

IUL Tax Benefits You Should Know

1. The Tax Perks of IUL

One of the most appealing benefits of an IUL is its tax-deferred growth. Your cash value can earn interest without being taxed each year. It's like having the opportunity for your money to grow in the background while you focus on other things, with no tax person knocking at your door yearly for a slice.



2. When Taxes Come Into Play

Even the best financial tools come with some fine print. An IUL is no exception. If you take out more than what you've paid in premiums, the extra amount is subject to income tax. So, if you've been planning to take out a big loan, be ready for a portion to go to the IRS.



3. IUL vs. Traditional Retirement Accounts

One of the key advantages of an IUL over traditional retirement accounts is the lack of required minimum distributions. With a 401(k) or IRA plan, the IRS typically mandates you start withdrawing at age 72 or 73. But with an IUL, you can let your money continue to grow without the pressure to take it out, especially helpful as you navigate IUL estate planning.



4. Keeping the IRS Happy

Nobody likes a surprise tax bill, especially when it could have been avoided with some planning. To keep your IUL tax-friendly, working with a financial advisor or tax specialist is key. These experts can guide you through the nuances of your policy and help you avoid common mistakes that could trigger taxes.



5. Use IUL Wisely

Using an IUL wisely can keep taxes low and help build wealth more tax-efficiently. With its tax-deferred growth and income-tax-free death benefit, IUL is a powerful tool for those looking to grow their money while minimizing tax impact.

