
Universal Life Insurance

Weekly Educational Update – October 9, 2019

Universal life insurance is permanent life insurance – that is, it remains in force for your whole life as long as the premiums are paid. But universal life insurance has an important difference from other types of permanent insurance: it provides a flexible premium.

That means the policyholder decides how much to put in above a set minimum. By extension, the policyholder also determines the face amount of the policy.

Universal life insurance policies accumulate cash value – cash value that grows tax deferred. Guarantees are based on the claims-paying ability of the issuing company.

Universal life insurance policies normally let policyholders borrow a portion of their policy's cash value under fairly favorable terms. And interest payments on policy loans go directly back into the policy's cash value. Keep in mind that universal life insurance has certain features that make the policy suitable for some individuals. Whether universal life insurance is appropriate for you will depend on your goals, needs, and circumstances.

When the policyholder dies, their beneficiaries receive the benefit from the policy. Depending on how the policy is structured, benefits may or may not be taxable.¹

Accessing the cash value in your insurance policy through borrowing – or partial surrenders – has the potential to reduce the policy's cash value and benefit. Accessing the cash value may also increase the chance that the policy will lapse and may result in a tax liability if the policy terminates before your death.

Universal life insurance can be structured so that the cash value that accumulates will eventually cover the premiums. However, additional, out-of-pocket payments may be required if the policy's dividend decreases or if investment returns underperform.

Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely,

the policyholder also may pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

Withdrawals of earnings are fully taxable at ordinary income tax rates. If you are under age 59½ when you make a withdrawal, you may be subject to surrender charges and assessed a 10% federal income tax penalty. Also, withdrawals will reduce the benefits and value of the contract. Life insurance is not FDIC (Federal Deposit Insurance Corporation) insured. It is not insured by any federal government agency or bank or savings association.

Generally, loans taken from a policy will be free of current income taxes, provided certain conditions are met, such as the policy does not lapse or mature. Loans and withdrawals reduce the policy's cash value and death benefit. Loans also increase the possibility that the policy may lapse. If the policy lapses, matures, or is surrendered, the loan balance will be considered a distribution and will be taxable.

QUOTE OF THE WEEK



"Your competition isn't other people. Your competition is your procrastination. Your ego. The unhealthy food you're consuming. The knowledge you neglect. The negative behavior you're nurturing and your lack of creativity. Compete against that."

- Jade Jackson

RECIPE OF THE WEEK



Baked Donuts



Donuts might not be the healthiest choice for breakfast, but they sure are delicious. These baked, cinnamon-sugar donuts are simple to make and perfect for a solo breakfast or brunch party.

[makes 12 donuts]

Ingredients:

For the donuts:

- 2 6-donut pans (or one 12-donut pan)
- Nonstick cooking spray
- 2 cups flour
- 2 tsp. baking powder
- 1 tsp. cinnamon
- Sprinkle of salt
- 1 egg
- 1¼ cups whole milk
- 2 Tbsp. butter, melted
- 2 tsp. vanilla extract

For the glaze:

- 1 stick of unsalted butter
- ¾ cup sugar
- 1 tsp. cinnamon

Directions:

1. Preheat the oven to 350° F.
2. Mix together the flour, sugar, baking powder, cinnamon, and salt.
3. In a separate bowl, whisk together the egg, milk, melted butter, and vanilla.
4. Stir the wet ingredients into the dry mix slowly until just combined (don't overmix).

5. Spoon the batter into well-sprayed donut pans. Fill each cup about halfway full.
6. Bake for 17 minutes. Allow to cool for five minutes.
7. For the glaze, melt the butter, then combine the cinnamon and sugar in a separate bowl. Dip each donut into the butter, then the cinnamon-sugar mix until coated (either on one or both sides).

