

Education Funding with Whole Life Insurance



LifeScape[®]



Assurity[®]
Life Insurance Company

College Funding Using a Whole Life Insurance Policy



How will you afford to send your children to college?

The cost of a college education continues to rise, but statistics show the value of that education is almost always worth the expense. Over their working lives, college graduates typically earn about 73 percent more than high school graduates, and those with advanced degrees earn two to three times as much as high school graduates.¹

Higher education is an important step toward your child's future success. But with the cost of a four-year education ranging upwards of \$88,000 (and growing

at an average rate of 5.6 percent per year), how will you be able to afford to send your children to college?² Funding your child's education is a long-term commitment, so the earlier you start, the better.

Savings programs designed specifically to pay college expenses, including tuition, room and board, books, fees, etc., are effective options – if they are started early enough. Scholarships and grants may be available to students who qualify. Loans are also an option, but they can saddle both you and your child with enormous debt by graduation day. To pay the entire bill for college expenses themselves, many parents would need to begin saving well before their children are born.

Making permanent life insurance work for you

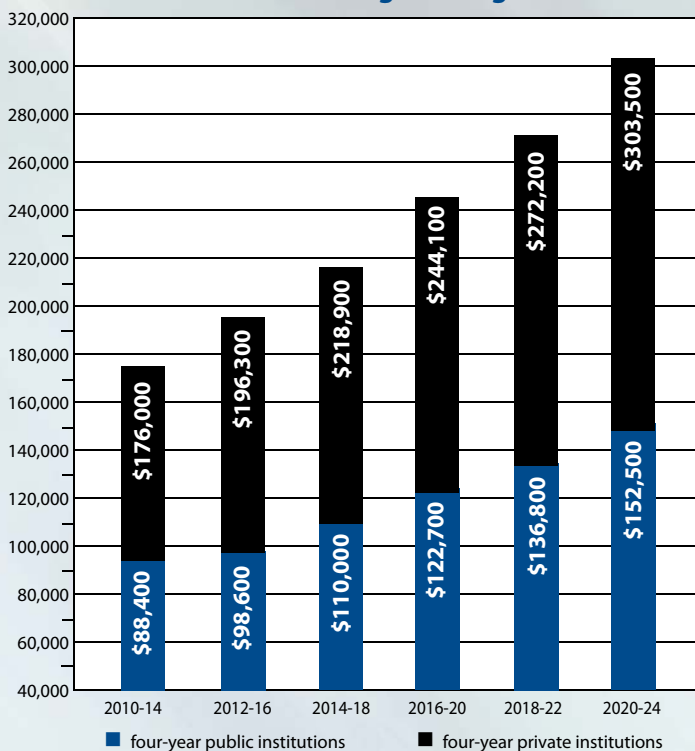
There is another solution: A LifeScape® Whole Life Insurance policy from Assurity Life Insurance Company can accumulate guaranteed cash values that can be used to pay for costs associated with getting a college degree.

People buy life insurance primarily to provide financial protection for loved ones in the event of an unexpected death. If you were to die prematurely, the policy's income tax-free death benefit would be available to help pay for a child's college education.

If you live, the whole life policy's cash values can also help provide education funds. The key lies in your policy's accumulation of cash value, which grows tax-deferred. You can access the cash value through dividend withdrawals, surrender of paid-up additions (see example on next page), or low-cost policy loans³.

Borrowing from your policy is a simple process; there's no loan application or qualification restrictions, as with consumer loans. After your child graduates, you have the option to repay the loan, or discontinue premiums and elect a reduced paid-up policy. In either case, your insurance protection remains in force.³

Trends in College Pricing²



¹Education Pays 2004: Trends in Higher Education, College Board

²The College Board "Trends in College Pricing 2010" Report, Average Estimated Undergraduate Budgets, 2010/2011

Other Advantages

Unlike most traditional college-funding plans, whole life insurance provides other distinct advantages.

- Life insurance is a primary method of accumulating funds for college that helps secure the child's future in the event of a parent's death or disability.
- Under today's rules, the policy's cash value is not subject to reporting on the Free Application for Federal Student Aid (FAFSA). Those funds are not used in the calculation for determining a student's qualification for federal financial aid or student loans.
- Whole life provides permanent coverage with guaranteed premiums, cash value and death benefit.
- The policy also earns dividends, which may provide additional potential for growth.³ You can choose from several dividend options, including increasing your cash value or purchasing additional paid-up coverage.
- You can accelerate the growth of your policy's cash value with the Value Enhancement Rider⁴, which provides additional paid-up life insurance, increasing the policy's total death benefit and the amount of funds available to pay college expenses.
- Other valuable policy riders are available, offering financial protection for difficult times such as total disability when you cannot earn a paycheck, or a critical illness such as cancer, heart attack or stroke.

