

The Tale of Twin Sisters

1 Problem 2 Different Solutions

Twin sisters, Cindy and Suzy, each have \$100,000 that they inherited from their mothers passing. Both initially placed the funds into a local bank Certificate of Deposit (CD). Neither intends to use these funds during their lifetime. They are both concerned with safety and want to have access to the funds in the case of an emergency, like a chronic illness or long term care. Both plan on ultimately passing the funds to their heirs.

As their CD renews see how each sister uses their funds and you decide which solution you think is better.



Cindy and Suzy

Ages: 65
Asset: \$100,000 CD
Goals: Safety
Liquidity
Emergency Access
LTC
Legacy to heirs



CD Renewal Option

- CD renews at an interest rate of 1%
 - Interest earned is \$1,000
- At her current tax rate she will pay \$200 in taxes on interest earned

To accomplish LTC & Chronic illness concerns she purchases a LTC policy.

- Annual cost of policy for her lifetime is \$2,000
- Policy provides a \$3,400 monthly benefit for 5 years

To accomplish Legacy to heirs need she purchases a \$100,000 Guaranteed Universal Life policy.

- Annual cost of policy for her lifetime is \$2,000

LTC Cost	\$2,000
GUL Cost	\$2,000
Less CD Interest	-\$800
Total Annual Cost	\$3,200

CD Alternative Option

Moves \$100,000 to Single Premium Whole Life Product.

- Receives immediate interest rate bonus to her premium
- Receives a guaranteed tax-free death benefit of \$220,000
- Receives chronic care benefit that provides her with a monthly benefit of \$3,400 for 5 years
- Her \$100,000 is her guaranteed minimum surrender value

Safety Need	✓
Liquidity / Emergency Access Need	✓
LTC Need	✓
Legacy Need	✓