Recipe adapted from The Food Network²



Tax Tips on Identity Theft

Unfortunately, getting your identity stolen and personal information compromised is all too common. Thieves steal other people's identity for many reasons, including filing a fraudulent tax return (to claim the refund), committing credit card fraud, or trying to get a job. Here are a few things to know when protecting yourself against identity thieves:

- The IRS will never contact you via email or phone to request personal information. If you receive a scam email claiming to be the IRS, report it to phishing@irs.gov.
- People can steal your identity by stealing your wallet or purse, receiving information they need over the phone or email, finding your personal information in the trash, or accessing information you provide to an unsecured website (only ever enter credit card information on secure websites that start with "https://").
- Your identity may have been stolen if a letter from the IRS indicates that more than one tax return was filed for you.

Read more tips [here](#).

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax professional.

Tip adapted from IRS.gov³



Master the Low-Spinning Wedge Shot

You've likely seen the pros hit a beautiful chip shot that stays low and floats right next to the hole. But for some reason, you just can't seem to get that low-spinning shot when you're out playing. Well, let's share some secrets on how to achieve it.

The most important thing you need to do is understand the center of gravity of your shot and where it is relative to the ball. To achieve the low-spinning wedge shot, the center of gravity needs to be right below the ball for your entire shot (not just on impact). This will help launch the ball far and low. This occurs because the low-center of the face is the place where the ball spins the most. Think about hitting this shot one groove lower than your normal chip.

Tip adapted from Golf Tips Magazine⁴



Healthy Fast-Food Items

If you're making healthy eating a priority, you're probably staying away from fast food as much as possible. But whether you're in a rush or on a road trip, a quick, fast-food stop could be the only option. Luckily, there are actually some healthy options at most major fast-food chains that won't set you too far off your diet. Here are some of our favorites:

- **The Artisan Grilled Chicken Sandwich at McDonalds** has 380 calories, 6 grams of fat, and 36 grams of protein. It includes a grilled chicken patty, veggies, and whole-wheat bun.
- **The Steak Fresco Soft Taco at Taco Bell** - Salads aren't always the best option at fast food chains, and Taco Bell is a great example of that. These Steak Fresco Soft Tacos have 150 calories, 4 grams of fat, and 10 grams of protein, while the Fiesta Taco Salad has 760 calories and a whopping 39 grams of fat.
- **The Spinach, Feta, and Egg-White Breakfast Wrap at Starbucks** - Starbucks has really revamped their food menu, and this is just one of their many healthy options. Pair it with a black coffee or tea, and you have yourself a healthy breakfast on the go, with just 290 calories, 10 grams of fat, and 19 grams of protein.

Tip adapted from USA Today⁵



Extend the Life of Produce to Reduce Food Waste

Food waste is a major environmental issue. In fact, some data suggests that [40% of all food produced in the U.S. is wasted](#). These tips will help you reduce food waste, save you money, and help the environment:

- Put a paper towel under produce, like carrots, to absorb any extra moisture. This trick can extend the life of your produce for weeks.
- Some fruits and veggies shouldn't be refrigerated because they release ethylene gas, which can spoil nearby food. These items include avocados, bananas, peaches, tomatoes, oranges, and more.
- You can wrap some veggies, like broccoli and celery, in aluminum foil to preserve them for longer.
- You should clean out the crisper in your fridge frequently to reduce bacteria. They can cause your produce to spoil more quickly.
- Always store mushrooms in a paper bag to allow them to properly breathe.
- Cheese will last longer when wrapped in cheese or wax paper instead of plastic.

Tip adapted from Green Living Tips⁶

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¹ <https://www.fool.com/retirement/2019/03/26/the-right-life-insurance-policy-for-you.aspx>

² <https://www.foodnetwork.com/recipes/ina-garten/cinnamon-baked-doughnuts-recipe-2135621>

³ <https://www.irs.gov/newsroom/top-tips-every-taxpayer-should-know-about-identity-theft>

⁴ <https://www.golftipsmag.com/video/short-game/the-low-spinning-wedge-shot/>

⁵ <https://www.usatoday.com/story/life/2019/01/17/healthy-fast-food-mcdonalds-taco-bell-starbucks-chipotle-chickfila-panera/2582149002/>

⁶ <https://www.greenlivingtips.com/articles/food-storage-tips.html>