

Retirement Extra

A Private Retirement Option

Using Life Insurance

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Retirement Doesn't Happen By Accident



- ◆ It takes a well-conceived plan, and
- ◆ the discipline to follow through

In Your Planning You Should Consider Two Possibilities



#1 You may be retired for a long time

--Will you have long-term financial security?

#2 You may die before retiring

--Will your spouse and family be financial secure?

Sources of Retirement Income



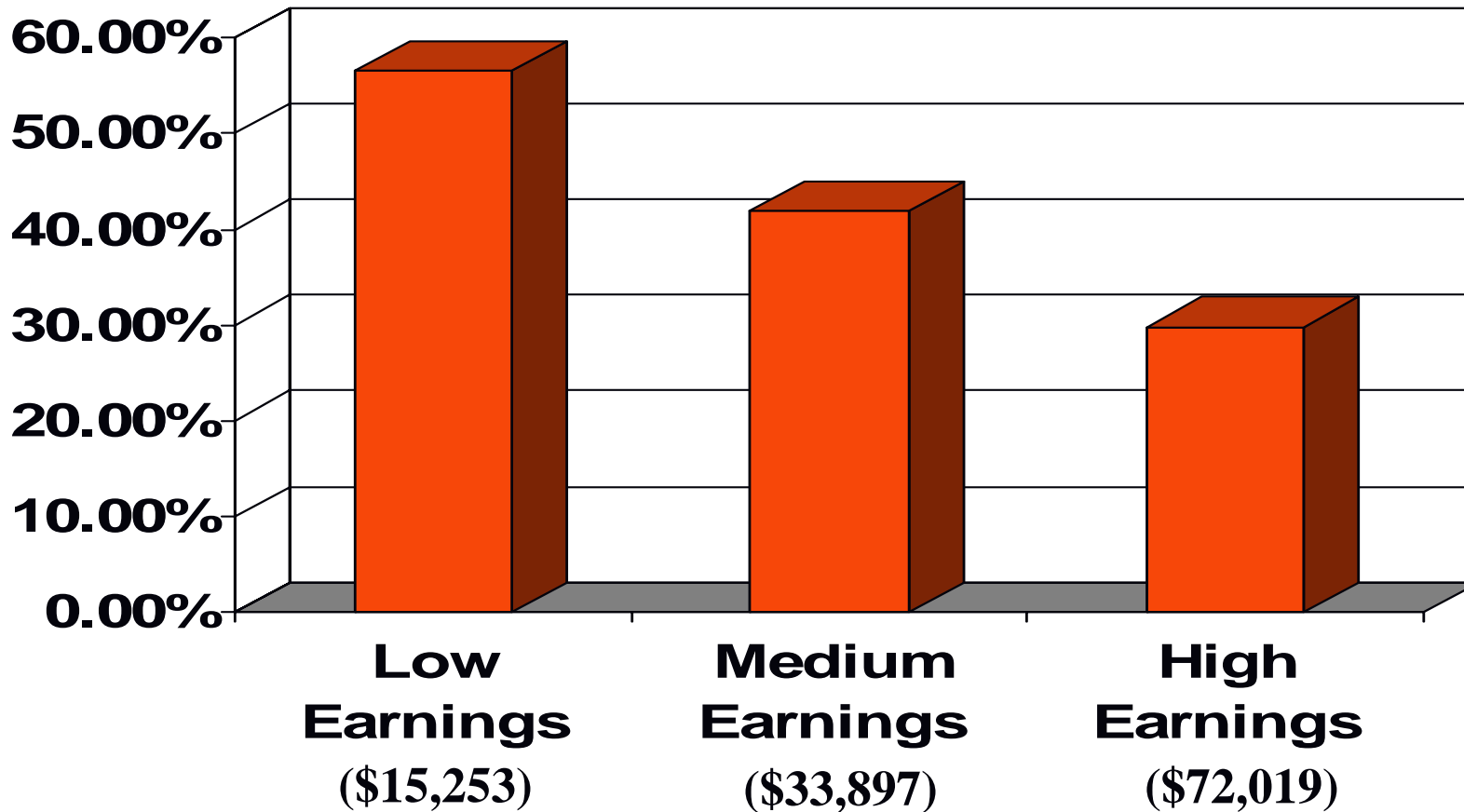
People have three general sources of income when they retire:

