

Put Every Dollar of Your **Savings** to Work

Part I showed how buying term life inside your 401(k) frees up \$833 of pay in the first year. Part II follows that money into your paycheck. Keep spending what retail coverage would have cost, and the savings pay for disability coverage that keeps your 401(k) funded, with the rest building a savings account. There's no additional cash outlay.

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Where the savings go

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The Redirect account

03The Guaranteed Plan
Contribution**04**If disability happens at
50 or 55**05**Common gaps, closed
at no extra cost**\$583**

of take-home pay freed in year one:
Part I's \$833 of savings, after tax

\$185,044

of 401(k) savings protected at 65 if
you become disabled at age 50
(example)

\$0

additional cash outlay. The DI is paid
entirely from the Part I savings.

01 CONTINUES FROM PART I · FOLLOW THE MONEY

Where the savings go

The savings from Part I don't sit inside your 401(k). They show up in your paycheck, because the retail premium no longer comes out of your take-home pay. From there, five simple steps put them to work.

STEP 1 · TODAY \$1,000 Retail term premium paid from take-home pay (\$1,429 of pay before 30% tax)	STEP 2 · QUALIFIED LIFE \$417 Take-home cost of the same coverage through the plan: \$315 from a \$450 pre-tax contribution, plus \$102 of tax on the REB	STEP 3 · FREED UP \$583 Left in your paycheck each year to start: \$1,000 – \$417. The same as \$833 of pay, after tax.	STEP 4 · PROTECT \$400 Pays the DI premium after tax, by bank draft, just as the retail premium was paid	STEP 5 · SAVE \$183 Goes into a Redirect savings account to cover the DI in later years
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Year one, in pay: the same \$1,429, fully at work

\$596 Qualified term, \$1,000,000 (through the 401(k))	\$400 DI premium, paid after tax (\$571 of pay)	\$183 Into the Redirect savings account (\$262 of pay)
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How the savings cover the DI to age 65

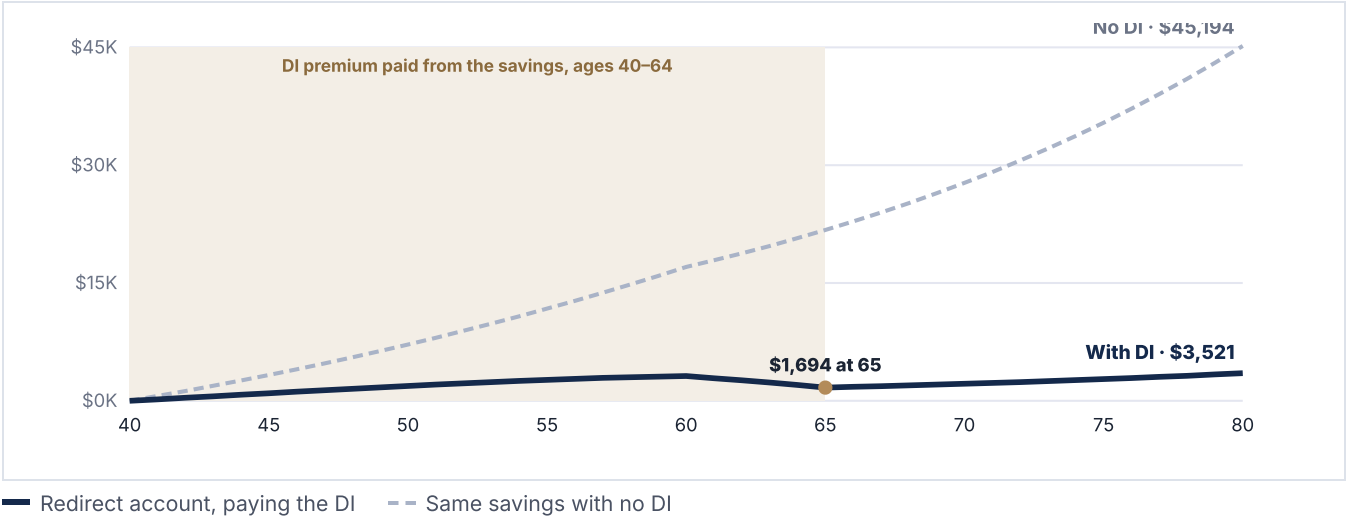
Age	Part I savings (pay)	After tax	DI premium	To or from savings	Redirect account
40	\$833	\$583	\$400	\$183	\$192
45	\$764	\$535	\$400	\$135	\$1,154
50	\$679	\$475	\$400	\$75	\$2,062
54	\$586	\$410	\$400	\$10	\$2,674
55	\$559	\$391	\$400	–\$9	\$2,798
59 (term ends)	\$443	\$310	\$400	–\$90	\$3,145
60	—	—	\$400	–\$400	\$2,883
64 (DI ends at 65)	—	—	\$400	–\$400	\$1,694
Ages 40–64 total	\$13,384	\$9,367	\$10,000	–\$633	\$1,694 at 65

The savings shrink with age because the tax on the REB rises each year; the DI premium is level. From 55 the account tops up the premium, and from 60 to 64, after the 20-year term ends, it pays the premium in full. Account at a hypothetical 5%, deposits at the start of each year.

