Life Insurance as an Asset Class

SALES KIT

In this kit:

Social media images & posts | Sales ideas | Client brochures | Conversation guide

PINNEY INSURANCE

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Life Insurance as an Asset Class

SALES KIT

Life Insurance as an Asset Class

Social Media Posts & Sharable Graphics

Text for Posts

Post this text with any of the images linked on the following 3 pages.

Want to find out how life insurance can be an asset that ensures your wealth gets transferred to your family after death? I can help.

Where's your safety net? Life can be unpredictable, but your financial future doesn't have to be. Contact me to find out how life insurance can add stability in a changing world.

Did you know? You can use the cash value in a permanent life insurance policy to help supplement your retirement income. Contact me today to get started.

Want to learn more about how you can benefit from the tax advantages of life insurance? I can help.

Want to diversify your portfolio? Contact me today to find out how life insurance can provide multiple solutions that provide for your future and your loved ones.

47% of Americans admit they struggle to have financial conversations with loved ones. Don't be part of this statistic – contact me today to ensure your family's future is protected with life insurance.

Did you know life insurance is an asset you can use to create wealth and leave a lasting legacy? Contact me today and I'll show you how.

Protecting those who depend on you may be easier than you think. Contact me today for a free life insurance quote!

Financial protection for your loved ones. Cash value access for you. Contact me today to find out how permanent life insurance can both of these things.

Secure the safety net you need to face retirement with confidence. Contact me today to find out how life insurance can help.

Do you know about the tax advantages of life insurance? Contact me to learn more and get a free quote today.

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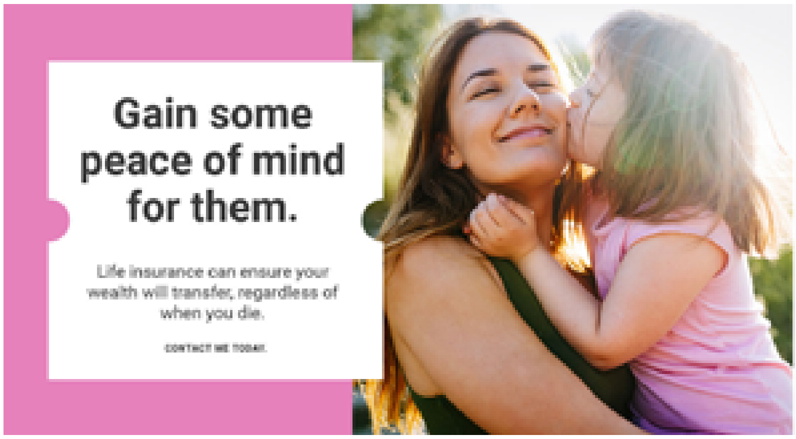