- 1 Social Security
- 2 Employer-Sponsored Plans
- 3 Personal Assets



Approximate Income Replaced by Social Security

(Workers Age 65 Entitled in January 2004)



Source: Social Security Administration 2004

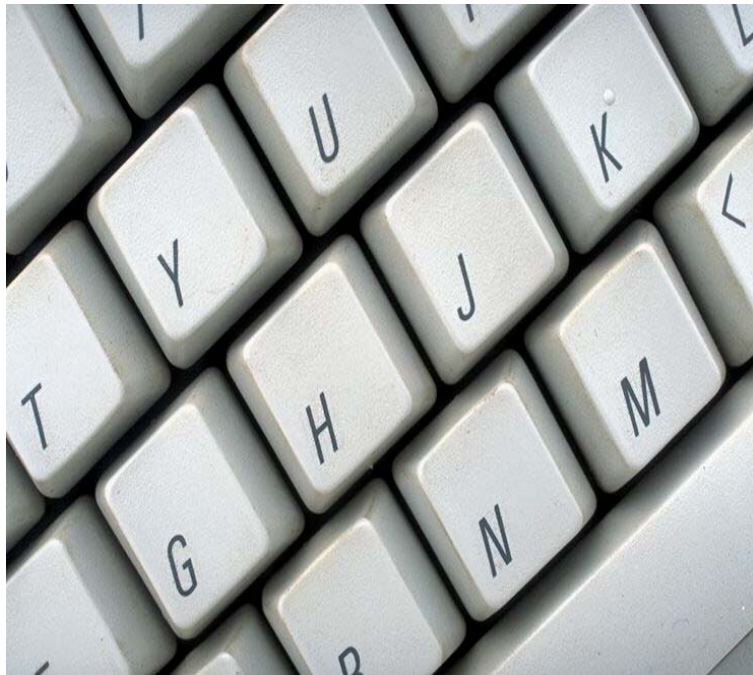
Employer-Sponsored Plans



- ◆ Pension
- ◆ Profit Sharing
- ◆ 401(k)
- ◆ 403(b)
- ◆ SEP
- ◆ Simple



Personal Assets



- ◆ IRAs
- ◆ Roth IRAs
- ◆ Cash Value Life Insurance
- ◆ Annuities
- ◆ Mutual Funds
- ◆ Other Investments

Premature Death Can Devastate **ING** Your Financial Plans

- If your income stopped because of your death, what would be the impact on your family?
- Life insurance coverage on you can provide a “safety net”

Meeting The Retirement Income Challenge



Will you have saved enough to enjoy your retirement?

Hypothetical Example



Assumptions Used:

- Your Present Age = 55
- You Want to Retire at Age 65 (*in 10 years*)
- You Want \$60,000 in Today's Dollars to Live On At Retirement
- You Feel Inflation Will Average 4% For The Rest Of Your Life