02 LOST OPPORTUNITY COST, RECAPTURED

The Redirect account

Here is the Redirect account if you're never disabled. Early years build a cushion; later years draw on it. Every DI premium through age 64 is paid, and the account is still positive at 65.



Redirect account (year-end)	Age 49	Age 58	At 65	At 80
Redirect savings, no DI	\$7,171	\$15,912	\$21,739	\$45,194
Redirect savings, paying the DI	\$1,889	\$3,086	\$1,694	\$3,521
Cost of protection: DI premiums plus the growth they would have earned	— \$5,283	— \$12,826	— \$20,045	— \$41,673

\$9,367

Take-home savings from Part I over the 20-year term

\$10,000

DI premiums paid from those savings, ages 40 to 64

\$1,694

Left in the Redirect account at 65, still growing

If you're never disabled, you still had \$1,000,000 of life insurance and disability protection for your retirement plan, all for the \$1,429 of pay you'd have spent on retail term alone, and \$1,694 left over at 65.

03 PROTECTION The Guaranteed Plan Contribution

Group long-term disability helps replace part of a paycheck. It usually doesn't keep your 401(k) funded. If you can't work, your contributions stop, the employer match stops, and so does the money that pays Part I's life insurance premium inside the plan. The Guaranteed Plan Contribution and the life policy's waiver of premium close that gap.

\$400

A year, paid after tax from the Part I savings, then from the Redirect account after the term ends

\$7,500

A year into your 401(k) if you become disabled: the carrier contributes your assumed annual contribution until 65

Life premium waived

The Part I term policy's waiver of premium keeps the \$1,000,000 death benefit in force at no cost while you're disabled

What a disability does to a 401(k), with and without it

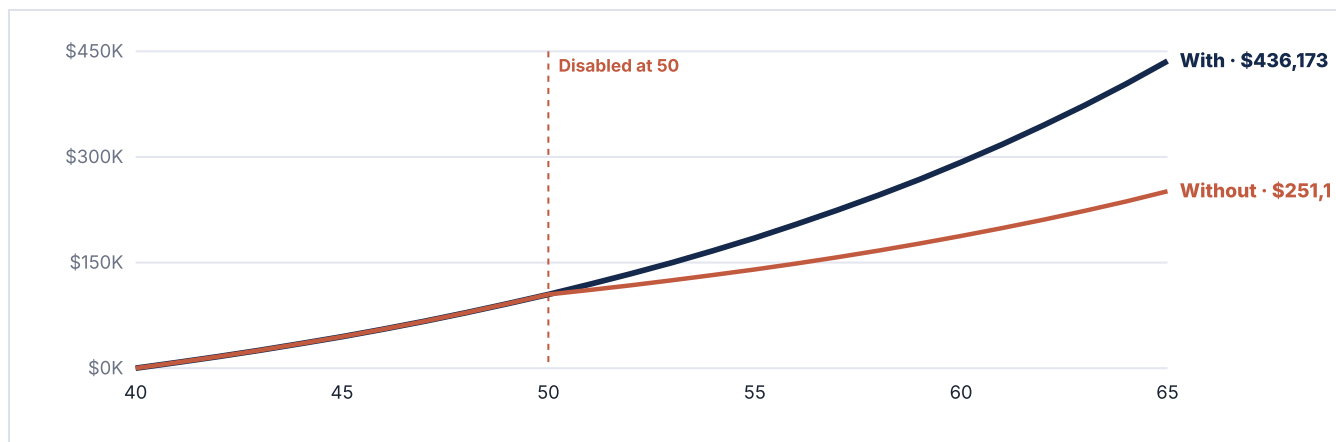


Illustration: \$7,500 a year from age 40 at 6%. Contributions stop at age 50 without DI; the carrier continues them to 65 with DI.

Paid for with money you already saved. Disability is a common gap in retirement planning. The Guaranteed Plan Contribution is paid from take-home pay that Part I freed up, so you keep your retirement on track without adding a dollar of cash outlay.

04 THE EXAMPLE If disability happens at 50 or 55

Assume you contribute \$7,500 a year to your 401(k) starting at 40, and the account grows at 6%. Without DI, contributions stop when you can't work. With the Guaranteed Plan Contribution, the carrier keeps contributing \$7,500 a year until 65, and your plan stays on track.