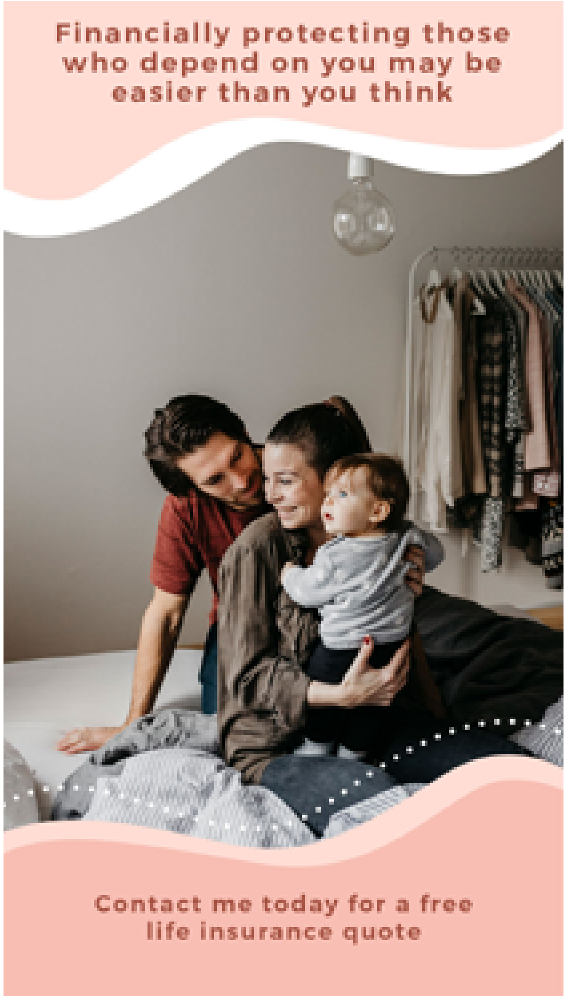

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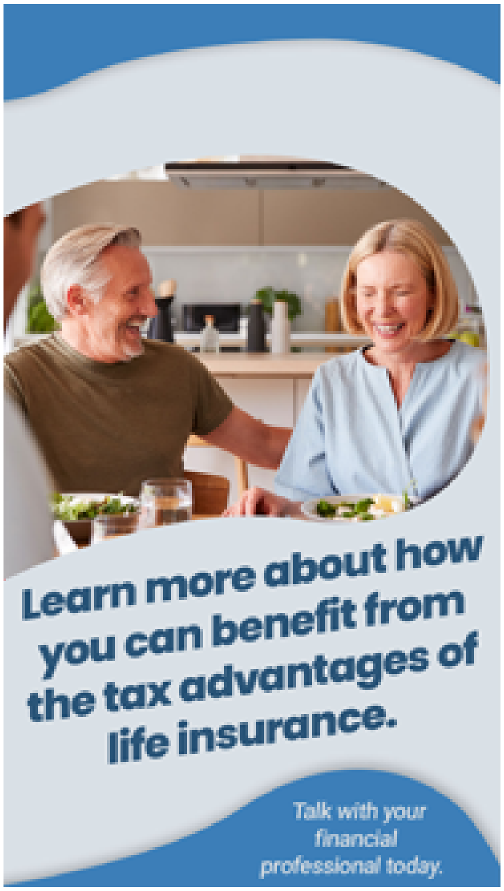

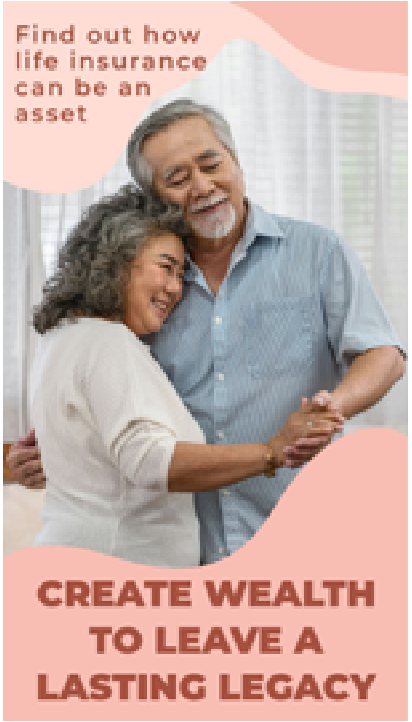

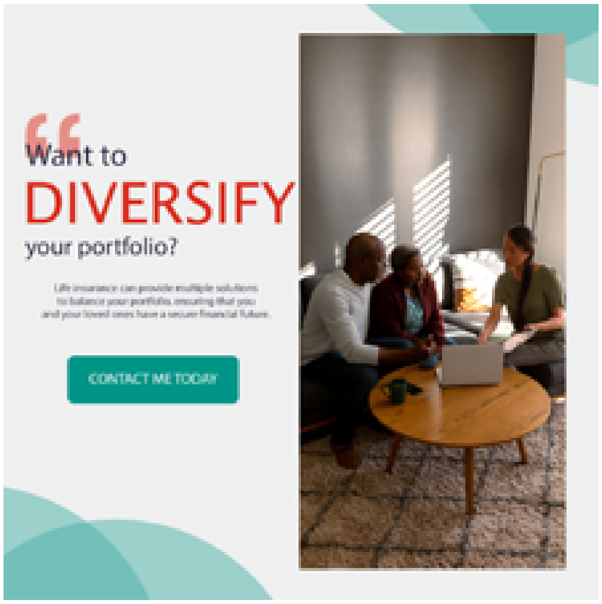

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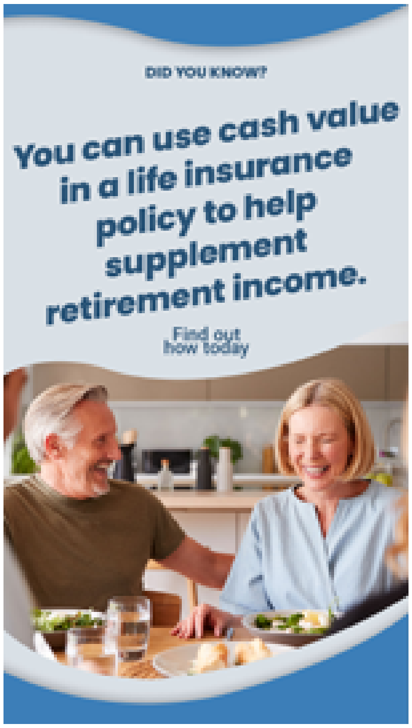
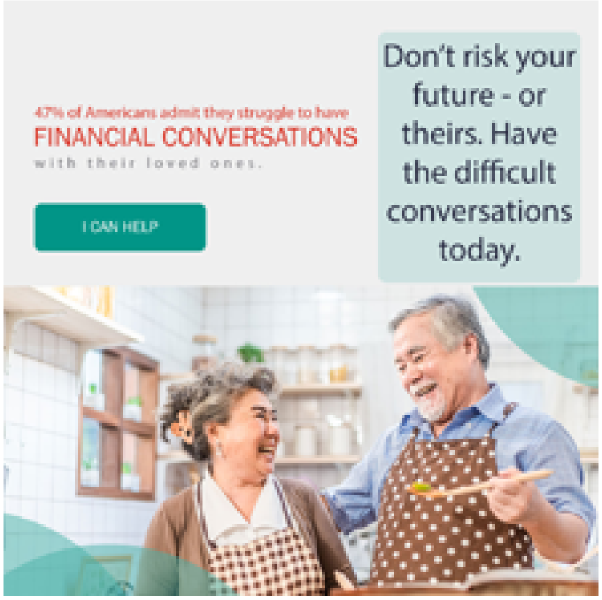




