

SecureFamily.ORG
Security 75 million American Families COUNT ON



FINANCIAL SECURITY
and PEACE OF MIND
**are more important
than ever.**



- **75 MILLION** American families rely on life insurance and retirement annuities.
- Life insurers pay out **\$1.5 BILLION** every day to American families and businesses.
- More than **1 OUT OF EVERY 6 DOLLARS** of Americans' long-term savings is in life insurers' products.
- The life insurance industry generates **2.5 MILLION** American jobs.

The Society of Actuaries updated its mortality tables last year for the first time since 2000 to reflect the longer lifespans of today's retirees. The average 65-year-old American woman is expected to live **88.8 years**, up from 86.4. Men who are 65 are expected to live **86.6 years**, up from 84.6.

THE NEED

- **Financial protection:** American families need protection against life's financial uncertainties. Today, about 40 percent of families are unprotected by life insurance. In addition, the 60 percent of households with life insurance have enough to provide financial support for 5 years or less, on average.¹ Most experts suggest coverage should equal at least seven to 10 times annual income.
- **Savings:** American families worry about retirement savings. According to the Gallup Economy and Personal Finance poll taken in April 2014, 68 percent of Baby Boomers aged 50-64 and 50 percent of Millennials aged 18-29 are worried about not having enough money for retirement. The fact that fewer workers have traditional pension plans to rely on, combined with the stress on government programs like Social Security, add to Americans' concerns.
- **Lifetime retirement income:** Americans underestimate their longevity. About 10,000 Americans will turn 65 every day for the next 15 years. Yet, a recent Society of Actuaries study found that more than 40 percent of retirees underestimated their life expectancy by 5 years or more. This means they likely will miscalculate how long their retirement savings need to last and risk spending their senior years in financial stress.

As Congress considers tax reform proposals, it should continue to support public policies that encourage Americans to protect their families' futures. Families need the financial safety net that life insurance companies and the professionals who represent them provide through life insurance, disability income and long-term care insurance, and retirement annuities. These products provide peace of mind and help Americans save for retirement and safeguard their retirement years with lifetime income guarantees.



10,000 baby boomers will reach age 65 every day until 2030

Pew Research Center

¹ ACLI calculations based on 2013 Survey of Consumer Finances data

THE ANSWER

Only life insurers provide products that protect families from the impact of certain financial risks, such as mortality, disability, and long-term care needs. And only life insurers deliver income guarantees through annuities that address longevity—the risk of outliving your retirement savings. These protections and guarantees are not available from any other financial services companies. Our products are vital to a well-functioning society and, for millions of middle-income families, build on the floor of financial security that government programs provide.

Yet, many tax reform proposals contain recommendations that would raise taxes on life insurers, resulting in products that may cost more or offer fewer benefits. The cascading effect would be families who are less financially secure than they are today, a result that no policy-maker wants to see.

In efforts to reform the tax code, Congress should look to the life insurance industry as a partner that encourages responsible financial decision-making. The products that our policyholders use to protect their financial and retirement security are appropriately taxed. Likewise, our companies should not be viewed as a revenue source as they already bear a significant tax burden under current law.

- Life insurance and retirement savings products are taxed appropriately under current law. The savings that build up in life insurance and annuities do not escape taxation. They are taxed at ordinary income tax rates when people make withdrawals from their annuity or cash in their life insurance policies if protection is no longer needed. Additionally, life insurance and annuity owners pay premiums with after-tax dollars.
- Life insurance companies already bear a significant tax burden under current law—accounting for 2.5 percent of corporate sector tax revenue, but representing only 1.7 percent of corporate profits.
- Congress has recently considered proposals that would have increased life insurance companies' net tax liability by 26 percent over the next decade. Proposals to raise taxes on life insurers would result in products that cost more, offer fewer benefits, or may no longer be available.
- Higher corporate taxes would directly impact product design, availability, and pricing: life insurers' products are capital intensive, and tax increases would negatively affect the level of protection and guaranteed benefits provided by life insurance, long-term care and disability income insurance, and annuity products.

The protection and income guarantees provided by life insurance, disability income and long-term care insurance, and retirement annuities cannot be duplicated by other financial products. Industry professionals are uniquely positioned to serve consumers and help them navigate their range of financial challenges over the course of a lifetime.

Americans need more personal financial protection and savings that result in greater self-reliance and less strain on government programs. Public policy should not make it harder for families to plan for the long-term or more expensive for families to secure their financial and retirement security.

