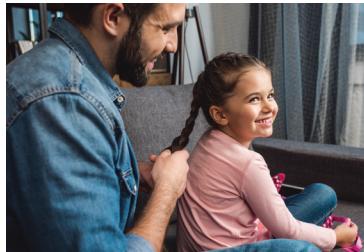


College funding with life insurance

# Can your savings keep up with the cost of a college education?

You can plan now to help protect your child's future



Your kids are growing — and so is the cost of a college education. You might have started to think about how to pay for college. Scholarships and financial aid are a good place to start, but they rarely cover the full cost. Have you thought about the role a cash value life insurance policy could play in paying for college?

Cash value life insurance can be a big help in funding a college education in two ways:

- Helps protect your child's educational future if you die prematurely, by making money available to cover the rest of their college expenses.
- Helps provide access to cash through policy loans and withdrawals to supplement any other college savings accounts.

## Give your savings a boost

Life insurance isn't a replacement for traditional savings plans, like a 529 plan or personal savings. But sometimes these plans need a little boost – and life insurance can be a valuable addition.

### Compare ways to save

	529 plan	Investments	Personal savings	Cash value life insurance
Contributions may be state income-tax deductible	• <sup>1</sup>			
No income-based contribution restrictions	•	•	•	•
Growth is tax-deferred	•			•
Income-tax free death benefit is paid at owner's death				•
Can avoid probate at owner's death				•
Money can be withdrawn income tax-free	•			• <sup>2</sup>
Can be used for purposes other than qualifying education expenses		•	•	•
Isn't countable as an asset of owner for federal financial aid purposes				•

## What you need to know

Cash value life insurance offers many benefits that might make it a good option to help your college funding, and there are also some things to consider:

**Provides timely financial protection** – It pays an income tax-free benefit to your loved ones when you pass away.

**Offers favorable tax benefits** – There are no current taxes due on cash value gains, and disbursements can be received income tax-free, when designed properly.

**Adds income flexibility** – Distributions from a life insurance policy can be used for any purpose. And, if the values accumulated aren't needed for education expenses, the policy can be repurposed to supplement your retirement income.

**Reduces countable assets** – The accumulation value of life insurance is currently not a countable asset when applying for federal financial aid.

**Creates a contingency plan** – Certain types of policies provide access to a portion of your death benefit early to pay for a chronic illness that might take away from your ability to save for college.<sup>3</sup>

**Must qualify** – You need to be healthy enough to qualify for the life insurance policy.

**Reduced benefit** – When you take loans or withdrawals from your policy's cash value, it can reduce the benefit that will be paid to your beneficiary at your death.

**Not for short-term savings needs** – Cash value life insurance provides long-term savings growth, so it may not be appropriate if you need access to values within a short timeframe.



Talk to your financial professional today to find out more about cash value life insurance and how it can help protect your child's future.

<sup>1</sup> Varies from state to state.

<sup>2</sup> Withdrawals of the policy's principal (generally premiums paid) and policy loans are generally not taxable. If the policy is a Modified Endowment Contract (MEC), any gain withdrawn from the policy would be taxed at ordinary income rates and a 10% penalty would apply if the policy owner is less than age 59 ½.

<sup>3</sup> Availability of this feature varies by life insurance product and the state where your policy is issued.



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