EQUITABLE

The new language of permanent life insurance

White Paper

A white paper based on positioning and messaging research by maslansky+partners

The new language of permanent life insurance

Table of contents

Introduction

Selling permanent life insurance has never been easy. Often, just knowing where to start the conversation can be the hardest part. This document is designed to change all of that.

Maybe you've been selling permanent life insurance for years, but your tried and true methods seem to be losing their luster. By combining your experience and expertise with the proven language in this guide, you can have more effective conversations with potential clients of all ages. And if you've never sold permanent life insurance or generally handed it off to someone else, this will give you a place to start — with confidence.

Previous research tells us there are four main client objections to overcome when it comes to permanent life insurance. You probably hear objections like this all the time:

- Shouldn't I just buy term insurance?
- What does it all mean?
- Why do I need it now?
- Can I trust the company or person selling it?

Many people are familiar with the mantra "buy term and invest the rest," so that's what you're up against. You've also probably seen that most potential clients don't know much about these complex products. And, frankly, that trust in the financial services and insurance industry may be low.

As their financial professional, you are often the first resource for your clients. You might introduce them to this product for the very first time, and how you set up the conversation can have a significant impact on their attitudes and perceptions of permanent life and other permanent life insurance products. What you say really matters.

This white paper is designed to give you the tools you need to effectively communicate the features and benefits of permanent life insurance by:

- Giving you access to insights about today's investor mindset and priorities based on recent research.
- Providing you with guidance on how to introduce permanent life to potential clients.

Essentially, the goal is to help you better serve the needs of your clients by introducing them to permanent life using language that gets them interested in learning more.

maslansky + partners

Who are we?

We're maslansky + partners, a consulting firm that specializes in the effective use of language, to understand the audience's mindset. Our research is based on a simple idea: It's not what you say that matters; it's what they hear™. Simply put, our unique language and message testing process is designed to help you communicate with confidence by focusing on how your audience reacts to what you say. We seek to simplify what's complicated, build trust and help you communicate a message with customer-centric language that is clear, credible and compelling.

Equitable wanted to develop language that could easily describe the benefits of permanent life insurance to customers, and get them interested in purchasing. They asked for our help. This paper will discuss the methodology of the research and the findings — and how you can put this language into use for your practice.

Research methodology

We used a multistep process to develop this specialized messaging:

Phase 1

Based on previous research and input from key stakeholders, we worked with Equitable to write a range of approaches for introducing permanent life insurance. We wrote short, distinct messages designed to understand whether a particular framing does or does not work and why. We wrote about several topics, including the overall positioning, the accumulation story and the protection story.

Phase 2

We then conducted two instant response dial sessions with a total of 43 high-net-worth investors in November 2014. During each session, investors reacted to the messages with Instant Response Dial technology on a moment-to-moment basis. As they heard messages being played on a TV, they used a dial with a rating of 0-100 to continuously rate each message based on their gut feelings. Then, group discussion teased out the reasoning behind their reactions and helped us understand why they reacted the way they did to particular words, phrases and ideas. Participants also filled out written exercises asking them to compare messages and choose language that was most resonant to them.

Phase 3

We took their dial reactions, conversation and written exercises to create optimized messages that would be tested further in a quantitative survey. We pieced together what worked to create overall positioning, accumulation and protection messages. Then, these messages were tested in a quantitative survey conducted by the research firm IPSOS in December 2014 and January 2015 with 428 high-net-worth consumers and 487 financial professionals. Qualitative and quantitative results were both considered to inform this paper.

Communication context

Language matters.

Do clients want financial solutions or financial strategies? To your clients, these two things are not the same. A solution implies a one-time fix. A strategy, however, means an ongoing partnership. This simple shift can make a big difference in whether someone keeps listening or tunes you out.

How should you introduce permanent life insurance in a way that gets people to hear what you have to say?

The key is to speak their language. You have to find the intersection between what you believe and are trying to communicate (your truth) and their world view (their truth). Because how people think about permanent life insurance is as much about their emotions, context and perceptions as it is about the objective truth. So, what is their truth? We talked to them and found out.

