

TUSK Glossary of Terms

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1031 Exchange

A tax-deferred real estate exchange under IRC §1031 allowing investment property swaps.

1035 Exchange

A tax-free swap of one annuity or life insurance contract for another of similar type, under IRC §1035.

401(a)

A retirement plan offered by public employers with employer contributions and optional employee deferrals.

401(k)

Employer-sponsored defined contribution plan (IRC §401(k)); allows pre-tax contributions and deferrals.

401(k) Match

Employer contributions that match a portion of employee 401(k) contributions; subject to plan rules.

403(b)

Retirement plan for employees of public schools and certain nonprofits (IRC §403(b)); similar to 401(k).

403(b) Plan

A retirement plan for educators and non-profit workers, similar to a 401(k).

409A Plan

A nonqualified deferred compensation plan regulated under IRC §409A.

412(e)(3) Plan

A fully insured defined benefit plan funded with insurance contracts; used by small businesses.

457(b)

Deferred compensation plan for government and select nonprofit employees (IRC §457(b)).

457(b) Plan

A deferred compensation plan for government employees and certain nonprofits.

529 Plan

A tax-advantaged savings plan for education expenses; not counted as retirement savings.

Accelerated Benefits

Early access to life insurance death benefit due to chronic, terminal, or critical illness.

Accelerated Death Benefit

Allows access to life insurance proceeds while alive in case of terminal illness or long-term care need.

Accumulation Phase

The period during which you fund an annuity or retirement account and allow it to grow.

Activities of Daily Living (ADLs)

Basic self-care tasks: bathing, dressing, toileting, transferring, continence, eating.

Actuarial Table

A table of statistical data used to calculate insurance premiums and annuity payouts.

Advance Directive

Legal document outlining a person's medical preferences if they become incapacitated.

Age Rating

The adjustment of insurance premiums based on the insured's age.

Age of Mortality

Statistical age by which a large percentage of a population is expected to pass away, used in annuity pricing.

Annual Fee

A recurring fee charged on investment or insurance products, often as a percentage of value.

Annual Gift Exclusion

The maximum amount you can gift per person annually without filing a gift tax return.

Annuitization

The process of converting a lump sum into a stream of income from an annuity.

Annuity

A contract with an insurance company providing guaranteed income in exchange for payments.

Annuity Death Benefit

A benefit that pays the remaining contract value or a guaranteed minimum to a beneficiary if the annuitant dies before annuitization.

Annuity Laddering

Using multiple annuities with different start dates or terms to manage income needs.

Annuity Payout Options

Choices for receiving income: Life Only, Joint Life, Period Certain, Lump Sum, or Installments.

How your investment portfolio is divided across asset classes to balance risk and reward.

Asset Class

A category of investment (e.g., stocks, bonds, cash, real estate) with similar risk/return traits.

Asset Titling

The legal method by which assets are owned (e.g., individually, jointly, in trust).

Assisted Living

Residential housing for seniors needing help with ADLs but not full-time medical care.

Automatic Rebalancing

Investment strategy that periodically adjusts asset allocation to maintain risk targets.

Backdoor Roth IRA

Strategy to fund a Roth IRA by converting a non-deductible Traditional IRA.

Basis

The original value of an asset used to calculate capital gain or loss.

Basis Point

One hundredth of one percent (0.01%), used to measure interest rates or fees.

Beneficiaries (Wills)

Those named in a will or trust to receive assets upon death of the grantor.

Beneficiary

The person or entity designated to receive benefits from a financial product upon death.

Beneficiary Designation

The process of naming who receives assets from a retirement plan or insurance policy at death.

Buy-Sell Agreement

Contract defining terms of ownership transfer in business upon death, disability, or exit of a partner.

COLA (Cost of Living Adjustment)

Increases in payments to account for inflation, especially in Social Security or annuities.

COLI (Corporate-Owned Life Insurance)

Life insurance owned by a business on employees or executives.

Cap Rate

The maximum interest credited in an indexed annuity based on index performance.

Capital Gains Tax

Tax on the profit from the sale of non-inventory assets like stocks, bonds, or real estate.

Carrier Ratings

Financial strength grades from agencies (AM Best, S&P, Moodys) evaluating insurer solvency.

Cash Balance Plan

Hybrid defined benefit plan with fixed annual contributions; governed under §401(a).

Cash Value

The savings component in permanent life insurance that grows tax-deferred and can be borrowed against.

Catch-Up Contribution

Additional contributions allowed for those age 50+ to retirement accounts (e.g., 401(k), IRA).

