

PLANNING FOR COLLEGE FUNDING USING NEXGEN UL



How to accumulate funds for your children's college education?

You probably dream of sending your children to college, so they can have a better future. However, are you planning now for the future? Will you have enough money set aside to provide your children with the opportunity to go to the best college they can enter? Or will you rely on scholarships, grants and others to provide the funds when they are needed?

With proper planning you can help your children to achieve what every child wants – to have a better life. Many people realize too late how difficult it is to accumulate for the college education of their children. It is a result of many things:

- Cost of living has increased; therefore, we save less.
- Cost of education is growing faster than the cost of living.
- Other financial demands become temporarily more important.

How can you save for the college education of your children?

With a NexGen universal life insurance policy, when your children are ready to begin their education, you can have sufficient accumulated values to pay these costs. As each child reaches college age, you can access the cash value through a partial surrender of the policy or policy loans. These loans or partial surrenders can be made when you need funds for your future plans with the death benefit remaining in force.

If you were to pass away before your children begin college, the death benefit will provide the income that your family needs to maintain its standard of living into the future.

NexGen universal life policy, with its excellent cash accumulations features, can provide the funds necessary to pay college expenses.

In addition to offering death benefit coverage, universal life policy can provide funds that are needed when your children begin their college education. Life insurance products offer many benefits that are not available through other traditional investments or life insurance plans. Such as:

- Access to policy values at low cost compared to other savings plans – Policyholders have the option to apply for a policy loan or partial surrender free of costly fees.
- Death benefit cash value can be used to complete paying for your children's or replace lost future income.
- Return of Premiums Death Benefit Option – NexGen universal life plan offers an option that will pay the insured amount and the sum of all net premiums paid for the policy.

It is never too early to start saving for the education of your children. Let Grandtag (Overseas) be your guide with our NexGen universal life policy. With a NexGen life insurance policy, it is possible to create an "instant estate".

CASE STUDY – COLLEGE FUNDING

Albert and Mary are a young couple with two children, Anna who is 4 and Peter who is 1. Albert and Mary both have college degrees and very much want their children to be able to attend college so they can have a better life when they are older. They expect that the costs for college will be US\$25,000 per year in today's dollars for each child and that each child would start college at age 18. Albert, who is 31, and Mary, who is 29, would like to start saving for college today, but they are not sure of the best alternative. The following recommendations are for Albert and Mary to prepare for the college funding of their children.



PLANNING FOR COLLEGE FUNDING:

STEP ONE – HOW MUCH MONEY WILL BE NEEDED TO FUND FOR COLLEGE

Anna and Peter will be starting college at different times, Anna in 14 years and Peter in 17 years. Using a financial calculator you can determine how much Albert and Mary will need to have available each year for each child. Using a 3% inflation factor for college costs, they will need US\$37,815 when Anna starts college and US\$45,153 for Peter's last year of college. The total they will need for both children is US\$331,076. (See Chart 1)

STEP TWO – HOW CAN LIFE INSURANCE HELP PROVIDE COLLEGE FUNDS

An illustration for a US\$335,000 NexGen Universal Life policy insuring Albert is prepared. The face amount is enough to cover the future college costs if Albert were to die before the children reach college age. Albert and Mary will pay a US\$17,050 annual premium until Anna starts college. They can then take the necessary policy loans each year for the amount needed for that year's college costs. After Peter has finished college, the policy would stay in force for as long as Albert lives, using today's interest rates and costs of insurance. (See Chart 2)

STEP THREE – ADDITIONAL BENEFITS OF USING LIFE INSURANCE

If Albert were to die prematurely, without a life insurance policy on Albert's life there would probably not be enough funds to send either Anna or Peter to college. However, if something were to happen to Albert, Mary and the children would have enough death proceeds to continue to live comfortable and still allow the children to go to college when the time came.

It is also possible with NexGen universal life to have a unique death benefit option. When Albert dies, his beneficiaries will receive the death benefit plus the sum of the net premiums paid into the policy.

So, NexGen universal life policy is an excellent vehicle to protect and secure the financial well being and the future education of a family and their loved ones.

CHART 1

FUNDS NEEDED FOR COLLEGE COSTS – ALBERT AND MARY

This chart assumes that each child will need US\$25,000 per year in today's dollars and that college costs will increase by 3% per year. The oldest child is 4 and the youngest is 1. Both will start college at 18 and go to school for 4 years.