The single biggest problem in communication is the illusion that it has taken place.

– George Bernard Shaw

The consumer mindset today

What we know

From quantitative research, we knew there were several roadblocks holding clients back from purchasing a permanent life insurance policy: education, procrastination and trust. To understand how to address these issues, we wrote messages that explained permanent life in a way that attempted to overcome these objections. We then tested that language to figure out what works, what doesn't and why.

The people we spoke to were financially literate, engaged, active managers of their finances. They had the financial means necessary to purchase permanent life. They want a comfortable retirement and have spent years saving up for that retirement. They are concerned about what might happen to their family when they're gone. And many of them know they need some kind of insurance to protect their families. The people we spoke to were an ideal target for a permanent life product.

So…why weren't they fully planning for their insurance needs? Why weren't they buying permanent life? What was the hang-up?

The truth is, most consumers just don't know much about permanent life insurance. And what they don't know can hurt you.

Several reasonable, fact-based arguments simply fell flat when we tested them with consumers:

Equitable's truth	Client's interpretation
Permanent life insurance offers so much more value than term.	What's permanent life insurance?
Permanent life insurance is for you AND your family.	Life insurance is for your family when you die.
Permanent life insurance offers the opportunity for growth.	The whole point of insurance is to minimize risk!
Permanent life insurance provides potential access to your money through loans and withdrawals.[1]	Life insurance means giving up money that I'll probably never see again.

The distinction between permanent life insurance and term insurance is second nature to you. But the fact is, even the savvy investors in our research knew almost nothing about permanent life insurance. Many had never even heard of it. So when you start talking about permanent life insurance, they come to the conversation thinking about what they do know: life insurance is for when you die. It's about protecting your family. It's not about growth. It's a backup plan, not money you want to put at risk or use during your lifetime.

They're really starting from square one. So it was easy for our participants to feel overwhelmed by the conversation. And if they're confused, they're not hearing what you're trying to say.

1 Policy loans and withdrawals will reduce both the face amount and cash value of the contract. Clients may need to fund higher premiums in later years to keep the policy from lapsing.

If you say...	The Mindset Gap	...they hear
Life insurance is a multipurpose finanical planning tool		Life insurance is a complex financial planning tool you can never hope to understand. Want to buy some?

To get them to listen, you must take their mindset into account. Our research showed that there is a right way — and a wrong way — to start this conversation.

Addressing their (mis)perceptions

Because our research revealed that they know so little about permanent life insurance, starting the conversation in the wrong place can lead to trouble. It's important to keep in mind their #1 concern when having any conversation about life insurance: protecting their family.

You have to start from where they are today and what they already know (that life insurance is about protecting family), not where you want them to be and what you want them to know.

If you say...	They respond...
Life insurance is a multipurpose finanical planning tool.	No, it's not. It's protection for my family.
You can use the cash value to help fund your retirement.	At the expense of my family?
The tax advantages can potentially help you grow your cash value over time.	That's what investments are for... what about my family?

Start off wrong and you can lose them for good. The statements on the left side of the table aren't bad; they just don't make sense to people BEFORE you address their main concern: protecting their family.

Our research participants thought of life insurance as one thing and investments as another. Most of the people we spoke to were confused when we talked about the two together. Because after all, investment involves risk, right? And insurance is all about mitigating risk. Aren't they opposites?

So shift your focus and start where they are. In most cases, your conversation about permanent life should start with protection.

Protection might not seem like life insurance's most exciting feature. But it's the one thing that makes life insurance unique AND it is the benefit your clients want. In our research, it was clear...clients want to hear about protection first before they're willing to hear about anything else — even growth!

a multipurpose financial planning tool → **protection + more**

Making permanent life insurance more relevant

Permanent life insurance is counterintuitive. It is called life insurance but, to everyday people, it's actually a complex product that **combines insurance and potential for growth.** Partly because of this complexity, how you talk about permanent life is critical to having a successful conversation.

Permanent life may be complex, but when the benefits are clearly communicated, and when you talk about permanent life insurance as protection plus more, many clients believe it can be a valuable part of their larger financial plan.

Of course, as your younger clients today prepare for their financial future, many are focused on whether they will have enough to retire the way they want. Many are also concerned about whether they have to choose between enjoying life today or retiring comfortably tomorrow.

Permanent life helps them address these challenges while also helping them protect their family. It's protection plus. The key is in how you explain these dual benefits. With permanent life, clients have the opportunity to do so much more than just protect. They can also minimize their tax bill and grow their money over time for a comfortable retirement or to leave a legacy.

Don't short-change protection

Don't short-change protection. Often, the conversation jumps too quickly to the growth opportunities, but the consumers in our research told us they want to hear more about protection first. So when you're talking about permanent life with your clients, you should position it as protection for your family plus so much more.

How do you do that? Here's an opening that really worked with the target audience:

Permanent life insurance is a smart addition to any financial plan for more ways to protect their family, minimize their taxes and grow their money over time.