Charitable Lead Trust (CLT)

A trust providing income to a charity for a period before passing remainder to heirs.

Charitable Remainder Trust (CRT)

A tax-advantaged estate planning tool providing income to heirs and a donation to charity at death.

Charitable Remainder Unitrust (CRUT)

A type of CRT that pays a fixed percentage of trust assets to beneficiaries annually.

Cognitive Impairment

Condition causing memory loss or decision-making difficulty; often triggers LTC benefits.

Company Benefits

Insurance and retirement perks offered by an employer to employees.

Compound Interest

Interest calculated on both principal and accumulated interest, growing wealth faster over time.

Contingent Beneficiary

The person or entity designated to receive benefits if the primary beneficiary is deceased.

Convertible Term Life Insurance

ged for permanent coverage without medical underwriting.

Cost Basis

The value of an asset for tax purposes; determines gain or loss when sold.

Cost of Home Care

Averages \$4,500\$6,000/month depending on location and level of service.

Cost of Nursing Home

National average exceeds \$9,000/month for private room as of 2025.

Crummey Trust

Allows gifts to a trust to qualify for the annual gift exclusion.

DB(k)

A retirement plan that combines a defined benefit and 401(k) into one hybrid.

Day Care for Adults

Structured daytime services for seniors needing supervision and assistance.

Death Benefit Rider

An optional annuity or life insurance feature providing enhanced benefits to heirs.

Deferred Annuity

An annuity that delays income payments until a future date.

Deferred Compensation

A portion of income withheld and paid out at a later date, often for tax benefits.

Defined Benefit Plan

A pension plan that promises a fixed monthly benefit based on salary and service.

Defined Contribution Plan

Contribution-focused plan; total annual limit under IRC §415(c).

Disability Waiver Rider

Waives premium payments if the policyholder becomes disabled.

Distribution Phase

The period in retirement when you begin drawing down your savings and converting it to income.

Distribution Strategy

A plan for withdrawing retirement income in a sustainable, tax-efficient manner.

Dollar Cost Averaging

Investing a fixed amount on a regular schedule to reduce timing risk.

Dow Jones Industrial Average

A stock index tracking 30 large U.S. corporations across industries.

Durable Power of Attorney

Legal authority granted to someone to make financial or medical decisions on your behalf.

Estate Freeze

A strategy to lock in estate value and shift future growth to heirs.

Estate Planning

The process of arranging asset transfer, taxes, and health decisions before death.

Estate Tax Exemption Updated Law (2025 Onward)

As of 2025, the federal estate tax exemption is \$13.99 million per individual, indexed for inflation. The One Big Beautiful Bill Act (OBBBA), passed in July 2025, makes this exemption permanent at \$15 million per individual (\$30 million per couple), with future inflation adjustments. Assets exceeding this exemption are taxed at 40%.

Estate Tax-Free Transfer

Life insurance proceeds can avoid estate tax when owned outside of the estate (e.g., via ILIT).

Exclusion Ratio

Used in annuities to determine the taxable and non-taxable portion of income payments.

Executor

The individual named in a will responsible for managing the estate and carrying out instructions.

FEGLI (Federal Employees' Group Life Insurance)

Life insurance program for federal workers; includes Basic, Option A/B/C.

FIA (Fixed Indexed Annuity)

Annuity linked to a stock index offering principal protection and capped upside potential.

Facility Care

Long-term care provided in a licensed healthcare setting like assisted living or nursing home.

Family Limited Partnership (FLP)

Used to transfer business interests to family members with valuation discounts.

Fee-Based Advisor

Financial advisor compensated through a combination of fees and commissions.

Fiduciary

A person or institution legally obligated to act in the best interest of another party.

Fixed Annuity

An annuity that offers a guaranteed interest rate and predictable income payments.

Fixed Index Annuity (FIA)

An annuity offering growth based on a stock index with downside protection.

Free Look Period

The time during which an annuity or insurance policy can be canceled for a full refund.

Full Retirement Age

The age at which you're eligible for full Social Security benefits (currently 66 2/3).

General Account

Insurance companies core assets backing guaranteed products like fixed annuities.

Gift Tax

A federal tax on gifts exceeding the annual exclusion amount.

Glide Path

A strategy that gradually shifts portfolio risk as retirement approaches, used in target-date funds.

Golden Handcuffs

Incentives like stock options or benefits used to retain key employees long-term.

Grantor Retained Annuity Trust (GRAT)

An irrevocable trust that returns fixed payments to the grantor for a term.

