

Pension Max is a concept that can be used for someone within 3-5 years of retirement.

Here's how we present that concept if we have determined from our first appointment fact-finding that they fall into this category.

SCRIPT

Lieutenant, lets talk about the concept of Pension Max.

That's when you use a permanent life insurance product to pass along tax-free money to your survivor instead of leaving money on the table with your PERS.

When you retire, you will need to declare your survivorship option. If you choose anything other than the option to take everything you can (Option 1 in California aka...the selfish option) you are leaving money on the table with PERS, and taking a reduced amount so that when you die your survivor... your spouse, will get that same amount.

In most cases we find that taking the maximum amount from your pension, and buying a permanent life insurance policy is actually cheaper and puts a lot more money in your pocket than choosing other options they may give you.

For example if your maximum pension is \$8000/month, a second option they may offer might pay you \$7200/month.

If you select the second option, when you pass away your survivor will get the same \$7200/month for the rest of their life.

We say don't do that!

Select the option to take everything you can and buy a permanent life insurance product for \$300-\$500/month.

A healthy 54 year old can get a permanent policy of about \$400,000 for \$400/month.

This gives your survivor \$400,000 tax free upon your death, but while your alive, it puts the difference of \$400/month in your pocket.

\$400/month is \$4800/year.

\$4800/year totals \$48,000 over 10 years.

So at age 64 in this example, you would have \$48,000 more in your pocket using Pension Max, and your spouse would still get \$400,000 tax free when you pass away.

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At 74 you would have \$96,000 more dollars in your pocket than the other options and your spouse would still get the same \$400,000 tax-free.

10 more years, at 84, and it's \$144,000 in your pocket and your spouse would still get the same \$400,000 tax free. You get the idea.

That's what we call Pension Max. It allows you to enjoy more of your money TODAY while still having protection in place to ensure your spouse is taken care of when you pass away.