Crucially, permanent life is an addition to their current financial plan. Most prospects are already investing.

They may already have some protections in place. This is something else they can do in addition to what they're doing already. Avoid the temptation to oversell permanent life's importance by making it sound like a must-have. To them, it's not.

The next piece is to touch on the three things that potential clients in our research were really looking for when it comes to a product like permanent life insurance.

The three things that got them to sit up and ask more questions are:

- Protection for their family
- Minimizing their taxes through tax-deferred growth
- Growing their money over time

These three benefits are the core of your messaging. Once they're interested, this is how to explain what else permanent life can do in addition to protection. And you can summarize what our permanent life can do with three principles:

Live More.
Keep More.
Build More.

Now let's explore each of the three principles of our permanent life portfolio.

Equitable principles

Live More.

Order is important. The first principle is "Live More." for a reason. It's focused on the (largely unexpected) living benefits permanent life offers.

So what can you say about these benefits? Here's "Live More." in a nutshell:

Unlike term insurance, permanent life insurance helps you live more for today by protecting your family for your entire life, while adapting throughout your life to provide tax-advantaged access to your cash value, through loans and withdrawals, when you need it most.[1]

1. Access to money isn't something most people expect from an insurance product. It signals to them that permanent life might give them more than they originally thought it would. That they're not only protecting family, but they're protecting themselves in case they ever need that money in an emergency. This also explains what's different about permanent life insurance relative to other types of insurance or investment products. Insurance's primary purpose is protection, but this explains how permanent life offers more, which is essential to getting people to keep listening.

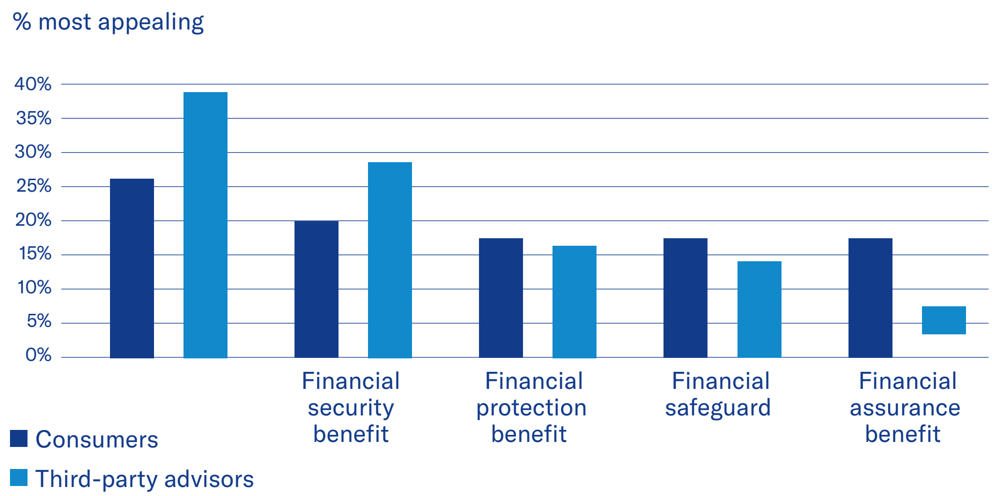
As we've seen, the words you use to talk about these "Live More." benefits are critically important. Let's dig into some of the details:

The phrase "death benefit"

Of course, life insurance is purchased to support beneficiaries in the event of death, but no one likes to be reminded of their own mortality. Instead of talking about death, keep it positive and describe the value of the benefit: protection and safety.

You say...	They hear...	Instead say...
Death benefit	Death	Financial security benefit for my family
When you die		When you can no longer provide for your family

Quantitative research confirmed that "financial security benefit" was the best way to reframe the idea of a death benefit with both consumers and third-party advisors.



The word "beneficiaries"

So who are they protecting? Talking about the beneficiaries themselves is tricky. It's easy to sound too informal and corporate, but it turns them off if you're too personal. If you want to describe beneficiaries in another, more personal way, keep your language plain and simple. If you're overly formal or informal, you can alienate your audience.

You say...	They hear...	Instead say...
Heirs	Rich people's kids	Family
Loved ones	Overly sentimental	

The phrase “cash value”

When speaking to clients about cash value, talk about access. Our research showed you should avoid intially talking about cash value as a loan. The focus should be on the protection. Since it’s their money in the policy, they don’t think you should charge them if they need to use it, which is what “loan” implies to them. Instead, by focusing on access, you make clear they can get to it if they need it, without signaling that there may be a fee. If the discussion does go into the topics of loans, you must fully disclose and explain how the loans work.

