How Much of Your Client’s Qualified Assets Should You Convert to Tax-Free IUL?

Generally, an IRA-to-IUL conversion strategy is not appropriate for your client’s entire IRA account balance.

So how do you determine the amount of your client's qualified assets to convert to tax-free IUL?

- Funds in an IUL policy need time to accumulate. Therefore, an IRA-to-IUL conversion should be used for the portion of your client’s qualified account that is **not needed for income in the next 10 years**.

- This will give the IUL policy time to accumulate properly and deliver strong retirement income in the latter years of retirement.

- Ideas to Remember:

    - Delaying retirement income from an IUL policy does not delay retirement for your client. Your client will be spending down his or her remaining qualified assets during that time.

        - Since qualified assets are taxed on both account value and market growth, it makes sense to spend these funds earlier in retirement. The more this account grows, the more taxes your client owes.

        - Conversely, since IUL accumulates tax-free, your client can spend these funds later in retirement. No additional taxes are due on cash value growth.

    - An IRA-to-IUL conversion is just one piece of your client’s retirement planning strategy. Make sure this strategy aligns with your client’s overall retirement income goals.