Scenario	DI premiums paid (after tax)	Carrier contributions	At 65, no DI	At 65, with DI	Protected at 65
Disabled at 50	\$4,000	\$112,500	\$251,129	\$436,173	\$185,044
Disabled at 55	\$6,000	\$75,000	\$331,386	\$436,173	\$104,787
Never disabled	\$10,000	—	Plan stays on track, and the Redirect account holds \$1,694 at 65		

\$28 for \$1

Disabled at 50, the carrier puts about \$28 into your plan for every \$1 of premium paid (\$112,500 for \$4,000)

\$12.50 for \$1

Disabled at 55, about \$12.50 for every \$1 of premium paid (\$75,000 for \$6,000)

What \$400 a year buys. In both cases your 401(k) reaches the same \$436,173 at 65 as if you had kept working, and the premiums came out of savings Part I created.

DI premiums stop once benefits begin, and the life policy's waiver of premium applies during a qualifying disability. Assumes benefits start in the year of disability. Benefits are subject to policy terms, including the definition of disability, elimination period and benefit period.

05 PUTTING IT TOGETHER

Common gaps, closed at no extra cost

Parts I and II together use one yearly outlay, the \$1,429 of pay you'd spend on retail term, to close gaps many households leave open.

Common gap	What usually happens	How Parts I and II close it	Added cash outlay
Life insurance paid with after-tax dollars	\$1,429 of pay to buy a \$1,000 premium	Part I: pre-tax premiums, unisex rates and the match bring the net cost to \$596 of pay (\$417 take-home)	\$0
Savings left idle (lost opportunity cost)	The difference gets spent and doesn't grow	Part II puts every year's savings to work: \$9,367 of take-home pay over the term	\$0
401(k) contributions stop at disability	Group LTD replaces part of pay, but usually not plan contributions	The Guaranteed Plan Contribution pays \$7,500 a year into the plan until 65	\$0
Life coverage at risk during disability	No contributions means no money in the plan to pay the premium	Waiver of premium on the Part I policy keeps the \$1,000,000 in force with no premium due	\$0
Term coverage ending too soon	Coverage ends just as the need for it grows	Part I conversion option to permanent coverage, plus a Redirect account still growing after 65	\$0

One outlay, three results: \$1,000,000 of life insurance, a Guaranteed Plan Contribution that keeps your retirement on track if you're disabled, and a Redirect account with \$1,694 left at 65. You pay nothing beyond what retail term alone would cost.

Ask your plan administrator whether your plan permits life insurance, and ask us about disability coverage for 401(k) contributions. Advanced Insurance Brokerage can work with your employer and plan TPA on the setup. Start with **Part I: Life Insurance Inside Your 401(k)**, and see **Part III** for the math line by line.

IMPORTANT DISCLOSURES

Please read

Educational purpose. This brochure is for general educational purposes. It isn't a recommendation to buy any insurance product or take any action within a retirement plan, and it doesn't say any strategy is suitable for you. Read it together with Part I.

Hypothetical example. All figures are hypothetical and continue the Part I example: age 40, \$1,000,000 of 20-year term coverage, a 30% income tax rate, a \$1,000 retail premium, a \$900 qualified premium, an employer match of 100% of the first 3% (covering \$450), and carrier REB rates that rise with age. Part I savings are shown in pay and, where noted, after 30% tax.

DI premium. The disability premium is assumed to be \$400 a year, paid with after-tax dollars from take-home pay through age 64, with any shortfall in later years paid from the Redirect account. Actual premiums depend on age, occupation, health and underwriting.

Growth assumptions. The Redirect account assumes deposits at the start of each year and a hypothetical constant 5% annual return; 401(k) balances assume a hypothetical 6%. They don't represent any investment and don't reflect fees, taxes on earnings or withdrawal, or market losses. Actual results will vary.

Guaranteed Plan Contribution. The example assumes a \$7,500 annual employee 401(k) contribution starting at age 40. DI premiums stop once benefits begin, and the Part I term policy includes a waiver of premium during a qualifying disability. It assumes benefits start in the year of disability. Employer match and salary changes aren't included. Benefits are subject to policy terms, including the definition of disability, elimination period, benefit period, how benefits reach the plan or a trust, and tax treatment. Guarantees are based on the claims-paying ability of the issuing insurer.

Plan provisions. Not every 401(k) plan permits life insurance. Buying insurance in a qualified plan requires plan approval and must follow the plan document and IRS rules, including incidental benefit limits on unseasoned contributions. Contributions must stay within IRS annual limits. Consult your plan administrator.

Insurance. Insurance products are offered through Advanced Insurance Brokerage. Life and disability insurance require underwriting.

Not tax or legal advice. Advanced Insurance Brokerage doesn't provide tax or legal advice. Tax laws and contribution limits change. Consult your tax advisor or attorney about your situation.



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