Group Disability Insurance

Employer-provided coverage for short or long-term disability income.

Group Health Insurance

Employer-provided healthcare benefits for employees, usually at reduced group rates.

Group Life Insurance

Life insurance provided through an employer with simplified or no underwriting.

Guaranteed Assets

Financial vehicles backed by a contractual or legal guarantee (life insurance, annuities, FDIC accounts).

Guaranteed Issue Life Insurance

Policy issued without medical exam or questions; typically lower limits and higher premiums.

Guaranteed Minimum Income Benefit (GMIB)

A rider that ensures a minimum income regardless of market performance.

Health Savings Account (HSA)

Tax-advantaged medical savings account available with high-deductible health plans.

Hospice Care

Palliative care focused on comfort at end of life; often covered by Medicare.

Hurdle Rate

Minimum rate of return required on an investment or rider benefit.

ILIT

Irrevocable Life Insurance Trust used to keep policy proceeds out of the estate.

ILIT (Irrevocable Life Insurance Trust)

A trust designed to own life insurance and keep the death benefit outside the taxable estate.

IRA (Individual Retirement Account)

Tax-deferred or tax-free retirement savings account for individuals under IRC §408.

IUL (Indexed Universal Life)

A flexible permanent life policy with cash value growth tied to a stock index.

Incidental Death Benefit

A small benefit within a qualified plan triggered by participant death.

Income Phase

The period when annuity or retirement assets begin paying income.

Income Rider

An optional benefit added to annuities to provide lifetime guaranteed income.

Income for Life Rider

Guarantees lifetime withdrawals regardless of market performance or contract value depletion.

Increasing Death Benefit

A life insurance benefit that grows over time, often matching the cash value accumulation.

Increasing Payout Annuity

Annuity where income payments rise annually, often to offset inflation.

Indexed Annuity

An annuity where interest is linked to an index like the S&P 500, with downside protection.

Indexed Interest

Interest earned based on a market index, subject to caps or spreads.

Indexed Universal Life (IUL)

UL policy where cash value growth is linked to a market index, often with downside protection.

Individual Insurance

Privately purchased insurance not tied to an employer or group.

Inflation Protection

An option that increases income payouts over time to match rising costs.

Inherited IRA

A retirement account passed to a beneficiary; subject to different distribution rules depending on relationship and plan type.

Dying without a valid will; state laws determine how assets are distributed.

Investment Risk

The potential for losing money or not achieving expected returns in an investment.

Irrevocable Trust

A trust that cannot be changed after creation; used for asset protection and estate tax planning.

Joint Life Payout

Pays income for as long as either annuitant is alive, often with reduced survivor payout.

Joint Tenancy with Right of Survivorship (JTWROS)

Ownership structure where survivor receives full interest upon death of the other.

Joint and Survivor

Pays income for as long as either the annuitant or their spouse is alive.

Keogh Plan

A tax-deferred retirement plan for self-employed individuals or unincorporated businesses (IRC §401(a)).

Key Person Insurance

Life insurance on a vital employee or executive whose loss would harm the company.

LLC (Limited Liability Company)

A flexible business entity providing liability protection with pass-through taxation.

LTC (Long-Term Care)

Extended services for people with chronic illness or ADL assistance needs.

Laddering

Investment strategy of buying bonds or annuities with staggered maturities for liquidity and yield.

Legacy

What you leave behind assets, values, or reputation for the next generation.

Level Death Benefit

A death benefit that stays the same throughout the life of the policy.

Life Insurance Tax Benefit

Life insurance death benefits are generally income-tax free to beneficiaries under IRC §101(a).

Life Only

An annuity payout option that provides income for life but ends at death with no payments to beneficiaries.

Life Settlement

Selling a life insurance policy to a third party for more than the cash value, but less than death benefit.

Life with Period Certain

Pays income for life with a guaranteed minimum payout period (e.g., 10 or 20 years).

Lifetime Payout

Annuity payout option providing income for the annuitants life, regardless of duration.

Liquidity

How easily assets can be converted to cash without significant loss in value.

Liquidity Rider

Allows partial or emergency access to annuity funds without penalty under certain conditions.

Living Benefit Rider

An optional feature allowing income or access to funds while still alive.

Longevity Risk

The risk of outliving your assets or retirement income.

Look-Back Period (Medicaid)

The 5-year window Medicaid uses to review asset transfers when applying for LTC benefits.

MEC (Modified Endowment Contract)

Life insurance classified under IRC §7702A; distributions may be taxable.

