assumptions

- Within the software, you will choose two growth rate assumptions for your client's qualified account: one for saving years, and one for retirement. You have several options:
  - Use the **default** earnings rate of 5.5% and 5%. These are rates many clients feel are reasonable, conservative assumptions of growth.
  - Select **alternate** rates of your choosing.
    - These could be based on your RIA's models, or selected in consultation with your client
  - Match** the earnings rate to your IUL illustrated rate. This is a more aggressive approach but may be appropriate for clients who want to see the comparison.
    - If choosing this approach, remember accurately choose account fees in your assumptions.
    - If using this approach, make sure the client is aware of the equities performance necessary in your assumptions.