Retirement Income Needed

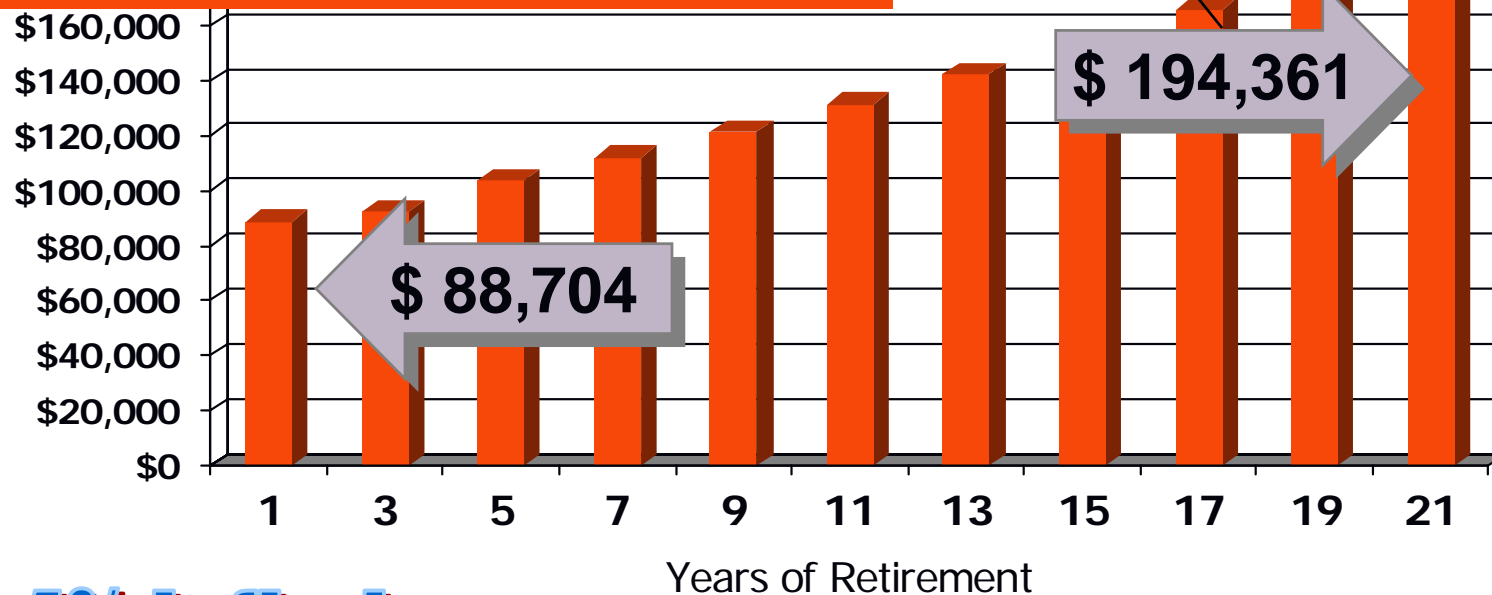


4% Inflation

Retirement Income Needed



Amount Needed For Twenty First Year
Of Retirement to Buy What \$60,000 Will
Buy Today



4% Inflation

Hypothetical Retirement Income



Some Potential Options:



- ◆ Work Longer--Retire Later
- ◆ Keep Working--Don't Retire
- ◆ Increase Qualified Plan Contributions
- ◆ Save More in Personal Assets
- ◆ Combine Savings With Death Benefit Protection For Your Family By Using Retirement Extra with Life Insurance

If You're Self-Employed, You Have Some Special Considerations



- ◆ **larger Social Security tax burden**
- ◆ **pension plans can be more expensive because contributions must be made for other employees**

If You're Highly Compensated, You May Have Fewer Options



- ◆ **higher income tax burden**
- ◆ **caps on qualified plan contributions**
- limit your savings options**

Retirement Extra Using Life Insurance



◆ A strategy in which a life insurance policy is purchased to provide both:

- death benefit protection, for your family and
- supplemental assets for retirement
- you must meet the insurer's medical criteria

Retirement Extra Offers Income Tax Benefits



#1 Income Tax-Free Death Benefits

- ◆ **Life insurance death proceeds are generally not subject to income taxes (IRC Section 101)**
- ◆ **Life insurance death benefits can be part of the insured's taxable estate at death** (whether any estate taxes are actually due on these death benefits depends on a number of factors; consult your tax advisor for further details)