You say...	They hear...	Instead say...
Loan*	Why should I pay interest to an insurance company when I’m just dipping into my own money?	Access to your cash* Access to your cash*

Additionally, when talking about access to money, remember that this is a secondary benefit to them. Participants emphasized that the primary reason they are purchasing insurance is protection for their family. So when you talk about living benefits and access to money while they are still alive, be sure the examples you give for why they might want to use the money are serious ones. People in our groups rejected the implication that they would reduce their family’s protection for something frivolous like a vacation. But they were more receptive to examples of major life expenses.

You say...	They hear...	Instead say...
Vacations and weddings	This is serious. Talk about serious needs.	Potential access to your money for your mortgage, a child’s college expenses or a more comfortable retirement if you need it.

In the IPSOS quantitative survey, consumers clicked on phrases to show what was most compelling to them. Text in red was clicked the most. Larger text was clicked even more. When it comes to access to your money, these phrases resonated most:

Permanent life insurance is for you and your family, **which means you potentially can access your money throughout your life if you need it,** while knowing your family is protected no matter what. As your life evolves, you can use the cash surrender value **to help pay for your mortgage**, your child’s college expenses **or simply to help live more comfortably in retirement.** So whether you’re saving for retirement or want to leave more behind, you can use your money **in the way that’s best for you and your family** at each stage of your life.

*Please remember when discussing loans or access to cash, you must fully disclose the restrictions and limitations of a policy loan or withdrawals with your client.

Keep More.

The next principle is "Keep More." This is all about how a permanent life insurance or a permanent life policy can help clients keep more of their money at the end of the day.

So how should you talk about keeping more money? Here's "Keep More." in a nutshell:

Permanent life insurance allows you to **keep more** of your money by helping to **minimize your taxes**, and generally offering no income taxes on any money you pass along to help give you more control over your and your family's financial future.

Remember that the potential clients you are speaking to don't know much about permanent life. So examples of how they can keep more and comparisons to products they are more familiar with go a long way.

The words you use to talk about "keeping more" are critically important. Let's dig into some of the details:

What to say	Why it works
Like/unlike.	Reviewing more familiar products help them appreciate the benefits and understand how it fits into their larger financial picture.
Minimizing how much you pay in taxes.	Everyone likes fewer taxes!
No contribution limits.	Enhanced access made this a valuable feature.
No income taxes.2	Explicit reassurance helps.

2 The possibility for income tax implications may exist if a policy lapses or becomes a modified endowment contract.

"Keep More." is all about working with other products. Your clients and potential clients have a lot of balls in the air. They're getting a lot of messages about the need to invest in this or that. So you need to put permanent life insurance into context for them. Show them how it's different and can work well with some other investment options. It explains why they might need this one, too.

The quantitative survey confirmed that consumers value the comparison to another product they might be more familiar with. Below are the words they clicked on most in red and larger text in the tax concepts:

Permanent life insurance offers an advantage over taxable accounts because all of the money you invest through your monthly payments is able to grow tax-deferred. That means you can build your assets over time.

Permanent life insurance can accumulate without the income limitations. You can withdraw money tax-free, and you can also tap into this money tax-free.

Considerations when reviewing life insurance with other vehicles

Remember that cash value life insurance does have considerations that clients should review carefully before selecting a life insurance policy:

- If a client does not keep paying the premium on a life insurance policy, he/she will lose substantial money in early years.
- To be effective, a client needs to hold the policy until death. A life insurance policy generally takes years to build up substantial cash value.
- Tax-free distributions will reduce the cash value and face amount of the policy. A client may need to pay higher premiums in later years to keep the policy from lapsing.
- Clients must qualify medically and financially for life insurance.
- Generally, there are many additional charges associated with a life insurance policy, including but not limited to, a front-end load, monthly administrative charge, monthly segment charge, cost of insurance charge, additional benefit rider costs and surrender charges.

Build More.

The next principle is "Build More." It's all about growing their money. And as you saw above, the idea of building more by minimizing taxes is a compelling differentiator for consumers.

So how should you talk about earning money with an insurance product? Here's "Build More." in a nutshell:

Permanent life insurance is a smart addition to help build your assets. Think about the opportunity to build cash value in your policy while building upon your other assets over your lifetime. Unlike term insurance, permanent life insurance does have cash value with the potential to grow over time, with tax-deferred growth.

Growth and earnings aren't something people automatically think of when it comes to insurance. This language pleasantly surprised many of the research participants we spoke to. It's an important differentiator for permanent life insurance and explains why you might want to put your money into permanent life as opposed to another type of financial product. But the idea of investing with an insurance product also raises some red flags. They of course want to build their assets, but they are buying insurance to be protected, and so anything that implies this protection might be at risk worries them.

The words you use to talk investing with an insurance product are critically important. Let's dig into some of the details:

What to say	Why it works
Grows tax-deferred.	It's credible and positive.
Build your assets more quickly.	This is the ultimate benefit of growth.