LIFE INSURERS: FINANCIAL PROTECTION THROUGH ALL STAGES OF LIFE

Life insurance protects families against financial loss from the death of a loved one. It provides a source of reliable liquid assets when the need arises to pay for death-related expenses, including medical bills and funeral costs. It also provides funds to replace lost income that helps families cover daily living expenses, mortgage and tuition payments, and child care.

The amount of life insurance is determined by the financial needs of individuals and families. Experts suggest coverage should equal at least seven to 10 times annual income. It is impossible for most families to save enough money to manage the financial consequences associated with the death of a wage-earner or caregiver. Life insurance makes managing these risks affordable through the pooling of risk. Industry data shows that in 2013 there were 144 million individual life insurance policies in force.

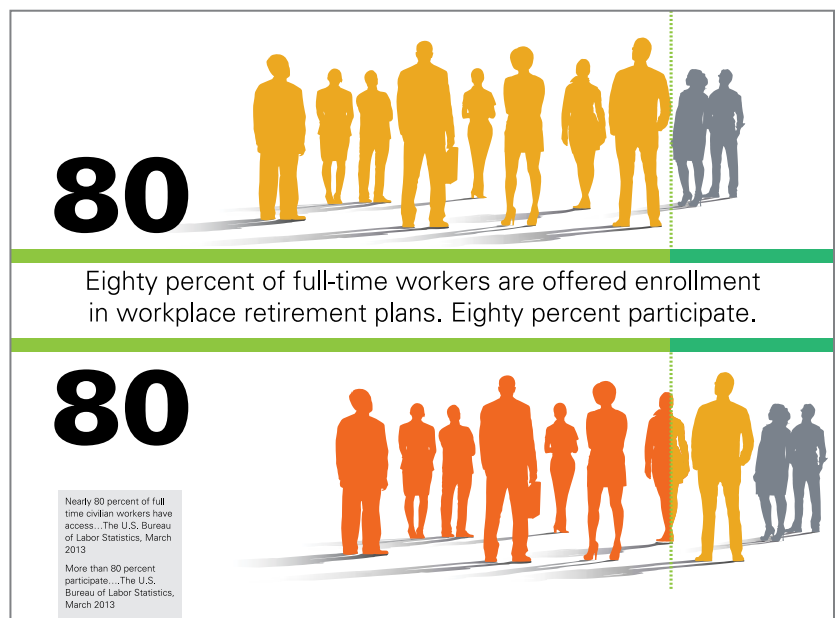
Life insurance allows Americans to take individual responsibility for the financial futures of their families. It also is important for businesses of all sizes, which often purchase life insurance to protect jobs after the death of an owner or key employee and to finance employee benefits, including important survivor and supplemental retirement benefits.

LIFE INSURERS: PROVIDING RETIREMENT SECURITY

Life insurers are leading providers of retirement products, including 401(k)s, 403(b)s, 457s, IRAs, and annuities. Life insurers manage 20 percent of all defined contribution plans and 12 percent of all IRAs. In addition, life insurers provide disability income and long-term care insurance, products that provide important financial security protections during working years and in retirement.

The voluntary, private retirement system provides a robust and growing foundation for millions of Americans' retirement security. Employer-sponsored retirement plans offer more than 83 million American workers and their families the opportunity to accumulate savings. Nearly 80 percent of full-time workers have access to a workplace retirement plan, and more than 80 percent of workers with access participate. IRAs and individual annuities are available for all workers without access to employer-sponsored plans as well as to supplement retirement savings.

Americans need more personal financial protection and savings and continued access to education and information from the dedicated agents and advisors that help families achieve financial and retirement security.



THE ROLE OF PUBLIC POLICY

- Raising taxes on life insurers would result in products that cost more, offer fewer benefits, or may no longer be available.
- New taxes and further limits on retirement savings would weaken financial security, discourage small business plan sponsorship, and reduce participant savings.
- To help all American families prepare for retirement, the life insurance industry is committed to working with policy-makers to advance solutions to expand access and increase savings.
- Life insurers support public policies to increase retirement savings: auto-enrollment in plans; auto-escalation of contributions in plans; simplifying start-up rules for small businesses; providing workers with information about how their retirement savings translate into guaranteed monthly income; and making lifetime income from annuities more available through employer plans.
- Limiting the use of company-owned life insurance would affect businesses' long-term planning and hurt their ability to provide competitive employee benefits, including important survivor and supplemental retirement benefits.
- New taxes also would severely limit the use of nonqualified supplemental retirement benefits—a proven savings vehicle for close to 4 million individuals.

