Successful in Your 40s or 50s?

You May Be Missing This.

If you're in good health and plan to keep investing strategically for at least the next 15 to 20 years, you may be entering – or still squarely in – a powerful window for an easily missed planning tool:

The **overfunded variable universal life (VUL) policy** – or, for married couples, a joint-life (survivorship) overfunded VUL policy.

Used properly, an overfunded VUL policy is not solely about insurance protection, it's also about tax-efficient compounding, flexibility, and optionality during a long remaining investment horizon. The insurance component serves as the structure that makes these benefits possible.

Why You May Consider This Now?

- Tax-deferred accounts are already maxed out
- Taxable portfolios continue to grow – and so do future tax liabilities
- You want continued growth potential with greater tax efficiency
- You have the income, assets, and health profile to support long-term planning

An overfunded VUL policy can complement – not replace – your broader investment strategy. For married couples who plan and invest together, coordinating this strategy across two lives has the potential to improve long-term efficiency and durability.

What an Overfunded VUL Policy May Do Well

Tax-Advantaged Growth Potential
Investment growth inside the policy is not currently taxable, and properly structured withdrawals and loans may provide tax-advantaged access to funds over time.

Flexible Funding Design
Funding levels are flexible and based on policy design but must remain within IRS limits to preserve tax advantages.

Investment Flexibility
You can allocate among professionally managed sub-accounts aligned with your long-term growth objectives. Investment performance is tied to market-based investments and will fluctuate over time.

Potential for Tax-Advantaged Income
Possible tax-advantaged supplemental income through policy withdrawals and loans when structured and managed properly.

Tax-Advantaged Growth Potential
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A Special Advantage for Married Couples: Combined Lives
For married couples, a joint-life (survivorship) overfunded VUL policy may:

Improve Cost Efficiency
Insuring two lives instead of one may lower overall insurance costs.

Extend the Planning Horizon
Because benefits are generally paid at the second death, the structure may allow assets more time to grow on a tax-advantaged basis.

Align with Legacy and Spousal Planning
Useful for estate liquidity, surviving-spouse protection, or preserving assets for the next generation while maintaining flexibility during life.

It's important to note:
An overfunded VUL policy is

:
- **Not** a short-term strategy
- **Not** a substitute for core investing
- **Not** appropriate for everyone

These strategies require long-term commitment, thoughtful design, and ongoing management. Costs, particularly in early years, along with market performance, health factors, and funding discipline all play a role in outcomes.

When implemented carefully, especially when coordinated across two lives, it has the potential to be a meaningful long-term planning asset.

Who It's Best Suited For
An overfunded VUL policy – individual or joint – may make sense if you:

- Are age 30-55 and in good health
- Have significant assets and a long investment horizon
- Are already maximizing traditional retirement vehicles (if applicable)
- Value tax efficiency and long-term flexibility
- Want a strategy that complements - not competes with - your portfolio

Additional Considerations
While overfunded VUL policies can offer attractive long-term benefits, these advantages depend on proper design and ongoing management and are generally preserved as long as the policy remains within IRS limits and does not become a Modified Endowment Contract (MEC).

Policy loans and withdrawals can provide tax-advantaged access to funds when structured appropriately, but they should be managed carefully, as they can reduce both policy value and the death benefit and may create tax implications if the policy lapses.

These policies include costs - particularly in early years - and performance is tied to underlying market-based investments, which can fluctuate over time.

A Different Way to Think About It
An overfunded VUL policy is not about replacing traditional investing, it's about adding another dimension to it.
For investors focused on long-term outcomes, tax efficiency, and flexibility, it can offer a unique combination of growth potential, access, and protection when designed and managed appropriately.

To determine if an overfunded VUL policy may be right for you, reach out to Saks Wealth Management Group at (212) 328-1680 to schedule a consultation.

For more info, please contact: **Roger H. Saks, AIF® |** *Managing Director/Investments*

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