Year	Anna's Age	Amount Needed	Peter's Age	Amount Needed	Total Needed
1	4	US\$ 25,000	1	US\$ 25,000	
2	5	US\$ 25,750	2	US\$ 25,750	
3	6	US\$ 26,523	3	US\$ 26,523	
4	7	US\$ 27,318	4	US\$ 27,318	
5	8	US\$ 28,138	5	US\$ 28,138	
6	9	US\$ 28,982	6	US\$ 28,982	
7	10	US\$ 29,851	7	US\$ 29,851	
8	11	US\$ 30,747	8	US\$ 30,747	
9	12	US\$ 31,669	9	US\$ 31,669	
10	13	US\$ 32,619	10	US\$ 32,619	
11	14	US\$ 33,598	11	US\$ 33,598	
12	15	US\$ 34,606	12	US\$ 34,606	
13	16	US\$ 35,644	13	US\$ 35,644	
14	17	US\$ 36,713	14	US\$ 36,713	
15	18	US\$ 37,815	15	US\$ 37,815	US\$ 37,815
16	19	US\$ 38,949	16	US\$ 38,949	US\$ 38,949
17	20	US\$ 40,118	17	US\$ 40,118	US\$ 40,118
18	21	US\$ 41,231	18	US\$ 41,231	US\$ 82,642
19			19	US\$ 42,561	US\$ 42,561
20			20	US\$ 43,838	US\$ 43,838
21			21	US\$ 45,153	US\$ 45,153
				Total Necessary:	US\$ 331,076

CHART 2

PROJECTED DEATH BENEFITS – ALBERT AND MARY

This chart shows the death proceeds available on a policy insuring Albert from which policy loans have been taken to provide college funds. The values in the chart are hypothetical only and are intended to demonstrate the possible results of using a life insurance policy to provide college education funds.

Year	Premium Paid	Loan	Net Surrender Value	Net Death Benefit
1	US\$ 17,050		US\$ 14,772	US\$ 335,000
2	US\$ 17,050		US\$ 31,959	US\$ 335,000
3	US\$ 17,050		US\$ 50,016	US\$ 335,000
4	US\$ 17,050		US\$ 68,989	US\$ 335,000
5	US\$ 17,050		US\$ 88,920	US\$ 335,000
6	US\$ 17,050		US\$ 109,860	US\$ 335,000
7	US\$ 17,050		US\$ 131,845	US\$ 335,000
8	US\$ 17,050		US\$ 154,907	US\$ 387,269
9	US\$ 17,050		US\$ 179,041	US\$ 447,602
10	US\$ 17,050		US\$ 204,294	US\$ 510,734
11	US\$ 17,050		US\$ 231,277	US\$ 562,003
12	US\$ 17,050		US\$ 259,543	US\$ 612,522
13	US\$ 17,050		US\$ 289,158	US\$ 662,172
14	US\$ 17,050		US\$ 320,192	US\$ 710,827
15	US\$ 0	US\$ 37,815	US\$ 295,681	US\$ 681,610
16	US\$ 0	US\$ 38,949	US\$ 271,302	US\$ 657,740
17	US\$ 0	US\$ 40,118	US\$ 244,189	US\$ 629,787
18	US\$ 0	US\$ 82,642	US\$ 170,352	US\$ 553,467
19	US\$ 0	US\$ 42,651	US\$ 134,541	US\$ 513,569
20	US\$ 0	US\$ 43,838	US\$ 95,195	US\$ 468,393
21	US\$ 0	US\$ 45,153	US\$ 52,021	US\$ 412,838
Age 55	US\$ 0		US\$ 58,437	US\$ 366,859
Age 60	US\$ 0		US\$ 71,017	US\$ 310,044
Age 65	US\$ 0		US\$ 85,589	US\$ 286,495
Age 80	US\$ 0		US\$ 137,528	US\$ 237,308
Age 100	US\$ 0		US\$ 74,147	US\$ 74,147

These values are for illustrative purposes only and do not constitute a contract. No values are guaranteed and tax questions should be addressed to qualified tax counsel.

DISCLAIMER

We assume no responsibility or liability for any errors or omissions in the content of this presentation. The information contained in this presentation is provided on an "as is" basis with no guarantees of completeness, accuracy, usefulness or timeliness and without warranties of any kind whatsoever, expressed or implied. All rights are reserved.