Your Assurity agent can show you how a LifeScape Whole Life Insurance policy can help accumulate funds for education expenses.

³Dividends are not guaranteed and are determined by company expenses and investment earnings. Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and may be subject to a 10 percent tax penalty. Access to cash values through borrowing or partial surrenders will reduce the policy's cash value, death benefit and future dividends; increase the chance that the policy will lapse; and may result in tax liability if the policy terminates before the death of the insured. There may be little or no cash value available for loans in the policy's early years. The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings strategies.

⁴Available at an additional cost

The rising trend...

Published in-state tuition and fees at public four-year institutions averaged \$7,605 in 2010-11, which is \$555 (7.9 percent) higher than in 2009-10. Average total charges, including tuition and fees plus room and board, are \$16,140, up 6.1 percent.

Source: Trends in College Pricing 2010, College Board Advocacy and Policy Center

Sample illustration

The client is a new father, a 30-year-old male, Select Non-tobacco. When the child is born, he purchases a LifeScape Whole Life policy with a **\$100,000 face amount** plus a Value Enhancement Rider (VER) to provide paid-up additional insurance. He pays the following premiums:

First-year premiums: \$1,224 single VER premium plus \$144 monthly premiums

Annual premiums years 2-18: \$2,400 (\$1,284 base policy plus \$1,116 VER)

Withdrawals to help pay for four years of college: \$8,784 annually after year 18, for 4 years (\$7,500 annual cash withdrawal plus \$1,284 to pay annual premiums), paid from surrenders of paid-up additions. After year 22 when the child graduates, the parent resumes paying monthly premiums on the base policy to keep his insurance in force.

Guaranteed cash value at year 19: \$35,470



Average Estimated Undergraduate Budgets, 2010-11 (Enrollment-weighted)

	Tuition & Fees	Room & Board	Books & Supplies	Transportation	Other	Total
Public Two-Year Commuter	\$2,713	\$7,259	\$1,133	\$1,491	\$2,041	\$14,637
Public Four-Year In-State, On-Campus	\$7,605	\$8,535	\$1,137	\$1,073	\$1,989	\$20,339
Public Four-Year Out-of-State, On-Campus	\$19,595	\$8,535	\$1,137	\$1,073	\$1,989	\$32,329
Private Nonprofit Four-Year, On-Campus	\$27,293	\$9,700	\$1,181	\$862	\$1,440	\$40,476

NOTE: Expense categories are based on institutional budgets for students as reported by colleges and universities in the Annual Survey of Colleges. They do not necessarily reflect actual student expenditures.

Source: The College Board, Annual Survey of Colleges

How much will college cost? What will your expenses be per year?	
Tuition	\$ _____
Fees	\$ _____
Books, special equipment	\$ _____
Housing	\$ _____
Food	\$ _____
Transportation	\$ _____
Miscellaneous	\$ _____
Total yearly expenses	\$ _____

About Assurity...

Assurity Life Insurance Company's origins are rooted in a 120-year long legacy of providing long-term security to policyholders that has earned generations of customers' confidence and trust.

Assurity Life serves customers across the nation, offering disability income, critical illness, accident and life insurance, annuities and specialty insurance plans through our representatives and worksite distribution.

With assets exceeding \$2 billion, Assurity Life has built a reputation for "best in class" service and sound, conservative business practices with a disciplined approach to financial management. Headquartered in Lincoln, Neb., Assurity Life has earned a high rating from A.M. Best Company, one of the insurance industry's leading independent analysts. For more information about this rating, please visit www.ambest.com or www.assurity.com.

We're proud of our history of integrity, financial accountability...and helping people through difficult times.

Policy Form No. I L0880. Policy and rider availability, features and rates may vary by state.

Suicide, incorrect age and incontestability provisions apply. This policy and its riders may contain other reductions of benefits, limitations and exclusions. For costs and complete details of the coverage, please contact your agent, Assurity Life Insurance Company or ask to review the policy for more information.

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