

Index Strategy vs. Roth IRA

	IUL	Roth IRA
Taxed Advantaged Withdrawal	Yes	Yes
Cap on Contribution	No	\$4,000/yr
Minimum Contribution	No	\$1,000
Cap on Annual Earnings Allowed For Contribution	No	Yes, \$95,000 annual income (if you earn more, you <u>can't</u> contribute)
Penalties for Early Withdrawal	None	10% prior to age 59 ½ (soon to be 62 years old)
Guarantee Protection Against Loss of Principle	Yes	No
Guaranteed Minimum Interest	Yes	No
Protection from Creditors or Law Suits	Yes	No
Restrictions on College Assistance	None	Must use Roth prior to government assistance
Lowers Social Security Benefits	No	Yes (counts as income against SS)
Restrictions on Medicaid (gov. assistance for excessive medical bills)	None	You must completely use up your Roth IRA prior to receiving government assistance
Permanent Life Insurance	Yes	No*
You Pay Management Fees	No	Yes (including loading fees)
Passes to Children Tax Free	Yes	No

* Only 2% of Term policies ever pay out. At the end of the term you must re-qualify for insurance coverage. If anything significant has changed in your health, you may be declined.

Roth IRA \$4,000/ year for 30 years at 9.1%
Cash Value after 30 years = \$555,505 (did not deduct cost of fees involved)
Annual Cash Flow = \$50,550 (not including penalties if taken out prior to age 59 1/2)
Cash flow after 20 years = \$1,011,000

Index Life Strategy \$4,000/ year for 30 years at 9.1%
Cash Value after 30 years = \$486,744 (includes cost of insurance and fees)
Annual Cash Flow = \$72,755 (no penalties if taken out prior to age 59 1/2)
Cash flow after 20 years = \$1,455,100