

INCOME

REPLACEMENT

PROTECTING INCOME WITH LIFE INSURANCE



A 2015 STUDY BY LIMRA REPORTS
THAT 58% OF AMERICANS WHO
PURCHASED LIFE INSURANCE DID SO
IN ORDER TO REPLACE INCOME.¹ ○.....

INCOME REPLACEMENT

The death of a loved one is a tragic event. Losing a wage earner's income can make it even more difficult. Those left behind not only have to bear emotional grief, but often financial hardships as well.

A surviving spouse may have the means of generating income, but will it be enough to meet immediate monthly needs? Will it support the family in the coming months and years? While it is imperative to have a plan to cover immediate monthly expenses, it is important to prepare for long-term expenses as well.

Consider the cost of common household expenditures, unplanned expenses that may come later in life, and how death or terminal illness impact your overall financial plan.



INCOME

DUAL-INCOME FAMILY

Many families rely on both spouses for income. If one of those incomes were lost, it would become difficult to maintain the lifestyle to which the family has become accustomed. Having a plan to help replace one or both of those incomes will be critical in helping the family carry on.

ONE-INCOME FAMILY

The death of a family's breadwinner can be a significant burden for a one-income family. It may force the stay-at-home parent to re-acclimate to the workforce or get additional training and education in order to obtain employment. And if they do re-enter the workplace, they may need to pay for services such as child care, cleaning and other household services. Not only has the breadwinner's income been lost, restructuring the family's lifestyle can create additional expenses.

SINGLE

You may not currently have a family that relies on you for income, but life often changes. Consider that as you get older, a decline in health may make it difficult to qualify for coverage. And, the cost of insurance generally increases with age.



.....○ **DO YOU HAVE A PLAN**
THAT CAN **HELP COVER** YOUR
FAMILY'S EXPENSES?

