



Tax-efficient wealth creation and transfer

Permanent life insurance is a cornerstone of a sound financial plan. Not only can it provide financial security for your family in the event of your premature death, but it is also a powerful and tax-efficient way to create and transfer wealth to people and organizations you care about.

- Death benefits are generally free of federal income tax (but may be subject to estate tax)
- Proceeds generally bypass probate, giving designated beneficiaries a relatively quick source of liquidity
- Permanent insurance can be used to fund a wide variety of financial strategies from estate planning to executive benefits, making it an important financial tool for businesses as well as individuals

What is permanent life insurance?

Life insurance is designed to pay a cash death benefit when the covered person dies.

Permanent life insurance can cover an individual for a lifetime. This differentiates it from term life insurance, which provides coverage only for a specific period of time. In addition, permanent insurance accumulates cash value as you pay premiums. Unlike the death benefit, which is paid if you die with the policy in force, cash value is a financial resource that can benefit you during your lifetime:

- You can borrow against the available cash value at an interest rate specified in the policy.
- These loans are generally tax-free. If unpaid, they will be deducted from the death benefit or cash value.
- You may also be able to make withdrawals from the available cash value. (Surrender charges may apply.) Withdrawals, which reduce the death benefit, are generally tax-free to the extent of premiums paid.

Investment, annuity, and insurance products:

Are Not FDIC-Insured	Are Not Bank Guaranteed	May Lose Value
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- Are not a deposit or other obligation of the bank or any bank affiliate;
- Are an obligation of the insurance company only;
- Are not guaranteed, issued or underwritten by the FDIC, the bank or any bank affiliate;
- Are not insured by any agency of the U.S., the bank or any bank affiliate;
- Are not a condition to the provision or term of any banking service or activity;
- Need not be negotiated or purchased through any particular person as a condition of any financial transaction or service;
- May be purchased from any agent or company and the customer's choice will not affect current or future credit decisions;
- Involve an investment risk, including possible loss of principal or loss of value. The market value of the investment may fluctuate, causing possible loss of principal amount invested.

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More important disclosure information on the back cover.

Three ways to create and preserve wealth

The three basic types of permanent insurance have different characteristics:

- Whole Life¹ has a level premium and level death benefit, with a cash value that increases over time until it equals the death benefit. This is a simple and efficient choice for people who don't want their premium amount to change or their death benefit to fluctuate.
- Universal Life¹ offers more flexibility to cope with changing financial circumstances. After the initial premium payment, your payment schedule and premium contribution amounts may vary (subject to certain limits). The death benefit may also be increased or decreased. For example, you might want less coverage once your children are on their own. Or a major jump in household income could call for increased protection in the form of a larger death benefit.
- Variable Universal Life,¹ or VUL, allows you to invest in sub-accounts. Returns are based on market performance and thus involve risk, including possible loss of principal. For people who are comfortable with this risk, the potential to significantly grow the account value may make a VUL an especially attractive choice. For instance, account growth could allow you to skip premium payments or take out current income through loans or withdrawals.^{2,3} However, if market losses occur, additional premium payments may be required to keep the policy active.

Individual or joint coverage?

Depending on the type of permanent insurance they choose, couples may have a choice of coverage options:

- A **Single Life policy** insures one person and pays a death benefit when that person dies. It is generally used to provide income protection or estate protection for a particular individual's beneficiaries.
- A **Joint Life policy** insures two lives and pays a death benefit only when the first person dies. Its purpose is usually to provide income to a surviving spouse or domestic partner.
- A **Survivorship Life policy** insures two lives and pays a death benefit only when the second person dies. It is most commonly chosen as part of a couple's estate plan, helping to reduce the taxable estate and pass a larger inheritance to their children.

Why obtain coverage now?

Life insurance should be considered as part of every well-thought-out financial plan. If you have recently married, divorced or been widowed, or become a new parent or grandparent, it's especially important to review your new circumstances with a Banc of America Investment Services, Inc.[®] Financial Advisor, who is licensed to sell insurance through Banc of America Insurance Services, Inc. For business owners, a review should also include an assessment of opportunities to protect this major asset.



Solutions for individuals and families

Permanent insurance can be used to meet a wide variety of personal financial goals, from augmenting a retirement portfolio to maximizing an inheritance for children or grandchildren. Here are some examples⁴:

