Securian Financial®

Individual Life Insurance

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

What is "buy term and invest the difference"?

"Buy term and invest the difference" is an asset management strategy that can help maximize short-term life insurance coverage and accumulation potential.

- Determine your budget for permanent life insurance.
- Instead of using the budget to purchase a permanent policy, you purchase term insurance and invest the rest of your budget — the "difference" — in other accumulation vehicles.

Review these benefits and considerations to help you decide whether this strategy is right for you

Benefits

- **Lower premiums:** Permanent insurance is generally more expensive than term insurance.
- **Flexibility:** You can invest the difference as you wish and change investments as your risk tolerance changes. You have the option of stopping and restarting the investment at any time depending on your budgetary constraints.
- **Investment liquidity:** In many cases, you can withdraw from an investment portfolio at any time, assuming your investment is liquid.
- **Multiple assets for beneficiaries:** Buying term and investing the difference allows you to provide your beneficiary a death benefit and growth of an investment portfolio. When you[1] die and own a permanent life policy, your beneficiary receives a death benefit.

Considerations

- **Term insurance expires:** You may still need coverage when your term insurance ends. Some policies allow you to convert them to permanent coverage or continue your term policy — but at expensive annual renewable rates. If not, your age or declining health could impact your ability to renew your coverage, and premiums for a new policy will likely be substantially more expensive.
- **Requires consistency:** This strategy's flexibility can also lead to subpar results if you don't consistently invest the difference. If you are easily tempted by spending the difference, a permanent policy's combined life insurance coverage and accumulation potential may be more suitable, depending on the type of policy.
- **No guarantees:** Investing comes with investment risk — your desired investment growth could differ vastly from how the market actually performs. Some permanent life insurance policies offer guaranteed minimum growth, along with guaranteed protection.
- **Taxation:** Unless you hold your investments inside a tax-deferred or tax-advantaged account, your investment returns are subject to annual taxation. The cash value within a permanent life policy grows tax-deferred and can be accessed by taking tax-advantaged policy loans and withdrawals.[2]

Buying term insurance and investing the difference can be a worthwhile strategy for many families. However, permanent life insurance may also be a valid option, depending on your circumstances.

Why permanent life insurance?

While term insurance offers many benefits, a well-funded permanent life insurance policy can protect your family financially and provide a way to accumulate tax-deferred cash value. You can access the cash value for various needs, such as supplemental retirement income.

Contact your financial professional

to start designing a life insurance strategy that's right for you.

1. If owner/insured are different, the death benefit will be paid upon death of the insured.

2. As long as the policy remains in force and is not a modified endowment contract.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain charges, such as Cost of Insurance Charge, Cash Extra Charge, and Additional Agreements Charge (which we refer to as mortality charges), and Premium Charge, Monthly Policy Charge, Policy Issue Charge, Transaction Charge, and Surrender Charge (which we refer to as expense charges). These policies may contain restrictions, such as surrender periods.

Please keep in mind that investments will fluctuate and may be worth more or less than when originally invested.

Guarantees are based on the claims paying ability of the issuing life insurance company.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. You should consult your tax advisor when considering taking a policy loan or withdrawal.

This information is a general discussion of the relevant federal tax laws provided to promote ideas that may benefit a taxpayer. It is not intended for, nor can it be used by any taxpayer for the purpose of voiding federal tax penalties. Taxpayers should seek the advice of their own advisors regarding any tax and legal issues specific to their situation.

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Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

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