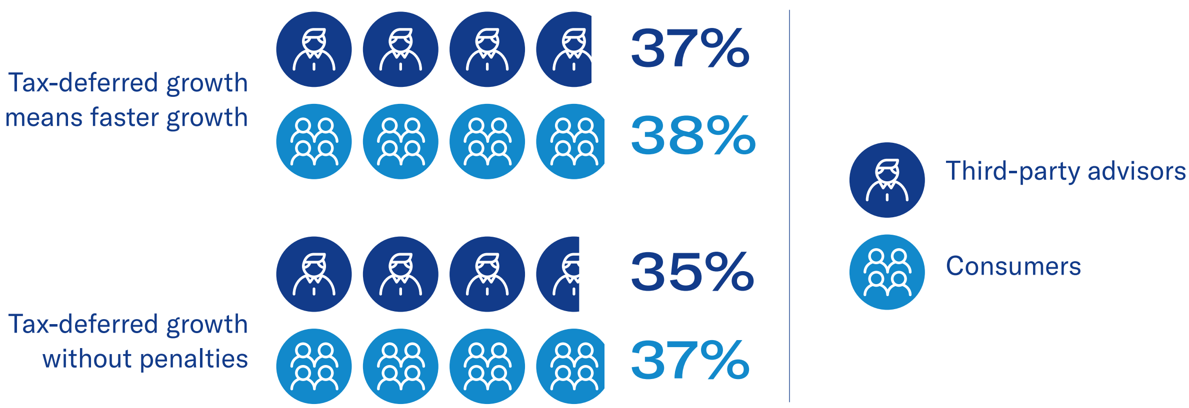
When you're introducing permanent life insurance, investments are of course part of the conversation. But be aware of how touchy the investors we spoke to can be about risk. They're not looking to take big risks with this type of a product. So yes, talk about the benefits that appeal to them (tax advantages, potential for gains), but do so in a way that makes them feel secure and protected.

The word “investments”

Believe it or not, even with this sophisticated audience, it’s easy for any sort of conversation about investments to come across as jargon. “Earned value” is insurance jargon and isn’t something our research audience was immediately familiar with.

Importantly, most investors we spoke to weren’t familiar with the idea of building cash value inside of an insurance product, and the concept can seem contradictory.

You say...	They hear...	Instead say...
Your earned value may increase and decrease with the market.	Huh? Risk!	Unlike term insurance, your permanent life cash value can grow over time.



Summary

When you are introducing potential new clients to permanent life insurance, our research shows language truly matters. With the right core positioning and proof points, you'll be able to open the conversation in a way that gets the client asking questions and wondering what else permanent life insurance can do for them. When you're not quite sure where to start, use the following Message Architecture to guide your conversations.

Core positioning

Permanent life insurance has **fewer restrictions** and provides **more flexibility** that adapts to any financial plan.

Core message

Permanent life insurance can be a smart addition to any financial plan for clients who want more ways to **protect their family, minimize their taxes** and **grow their money more** over time.

How we tell our story

Live more.	Keep more.	Build more.
Unlike term insurance, permanent life insurance protects your family for your entire life, while adapting throughout your life to provide access to your available cash value when you need it most.[1, 2]	While 401(k) and IRAs offer tax benefits, they do have income taxes on money you pass along. Permanent life insurance allows you keep more of your money by helping to minimize your taxes through tax-deferred growth, and generally offering no income taxes on any money you pass along to help give you more control over your and your family's financial future.	Permanent life insurance is a smart addition to help build your assets. Unlike term insurance, permanent life insurance does have cash value with the potential to grow over time with tax-deferred growth.

How we prove it

Live more.	Keep more.	Build more.
Guaranteed financial security for your family, through a death benefit.[3] Flexibility to access your money through loans and withdrawals.[1] Ability to customize benefits with one of the industry-leading Long-Term Care Services℠ Rider, Market Stabilizer Option® and more.[3]	Lower overall tax burden. Tax-free financial security benefit called the death benefit.	Builds value over time. Wide range of investment choices within variable life insurance policies. Tax-deferred growth.

And if you remember only one thing about introducing permanent life insurance to potential new clients, remember this: Our research participants came to the conversation with a focus on protection first. Protecting their family is the primary reason almost everyone buys any sort of life insurance policy. So don't short-change protection. Start with it. And explain how a permanent life insurance policy can provide that protection...with so much more. Please remember to review the considerations on page 12 for life insurance.

1 Policy loans and withdrawals will reduce the face amount and cash value of the contract. Clients may need to fund higher premiums in later years to keep the policy from lapsing.

2 The Long-Term Care Services℠ Rider is available for an additional charge, and does have restrictions and limitations. A client may qualify for the insurance, but not the rider. It is paid as an acceleration of the death benefit.