LIFE INSURERS: BUILDING THE ECONOMY

Life insurers' products help employers of all sizes and give businesses more stability and certainty, fueling economic growth. The industry also is a cornerstone of the economy, generating 2.5 million jobs and investing \$5.6 trillion to support economic expansion.

- The life insurance industry generates approximately 2.5 million jobs in the U.S., including direct employees, those who sell life insurance products, and non-insurance jobs supported by the industry.
- The U.S. life insurance industry is made up of nearly 850 companies with sales and operations across the country.
- The life insurance industry has \$5.6 trillion invested in the U.S. economy, making it one of the largest sources of investment capital in the nation.
- Life insurers invest in American business for the long term. More than one-third (37 percent) of general account bonds held by life insurers had a maturity of more than 20 years at the time of purchase. More than two-thirds had a maturity of more than 10 years.
- Life insurers are the largest institutional source of bond financing for American businesses, holding 20 percent of all U.S. corporate bonds.
- Of the \$727 billion in government and agency bonds held by life insurers, the overwhelming majority, \$690 billion, were in long-term obligations.
- Life insurers provide long-term capital to the commercial mortgage market, directly financing more than \$286 billion, or nearly one-eighth, of U.S. commercial mortgages.

Life insurers generate
approximately **2.5**
MILLION U.S. jobs



Did you know...



75 MILLION American families count on life insurance products

Life insurers generate approximately **2.5 MILLION** U.S. jobs



Life insurers pay out **\$1.5 BILLION** every day



INSURANCE PRODUCTS are available INDIVIDUALLY and through GROUP PLANS at the workplace



LIFE INSURERS enable families to protect their financial futures



RETIREMENT ANNUITIES offer GUARANTEED INCOME FOR LIFE

LONG-TERM CARE INSURANCE helps people maintain independence and dignity; DISABILITY INCOME INSURANCE provides income protection



More than 1 out of every 6 dollars of Americans' long-term savings is in permanent life insurance and retirement annuities



Life insurers are the **#1** institutional investor in U.S. corporate bonds



Life insurers invest **\$5.6 TRILLION** in the U.S. economy



...Life Insurers provide FINANCIAL SECURITY & PEACE of MIND

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ABOUT US

Americans to Protect Family Security is a partnership of America's life insurance companies, agents, and financial advisors that is dedicated to educating policy-makers about the role our products play in the financial lives of 75 million American families.

These families turn to life insurance companies and trusted agents and advisors to protect their financial futures with life insurance, annuities, long-term care, and disability income insurance.

Our message is clear: public policy should continue to encourage families to plan for and protect their financial and retirement security, not make it harder or more expensive for families to build their own financial safety nets.

American Council of Life Insurers (ACLI)

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Financial Security...for Life.



Insured Retirement Institute



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MILLION

AMERICAN FAMILIES
rely on life insurers' products for
peace of mind, long-term savings,
and a guarantee of lifetime income
when it's time to retire.

Public policy should encourage Americans to save more, plan responsibly, and protect their financial and retirement security.



This week life insurance agents and advisors are on Capitol Hill to discuss the role the life insurance industry plays in the financial and retirement security of American families.

- As 10,000 Americans turn 65 every day for the next 15 years—and lifespans are increasing—now more than ever public policy must promote greater personal financial independence and private sector solutions to help families build their own private safety nets.
- Only life insurers and the professionals who represent them provide products that protect families from the impact of certain financial risks, such as mortality, disability, and long-term care needs.
- Only life insurers and the professionals who represent them deliver income guarantees through annuities that address longevity—the risk of outliving your retirement savings.

Public policy should encourage families to plan for and attain financial and retirement security through life insurance, disability and long-term care insurance, annuities and other retirement savings plans. Life insurance companies, agents, and advisors hope to be a partner as Congress seeks solutions to protect families against life's financial uncertainties.



SecureFamily^{ORG}

Americans to Protect Family Security is a partnership of life insurance companies, agents, and financial advisors that is dedicated to educating policymakers about the role our products play in providing financial and retirement security for American families and businesses.

Learn more at SecureFamily.org



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