Retirement Extra Offers Income Tax Benefits



#1 Income Tax-Free Death Benefits

#2 Income Tax-Deferred Growth

- ◆ no income taxes are due on cash values that accumulate in the life insurance policy

Retirement Extra Offers Income Tax Benefits



#1 Income Tax-Free Death Benefits

#2 Income Tax-Deferred Growth

#3 Income Tax-Free Distributions

- ◆ as long as the policy does not lapse or is not surrendered, cash values can be distributed income tax free by withdrawing to the cost basis (premiums paid) and then using policy loans
- ◆ policy loans and withdrawals may reduce death benefits
- ◆ the policy must qualify as life insurance and must not be a modified endowment contract (MEC)

Retirement Extra Offers

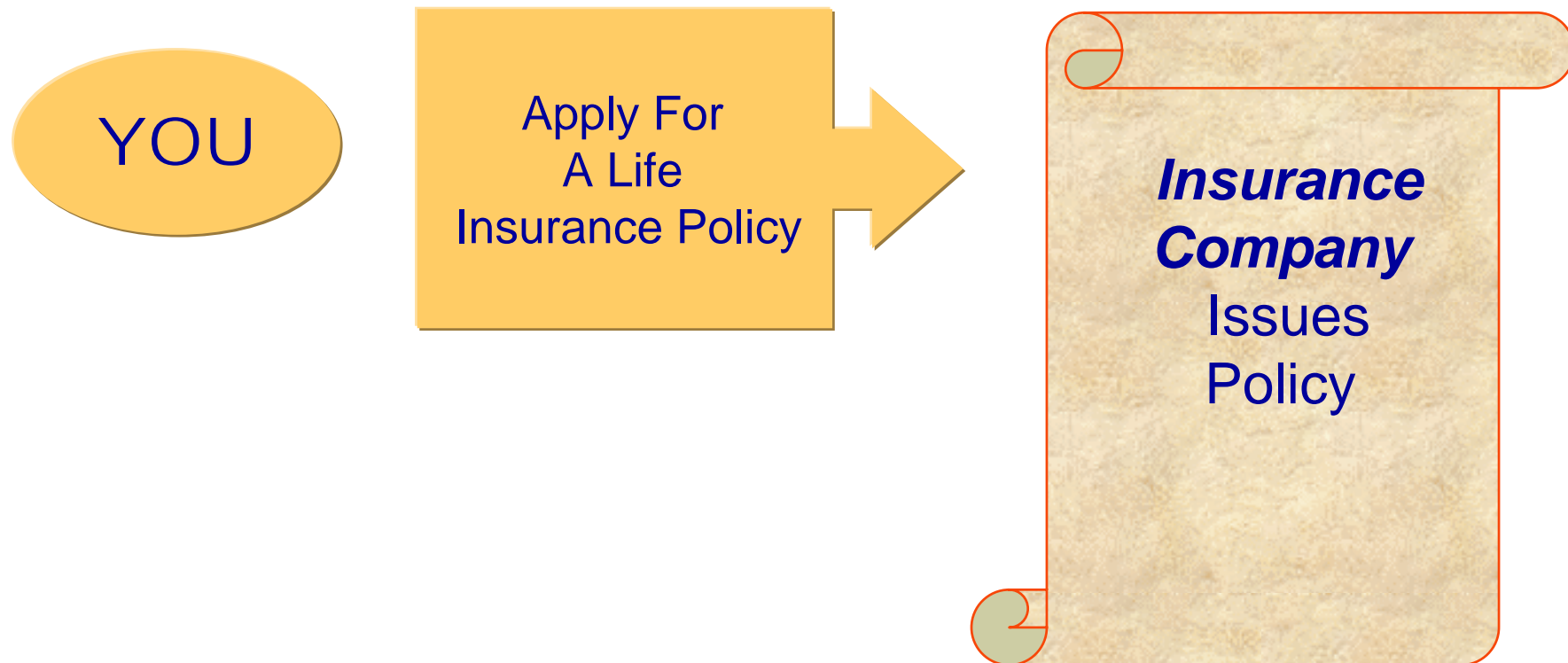


Additional Benefits:

