Reasons for life insurance in retirement.

If something were to happen to you now, the death benefit from permanent life insurance can help replace your income for your beneficiaries. After you retire, there are various ways permanent life insurance can enhance your retirement.

Life insurance in retirement

Lessen the impact of taxes in your retirement

Maintain a favorable tax bracket by supplementing your retirement income by accessing cash value from a permanent life insurance policy.*

Make the most out of Social Security

Defer your benefit from age 62 to 70 to receive 76% more Social Security income by using cash value to fill the gap.[1]

Supplement your income

Cash value in a permanent life insurance policy can provide additional tax-free income. As the death benefit need decreases in retirement, the cash value grows tax deferred and can generally be accessed tax free.*

Leverage the money in your IRA

Leaving your IRA to heirs? Purchase permanent life insurance with money from your IRA now to provide them with a tax-free death benefit that may be larger than the amount they'd receive from the IRA alone.**

Leave a legacy

The death benefit from a permanent life insurance policy provides a tax-free lump sum to beneficiaries.

Pension maximization

Permanent life insurance can make it easier to choose a larger single-life pension, providing peace of mind that a surviving spouse will receive a tax-free death benefit that can replace lost income.

Replace lost Social Security

Permanent life insurance provides a tax-free death benefit that can replace the Social Security income that is lost after the death of a spouse.

Final expenses

Money from the death benefit of a permanent life insurance policy can remove the burdens of funeral costs and estate taxes from your heirs.

You can access cash value via loans or withdrawals through surrenders. When accessing cash value via loans, the total outstanding loan balance (which includes accrued loan interest) reduces your policy's available cash surrender value and life insurance benefit. The amount you borrow will accrue interest daily. When taking a withdrawal through surrenders, you are surrendering any available Paid-Up Additional Insurance for its Cash Surrender Value. This means that your Policy's Cash Value, available Cash Surrender Value and Death Benefit will be reduced by the amount of the withdrawal.

[1] "Should you take Social Security at 62?," Fidelity.com, January 1, 2019. (Note: All lifetime benefits are expressed in today's dollars and assume a life expectancy of 89.)

*Certain tax advantages are no longer applicable to a life insurance policy if too much money is put into the policy during its first seven years, or during the seven-year period after a "material change" to the policy. If the cumulative premiums paid during the applicable 7-year period at any time exceed the limits imposed under the Internal Revenue Code the policy becomes a "Modified Endowment Contract" or MEC. A MEC is still a life insurance policy, and death benefits continue to be tax free, but any time you take a withdrawal from a MEC (including a policy loan), the withdrawal is treated as taxable income to the extent there is gain in the policy. In addition, if you are under 59 ½, a penalty tax of 10% could be assessed on those amounts and upon surrender of the policy.

**Neither New York Life Insurance Company nor its agents provide tax, legal, or accounting advice. Please consult your own tax, legal, or accounting professional before making any decisions. Withdrawals from an IRA will generally be subject to ordinary income tax. If taken before age 59½, an additional 10% IRS tax penalty may apply (25% if from a SIMPLE IRA within the first two years). If surrendering, surrender charges may apply.

NEW YORK LIFE

Will you need life insurance longer than you think?

Why you may need it longer than you think.

Will your income be missed?

- Social Security
- Pension

Access to cash value

- Emergencies
- Major purchases
- Supplemental income (regularly scheduled income or lump-sum payments)

Will people still depend on you?

- Children
- Grandchildren
- Senior parents

79% of parents are providing financial support to their adult children.[2]

32% of Americans with living parents currently support, or feel they will need to support, their aging parents financially.[3]

Will you still have debt?

- Credit cards
- Mortgage

37% of retirees still carry mortgage debt.[4]

[2] “The Financial Journey of Modern Parenting: Joy, Complexity and Sacrifice,” Merrill Lynch, August 28, 2020

[3] AARP.org, January 2020

[4] Nerdwallet.com, March 11, 2021

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