MYGA (Multi-Year Guaranteed Annuity)

Fixed annuity offering a guaranteed interest rate for a set term, like a CD alternative.

Market Risk

The possibility of investment losses due to market fluctuations.

Market Value Adjustment (MVA)

A fee or credit applied if withdrawing early from certain fixed annuities.

Medicaid

Needs-based government program covering healthcare and LTC for low-income individuals; strict asset limits apply.

Medicaid Asset Protection Trust (MAPT)

Transfers assets to a trust to qualify for Medicaid while preserving wealth for heirs.

Medical Underwriting

The evaluation of health information to determine insurance pricing or eligibility.

Medicare

Federal program providing health coverage for individuals 65+ or with qualifying disabilities.

Mental Impairment

Cognitive decline impacting daily functioning, common qualifier for accelerated or LTC benefits.

Mutual Fund

An investment vehicle that pools funds from investors to buy stocks, bonds, or other assets.

NASDAQ

An electronic exchange and index emphasizing technology and growth companies.

NQDC (Nonqualified Deferred Compensation)

Plan allowing executives to defer income without ERISA restrictions.

Non-Portable Benefits

Employer-provided benefits that do not continue if the employee leaves the company.

Non-Qualified Annuity

An annuity purchased with after-tax dollars, offering tax-deferred growth.

Non-Qualified Plan

A retirement savings plan not governed by ERISA; typically funded with after-tax dollars.

Nonprofit Organization

Tax-exempt entity under IRC §501(c)(3) operating for charitable, educational, or religious purposes.

Nursing Home

Provides 24-hour medical care and assistance with daily living; often last stage of LTC.

Outliving Income

A major retirement risk that annuities are designed to help mitigate.

Overfunding

Contributing more than the minimum premium to build higher cash value in life insurance.

Period Certain

A guarantee that income is paid for a minimum number of years, even if the annuitant dies.

Period Certain Annuity

Pays income for a guaranteed number of years, even if the annuitant dies early.

Period Certain Payout

Annuity option guaranteeing income for a set number of years regardless of survival.

Phantom Stock

Deferred compensation that mimics stock ownership without actual shares.

Plan Sponsor

The employer or entity that sets up and maintains a retirement plan for employees.

Portability

The ability to take insurance or retirement benefits with you if you leave a job.

Portable Benefits

Insurance or retirement benefits that stay with you when you leave a job.

Premium

The amount paid to purchase an insurance or annuity contract.

Principal Protection

A guarantee that the original investment will not be lost, even if markets decline.

Probate

The legal process of distributing a deceased person's estate.

Profit Sharing Plan

Employer contributions only; often paired with 401(k) (IRC §401(a)).

QTIP Trust

A trust used to provide income to a surviving spouse while preserving assets for heirs.

Qualified Annuity

An annuity held within a tax-deferred retirement account such as an IRA or 401(k).

Qualified Longevity Annuity Contract (QLAC)

A deferred income annuity funded from a retirement plan that delays RMDs until age 85.

Qualified Plan

A retirement plan that meets IRS requirements for tax-advantaged treatment.

Qualified Retirement Plan

A retirement plan that meets IRS rules for tax-deferred treatment (e.g., 401(k), 403(b)).

Real Estate Broker

A licensed professional who negotiates property sales and rentals; often used in retirement downsizing or asset shifts.

Registered Investment Advisor (RIA)

A fiduciary advisor or firm registered with the SEC or state to manage assets for clients.

Required Minimum Distribution (RMD)

Mandatory withdrawals from qualified retirement accounts starting at age 73.

Return of Premium Annuity

An annuity that guarantees return of principal to a beneficiary if the annuitant dies prematurely.

Revocable Living Trust

A trust created during a person's lifetime that can be altered; avoids probate but not estate taxes.

Rider

An optional policy feature that adds benefits or customization to life insurance or annuities.

Rider Fee

Cost associated with optional annuity or insurance benefits.

Roll-Up Rate

The guaranteed annual growth rate of an income base on an annuity.

Rollover

Moving retirement funds from one account to another without triggering taxes.

Roth Conversion

Moving funds from a traditional IRA/401(k) to a Roth, triggering taxes now for future tax-free growth.

Roth IRA

After-tax IRA; grows tax-free and withdrawals are tax-free if qualified (IRC §408A).

S&P 500

A stock market index tracking 500 major publicly traded U.S. companies.

SECURE Act

Legislation enacted in 2020 altering RMD rules, requiring most inherited IRAs to be distributed within 10 years.