- ◆ **Unlimited and Flexible Premiums (subject to IRC Sections 7702 and 7702A)**
- ◆ **No Distribution Requirements or Penalties**
- ◆ **Complete Control**
- ◆ **Will not affect Social Security Benefits**

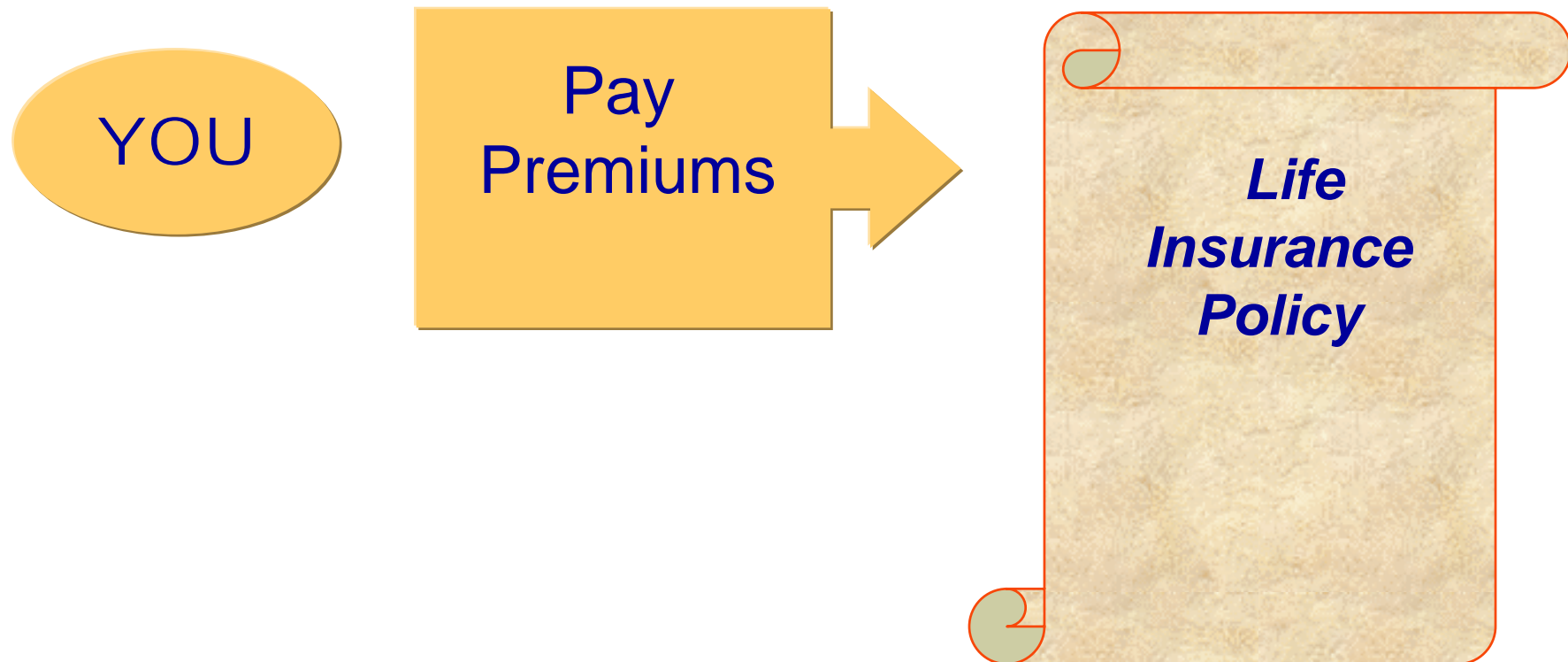
How Retirement Extra Works

Step #1



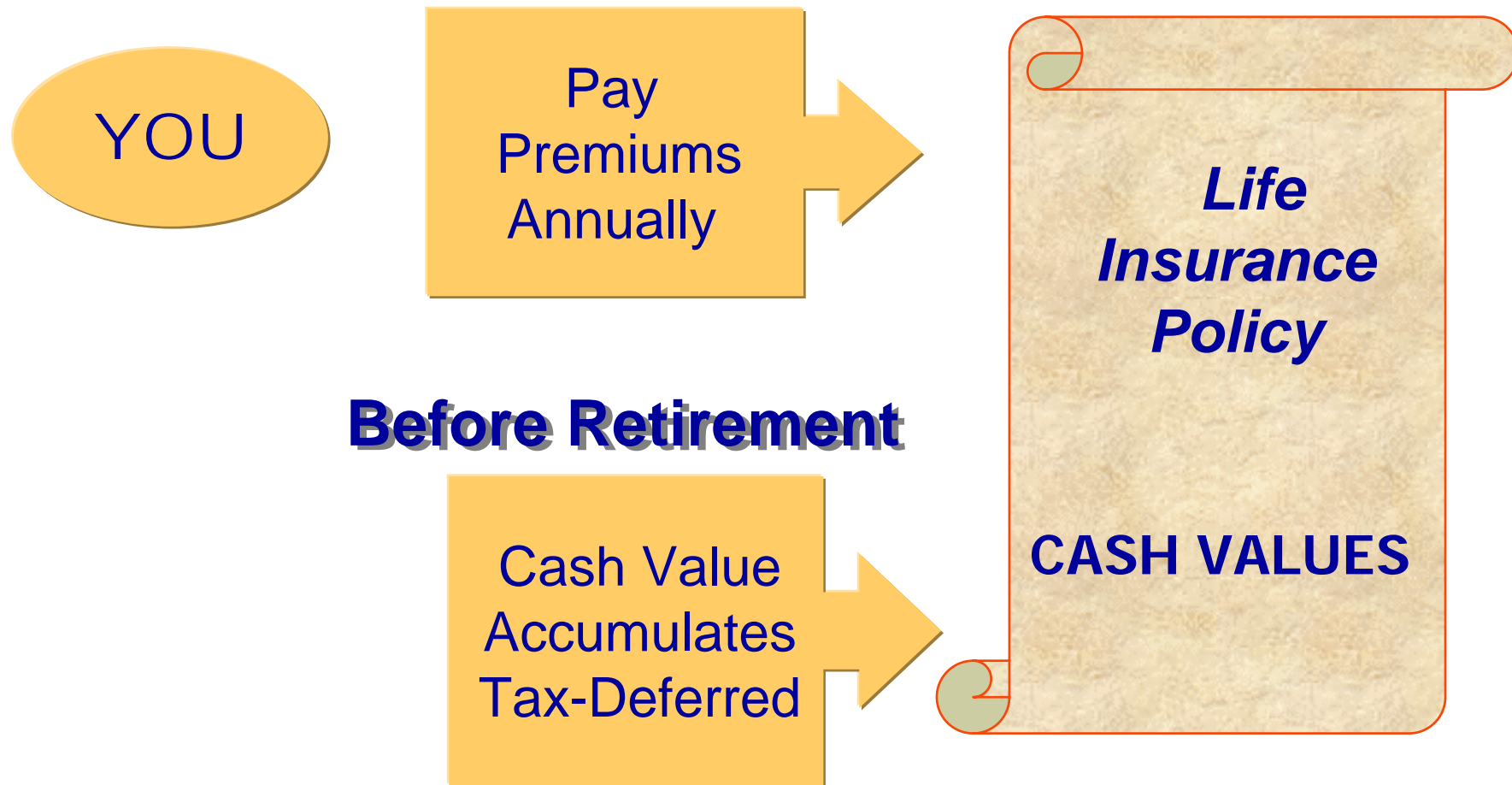
How Retirement Extra Works

Step #2



How Retirement Extra Works

Step #3



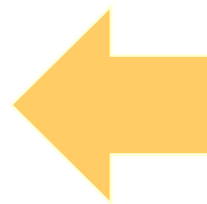
How Retirement Extra Works

Step #4