<p>You want your family’s lifestyle to be protected if anything happens to you.</p>	<p>Permanent insurance can provide income-tax-free cash generally without probate delays. This can help the surviving family members who are designated beneficiaries.</p> <ul style="list-style-type: none"> • Pay bills and expenses while the estate is being settled • Take care of major obligations, such as children’s education or mortgage • Continue to have financial security and choices in life
<p>You want to insure the future of a special-needs child.</p>	<p>A trust funded by permanent insurance can pay a child’s ongoing expenses after a parent’s death.</p>
<p>You want to save more for retirement than qualified plans allow.</p>	<p>Permanent insurance offers the potential for tax-deferred growth, often with the opportunity to take tax-free partial withdrawals or tax-free loans in retirement.²</p>
<p>You want to leave a larger inheritance to your beneficiaries.</p>	<p>Permanent insurance can maximize wealth transfer, especially when held in insurance trusts or third-party ownership, which are free of federal estate and possibly gift taxes.</p>
<p>You want to maximize an inheritance without tying up funds you may need in retirement.</p>	<p>Permanent insurance offers the potential to grow a substantial inheritance, with an opportunity for tax-free access during the owner’s lifetime if needed.²</p>
<p>You want to minimize or avoid estate tax on the assets you and your spouse own.</p>	<p>Opportunity to create a credit-shelter trust (“B” Trust), funded at the first spouse’s death by life insurance with a premium equal to the current estate-tax exclusion amount.⁴ Paired with a marital trust (“A” Trust) funded with other estate assets, this uses both spouses’ exclusion amounts, maximizing the children’s inheritance.</p>
<p>You want to equalize inheritances among your heirs.</p>	<p>Life insurance proceeds can provide cash to balance inheritances to other heirs.</p>
<p>You want your heirs to be able to pay estate tax without selling assets.</p>	<p>Life insurance proceeds can provide cash to pay estate tax.</p>
<p>You want to leave qualified plan assets to a loved one while providing funds for a potentially big tax bill.</p>	<p>Life insurance proceeds can provide cash to offset income tax that will be due at withdrawal of an inherited tax-deferred account.</p>
<p>You want to leave a legacy to a charity without significantly reducing the inheritance for your family.</p>	<p>Permanent insurance can be purchased with the charity as beneficiary.</p>
<p>You want to make a large bequest to a charity with the opportunity to access funds earlier if necessary.</p>	<p>Permanent insurance can be purchased with the charity named as beneficiary, and with tax-free access for the owner through loans and partial withdrawals.²</p>

¹Standard life insurance fees or cost of insurance (COI) apply.

²Withdrawals that include interest/gains are subject to income tax. Surrender charges may apply on withdrawals. Loans and withdrawals will reduce the cash value and death benefit. Tax-advantaged loans and withdrawals assume the policy is not a Modified Endowment Contract (MEC).

³Variable life insurance is sold by prospectus, which must accompany any insurance carrier product materials. Prospective policy owners should carefully review the prospectus before investing or sending money.

⁴Setting up trusts and other financial programs using insurance can be complex. Please consult your personal tax and/or legal advisor before making decisions.

Solutions for business owners

For owners of closely held businesses, permanent insurance may be an ideal way to fund a buy-sell agreement,⁴ a “second chance” retirement plan with the opportunity for large pretax contributions or an incentive program for key employees:

You want to catch up on retirement savings with a business retirement plan that allows larger tax-deductible contributions.	Permanent insurance can fund a 412(i) defined benefit plan ⁴ that allows substantial pretax contributions and provides guaranteed payments by the insurance company in retirement.
You want to ensure continuation of your business while turning your equity into cash upon retirement, disability or death.	Permanent insurance can fund a buy-sell agreement providing a designated party the funding to buy the owner’s share.
You want to establish an executive benefits plan to recruit and retain key employees.	Permanent insurance can fund a deferred compensation, executive bonus or other incentive plan, with premiums that are generally tax deductible for the business.

Is permanent life insurance right for you?

If permanent insurance appears to be a likely solution for you, consider the additional advantages of these key features:

- Permanent insurance may be customized, for an additional cost, with optional benefits such as accelerated death, long-term care, accidental death or waiver of premium in case of disability.
- When you buy a policy, you lock in a premium that can last the rest of your life. Since premiums are based on age at the time of purchase, the earlier you buy coverage, the lower the premium that will apply.
- You can usually access your cash value with low-cost, tax-free loans or make tax-advantaged withdrawals if needed.²
- As long as you continue to pay premiums, your policy cannot be cancelled due to any deterioration in health.

You should also be aware that:

- A mortality charge and expenses will be periodically deducted from your cash value.
- If a life insurance death benefit is not important to you, you may realize a better return on your money by investing on your own.
- Since permanent insurance is a long-term financial vehicle, you may pay a surrender charge if you surrender your policy or make a large withdrawal in the first several years.
- To maintain your coverage, it’s critical to be sure you can afford the premiums over the long haul.

If permanent insurance is appropriate, your Banc of America Investment Services, Inc.[®] Financial Advisor, who is licensed to sell insurance through Banc of America Insurance Services, Inc., will look for the best coverage with your age, health and financial situation in mind.

Perspectives on Planning

A comprehensive approach to your financial planning needs

Using *Perspectives on Planning*,* a Banc of America Investment Services, Inc.[®] Financial Advisor, who is licensed to sell insurance through Banc of America Insurance Services, Inc., can work with you to develop an effective, comprehensive financial plan that includes insurance protection. *Perspectives on Planning* takes into account how much and what types of insurance you already have. It provides a blueprint for protecting what you’ve worked so hard to grow — your assets, your lifestyle and the people you care for.

The Financial Advisor works closely with other licensed insurance professionals at Banc of America Insurance Services, Inc. to provide you with tailored solutions. Through an established network of top-rated insurance companies, Banc of America Insurance Services, Inc. offers ready access to information and quotes for an array of insurance options.

*IMPORTANT: The projections or other information generated by Perspectives on Planning regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use over time.

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