SEP IRA

Simplified Employee Pension plan for small business owners/self-employed (IRC §408(k)).

SIMPLE IRA

Savings Incentive Match Plan for Employees; for businesses with 100 employees (IRC §408(p)).

SPIA (Single Premium Immediate Annuity)

An annuity funded with a lump sum that begins guaranteed income payments immediately.

Safe Withdrawal Rate

The estimated sustainable annual withdrawal from retirement savings (commonly 4%).

Section 199A

Provides a 20% deduction for pass-through income; impacts retirement planning for business owners.

Self-Insure

Using personal funds to cover risks instead of purchasing insurance.

Short-Term Disability Insurance

Pays partial income for temporary disability lasting a few weeks to months.

Simple Interest

Interest calculated only on the principal amount of an investment or loan.

Single Life Payout

Annuity that pays as long as the annuitant is alive and stops at their death.

Skilled Attendant

Healthcare professional providing in-home medical assistance; costly without insurance.

Special Needs Trust

Preserves eligibility for government benefits while providing for a disabled beneficiary.

Split-Dollar Life Insurance

A strategy where two parties (often employer and employee) share ownership of a life insurance policy.

Spousal Continuation

Allows a spouse to continue an annuity or IRA after death of the owner.

When annuity income is recalculated upward due to account growth.

Step-Up in Basis

Adjusts inherited assets cost basis to its value at date of death, reducing capital gains.

Stretch IRA

An inherited IRA strategy allowing non-spouse beneficiaries to 'stretch' RMDs over their lifetime to delay taxes (restricted post-2020 by the SECURE Act).

Structure Settlement

Court-ordered series of payments for injury or lawsuit settlements; can be purchased for discounted cash flow.

Supplemental Executive Retirement Plan (SERP)

Employer-funded deferred compensation plan for key employees.

Surrender Charge

Fee for withdrawing from an annuity or life insurance policy before a specified period.

Survivor Benefit

A benefit paid to a spouse or heir after the policyholders death.

Target Date Fund

A mutual fund that automatically adjusts asset allocation as a set retirement year approaches.

Tax Deferral

Postponing taxes on income until a future date, common in retirement accounts.

Tax-Deferred Growth

Earnings not taxed until withdrawn, typical of annuities and retirement plans.

Tax-Efficient Income Strategy

Approach to minimize taxes in retirement by blending tax-deferred, tax-free, and taxable accounts.

Tax-Free Income

Income not subject to federal income tax, often from Roth IRAs or life insurance withdrawals/loans.

Tenants in Common

Asset ownership where each person owns a share that can be passed to heirs.

Term Life Insurance

Pure life insurance offering coverage for a specific period with no cash value accumulation.

Terminal Illness

Medical condition expected to result in death within 1224 months, often triggering policy benefits.

Thrift Savings Plan (TSP)

Defined contribution plan for federal employees and military (modeled on §401(k)).

Time Horizon

The length of time before you need to access funds; affects investment choices.

Top 20 Medical Conditions in Retirement

Includes Alzheimers, stroke, heart disease, cancer, arthritis, diabetes, COPD, and more (will be expanded as a list).

Traditional IRA

Individual Retirement Account for pre-tax contributions; grows tax-deferred (IRC §408).

Transfer on Death (TOD)

Designation allowing assets to pass directly to a named beneficiary without probate.

Types of Employer Plans

Includes 401(k), 403(b), 457(b), SEP IRA, SIMPLE IRA, pension, and profit-sharing plans.

Types of Entities

tnership, LLC, S-Corp, C-Corp, and nonprofit organizations.

Universal Life

A permanent life insurance policy with flexible premiums and death benefit options.

Universal Life (UL)

Flexible permanent life insurance allowing adjustments to premium and death benefit.

Uses of Cash Value Life Insurance

Tax-free retirement income, collateral for loans, business planning, or estate funding.

VEGLI (Veterans Group Life Insurance)

Group term life insurance available to eligible veterans after separation from service.

VUL (Variable Universal Life)

Life insurance with flexible premiums and subaccount investments; offers death benefit plus growth.

Variable Annuity

An annuity with returns based on investment subaccounts; value fluctuates with the market.

Vesting

The amount of employer-contributed retirement funds you own after a period of service.

Waiver of Premium

Rider that waives insurance premiums if you become disabled.

Whole Life Insurance

Permanent insurance with level premiums and guaranteed cash value growth.

Will

A legal document stating a persons wishes for asset distribution after death.