GATEWAY

WEALTH STRATEGIES

Your center for financial and retirement planning

formerly GATEWAY STRATEGIES, INC.

How Can I Build and Preserve My Estate?

Building an estate can take years of diligent saving and investing. Once you have built up an estate, you'll want to make sure that you preserve its value for your heirs. You can also add to or create a valuable estate by using life insurance.

Why Create an Estate?

Premature death can result in financial difficulties for your survivors. By using life insurance to protect against this outcome, you can rest assured that your heirs will be cared for financially in your absence.

If you wish, you can also ensure that other financial goals are achieved. Because the premature death of a breadwinner could make college savings or mortgage repayment impossible, steps should be taken to prepare for these possibilities. Life insurance provides a cost-effective way to guard against the threat of interrupted financial goals.

A Case Study

The following example illustrates the concept of estate creation.

Paul Pringle, a 40-year-old computer programmer, would like to begin a savings program. He and his wife, Pam, have two children, ages 10 and 8. He feels he can afford to save about $3,000 per year.

Among his options, he could choose to invest in a traditional IRA. His contributions would be fully deductible and would grow on a tax-deferred basis. This could help provide a respectable retirement nest egg. However, it would not be accessible for most other purposes without penalty before he turns 59½.

For the same annual amount, he could choose to purchase a whole life policy. He could choose a fixed premium, and his cash value would be allowed to grow tax-free, under current tax law, just like in the IRA. Unlike IRA contributions, however, whole life policy contributions are generally not tax deductible.

Paul would have penalty-free access to the cash value through policy loans or withdrawals.* And in the event of Paul's premature death, his family would receive the policy proceeds free of income tax. The proceeds would help to maintain his family's standard of living, and it could ensure a college education for both of their children.

Financial Leverage

In the unfortunate event that Paul dies prematurely, his policy could generate a significant amount of wealth. For a potentially low premium investment, Paul can create an estate that might take 20 to 30 years to accumulate in an IRA.

Life Insurance: A Clear Advantage

The security provided by life insurance, combined with the opportunity to create an estate, makes this choice a logical one for many families. Consult a financial professional to see how you can help provide financial security for your family.

* Access to cash values through borrowing or partial surrenders can reduce the policy's cash value and death benefit, increase the chance that the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured. Additional out-of-pocket payments may be needed if the actual cash dividends decrease, if you withdraw policy values, if you take out a loan, or if current charges increase. The cost and availability of life insurance depend on factors such as age, health, and type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. Any guarantees are contingent on the claims-paying ability of the issuing company. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies typically have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

While there is no assurance that working with a financial professional will improve investment results, a professional can evaluate your objectives and available resources and help you consider appropriate long-term financial strategies.

1070 E. Indiantown Road, Suite 208 Jupiter, FL 33477 561-641-5050