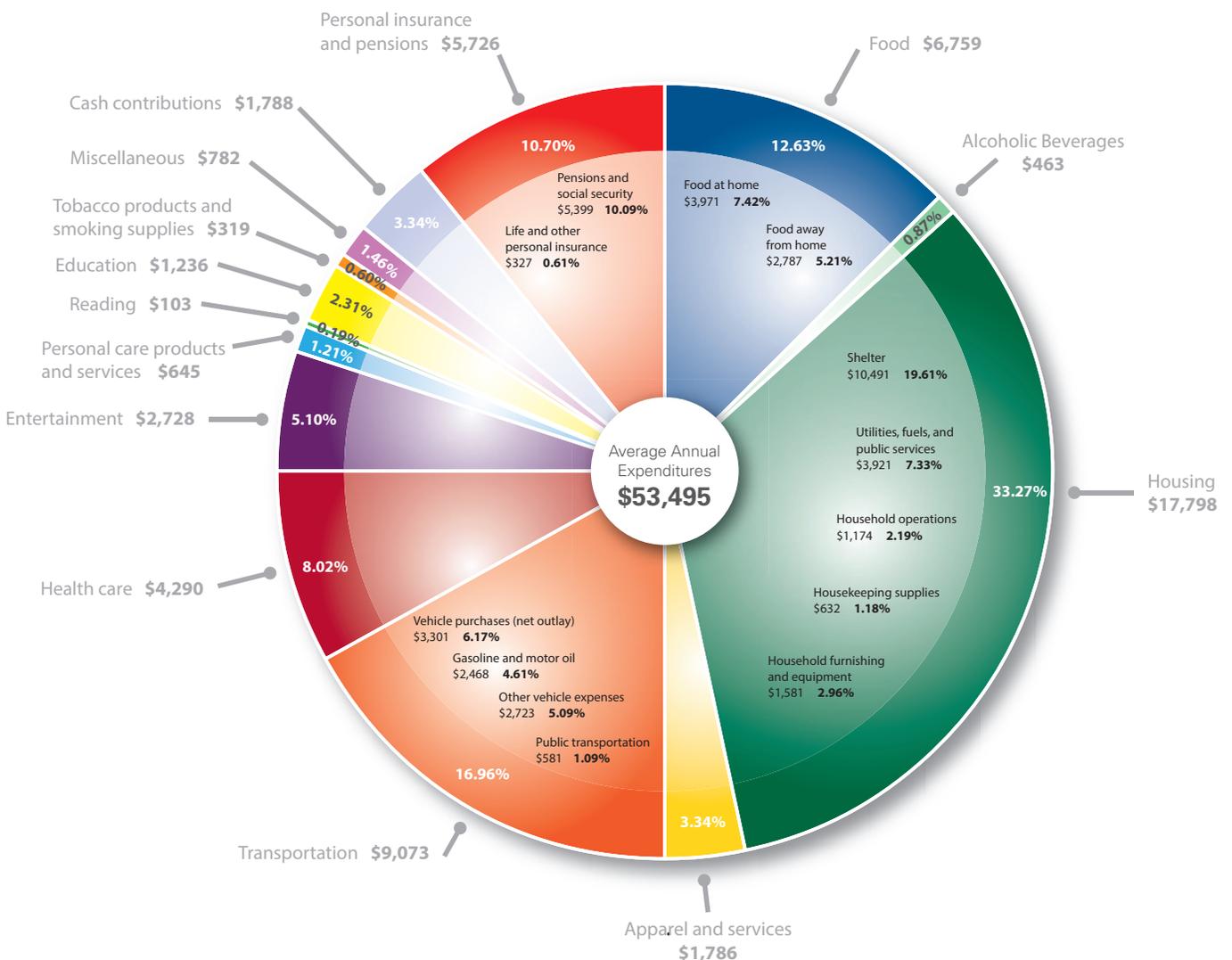
PREPARE FOR TODAY

PLAN FOR TOMORROW.

A sudden death or a terminal illness can make it difficult to meet short and long-term financial obligations. Compare your situation to the national averages below. Do you have a complete understanding of your current expenses and how much income would be needed if a provider were to pass away?

AVERAGE ANNUAL HOUSEHOLD EXPENDITURES²

The average household has an annual income (after taxes) of \$58,364 and, as indicated by the chart below, average annual expenditures of \$53,495. This means that, for a household of three, 92% of household income is consumed by common household expenditures, with more than half of all household spending on just food, housing and transportation.



INCOME PROTECTION STRATEGIES

The need to replace income is not just a short-term problem. It can last for years and even decades after the loss of a loved one. A life insurance policy offers a death benefit, optional riders and provisions that can help make this difficult time a little easier.

FACT: 50% of Households struggle financially within one year of losing a loved one.¹

DEATH

The death of a loved one causes heartache, but the loss can be made worse by devastating financial problems. Creating a plan to cover the loss of a breadwinner's income and recurring expenses can ensure that emotional loss is not compounded by economic hardship.

DEATH BENEFIT STRUCTURING

A life insurance policy provides a tax-free death benefit. The death benefit can be paid to one or more beneficiaries. It can be paid as a lump sum or in installments over a beneficiary's lifetime.

FACT: A 2015 report showed that 15.3% of all hospice patients were between the ages of 35 and 64.³

TERMINAL ILLNESS

When a terminal illness strikes a breadwinner, it can have a devastating effect on their ability to provide for their family. In fact, it can make holding a traditional job nearly impossible. If the caregiver is then required to seek work, it will be difficult to provide support for the terminally ill person as well as for the family. In nearly all cases, additional funds are needed to help a family sustain themselves or prepare for a loved one's final days.

TERMINAL ILLNESS

ACCELERATED DEATH BENEFIT

Living benefit riders provide the flexibility to deal with life's unexpected events. Many policies provide an inherent accelerated death benefit provision that offers up to 100% of the death benefit that can be paid out if the insured's life expectancy is less than one year. Funds from a terminal illness benefit rider may allow a family to do things they want to do before the death occurs. Or, it can make the final months or weeks of life easier by managing additional financial burdens.

FACT: Every four minutes, someone dies in an accident in the U.S.⁴

ACCIDENTAL DEATH

The sudden and accidental death of a loved one can create a number of complex issues. The grief process is often intensified due to the fact that there is little or no time to prepare. It adds a greater layer of anxiety as a surviving spouse and their family find themselves suddenly without income or support.

ACCIDENTAL DEATH

BENEFIT RIDERS

A life insurance product with an optional accidental death benefit rider provides funds in addition to the specified death benefit if an insured's death results directly from an accident. This provides some peace of mind in the event of an untimely death.



IMPORTANT INFORMATION

Life insurance can be the cornerstone of a successful financial plan. It can help safeguard a family by keeping the emotional stress of a loved one's death from becoming an economic hardship as well.

Talk to your financial representative today to find out how life insurance can help prepare for and cover the needs that come with loss of income.

Eligibility for a terminal illness accelerated death benefit is determined by a condition resulting from injury or illness which, as determined by a physician, has reduced life expectancy to not more than 12 months from the date of the physician's statement. The policy's benefits and values will be reduced proportionally in accordance with the benefits advanced under this type of rider. Benefits advanced under this rider may be subject to taxation.

Riders and rider benefits have specific limitations and costs and may not be available in all jurisdictions. Review any life insurance policy you are considering for complete details including the terms and conditions of riders and exact coverage provided.

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¹ LIMRA, 2015 Insurance Barometer, 2015

² U.S. Bureau of Labor Statistics. Consumer Expenditures in 2014, News Release, September 2015

³ HPCO Facts and Figures: Hospice Care in America. Alexandria, VA: National Hospice and Palliative Care Organization, 2015 Edition

⁴ Center for Disease Control and Prevention, Death, Final Data for 2013