During Retirement

YOU



Income
Tax-Free
Retirement
Income

*Life
Insurance
Policy*

CASH VALUES

How Retirement Extra Works

Step #5

A graphic of a scroll with a light beige, textured background and a dark orange border. The scroll is partially unrolled at the top and bottom. The text "Life Insurance Policy" is written in a dark blue, serif font, centered on the scroll.

*Life
Insurance
Policy*

At Your Death:

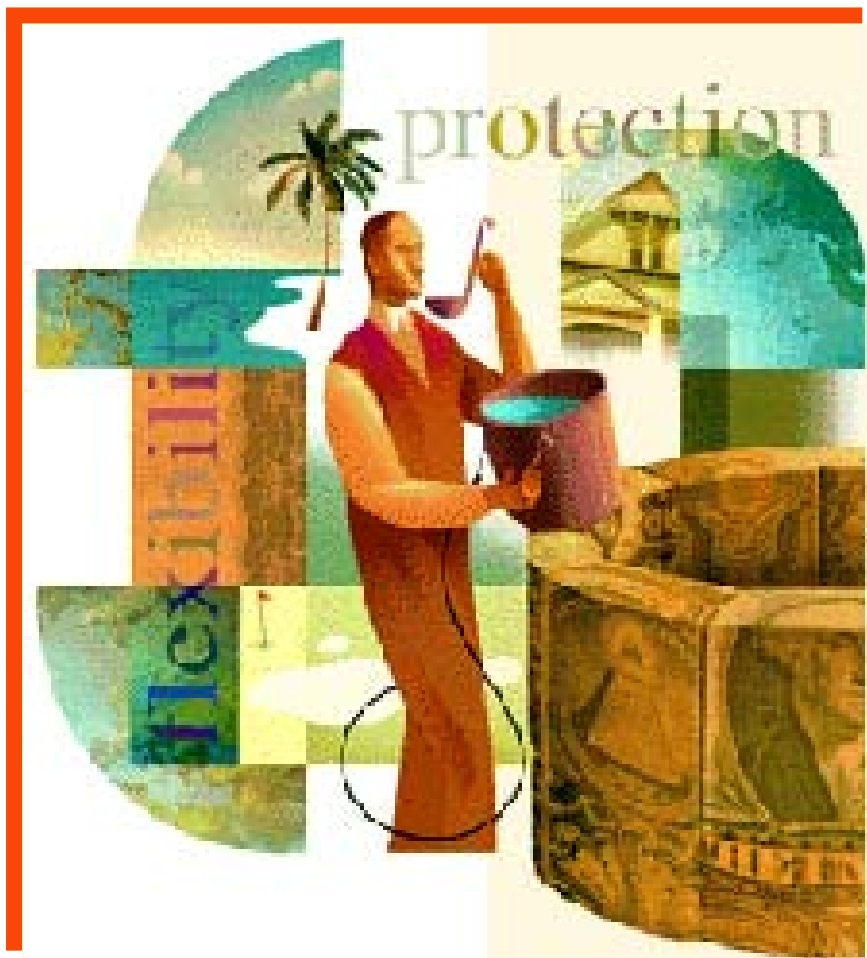
- ◆ Policy proceeds repay any outstanding policy loans
- ◆ All remaining death benefits are then paid to your beneficiary income-tax free

Retirement Extra Using Life Insurance



- ◆ You may need to accumulate more funds in order to retire
- ◆ You may also want your family to be secure if you die unexpectedly

Retirement Extra Using Life Insurance



- ◆ It may make sense to accomplish both goals in the same financial tool
- ◆ Ask your ING representative to show you how Retirement Extra may help