3. As long as required premiums are paid.

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Life Insurance Products: • Are Not a Deposit of Any Bank • Are Not FDIC Insured • Are Not Insured by Any Federal Government Agency • Are Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

EQUITABLE

PACIFIC LIFE
Insights

Thought Leadership in Action for Life Insurance

Communicating Life Insurance Value to Prospects

In today's marketplace, customers can simply type anything into a search engine and instantly have access to innumerable options. What makes a customer select one company or product over another? Why do some businesses take off while others struggle to find their footing? In many cases, it all comes down to value.

A value proposition is a brief statement that successfully differentiates a company's product or service from the competition. Businesses and marketers use value propositions to summarize why customers should choose to work with them.

For sellers of life insurance, a powerful and compelling value proposition can mean the difference between making a sale and losing another prospect to the competition. Identifying and conveying to customers what sets you and your business apart is essential to maintaining an edge against the competition.

Regardless of the business or the type of product your company is selling, value propositions serve the same purpose: entice customers to buy from you over someone else. The following will lay out the advantages of communicating value to a customer, along with a few tips that can help you craft the perfect value proposition.

Benefits of an Appealing Value Proposition

Like any product, different life insurance policies offer various pros and cons depending on the provider. Capturing the core value into a few simple words can highlight important distinctions and may ultimately convince your prospects to shift. Here are some of the ways a business can benefit from demonstrating value to a customer.

1. **Helps to Define Overarching Goals**

   Aside from engaging prospects, understanding value can also help guide the employees that support your business. A well-worded value proposition can encourage your internal staff to focus their efforts on contributing to a collective mission. Having a thorough grasp of what motivates your team can ensure that everyone is on the same page and working toward the shared objective. In this way, the right value proposition can create a stable foundation from which your company can grow and prosper.

   From customer interactions to stakeholder meetings, your value proposition can form a common thread that ties all aspects of your business together. In the long term, your team can communicate a narrative that always leads back to the main drivers of your business. A consistent theme can start to form as more people share your value proposition, improving continuity in everything from ad copy to direct correspondence.

2. **Clearly Explains What Makes Your Offering Unique**
   Without a solid value proposition, companies may run the risk of blending in with the crowd. Defining value can assist in outlining the role your company can play in fulfilling the core needs of your customers. There are currently over 804,000 businesses in the U.S. that are no more than a year old.[1] As more and more companies clamor for market share, developing an attractive value proposition can be critical to communicating what makes your product, service, or offering unique.

3. **Builds a Stronger Connection with Customers**
   A value proposition should clearly explain to customers why they ought to choose your offering over another. More than a simple tagline, a value proposition can provide a focal point that keeps all your marketing efforts clear and on target. The ability to discern and communicate the specific value of your product can lend itself to more authentic messaging. A solid value proposition engages your prospects in a more meaningful way by getting to the fundamentals of what makes your policy perfect for them.

"As more and more companies clamor for market share, developing an attractive value proposition is critical to communicating what makes your product, service, or offering unique."

Tips for Communicating Value to Customers

Demonstrating value in a way that truly speaks to customers can be a challenge, especially if critical details get lost in translation. If you're not communicating value in a creative or novel way, your prospect may lose interest, and existing customers may start looking at other options. Here are a few tips to help you craft a value proposition that has a positive impact.

- **Short and to the point:** Try to keep your value proposition brief to make it more memorable. If you were to summarize the most appealing components of the life insurance policy into a few words, what would they be? What differentiates your policy from the rest? Think of a simple statement that exemplifies the value of your offering. Communicating value with brevity can give your proposition a punch that longer phrases may fail to deliver.

- **Be precise:** Identify the specific aspect of your offering that makes it unique. Engaging value propositions can offer a solution or benefit to the customer that isn't available from competitors. Avoiding vague claims or generalities will help ensure your value proposition remains on target and reaches the desired audience.

- **Keep it interesting:** Get creative in your brainstorming to find a value proposition that truly speaks to your customers. What has been said before, and better yet, what has not? Throw out old tropes or adages you may have seen elsewhere and look at things from a new perspective to get people interested in you.

1 Source: "Number of business establishments less than 1 year old in the United States, March 1994 to March 2020." Statista Research Department. January 2021. https://www.statista.com/statistics/235494/new-entrepreneurial-businesses-in-the-us/

Effectively communicating the value of your policy recommendation to life insurance prospects can be difficult at first, but the many benefits may be well worth the effort. A strong value proposition can help bridge what your customers need and the services you provide. Encourage your team to explore fresh ways to highlight the value of your offering in a simple, straightforward way. Given time, more of your prospects can become loyal customers as your company continues to grow.

The primary purpose of life insurance is protection against premature death of the insured.

Pacific Life is a product provider. It is not a fiduciary and therefore does not give advice or make recommendations regarding insurance or investment products.

THE POWER OF PACIFIC LIFE

At Pacific Life, putting customers first has allowed us to serve families and businesses successfully for over 150 years. As part of a mutual holding company structure, we have no publicly-traded stock, so we can focus on long-term strategies, financial strength, and the best interest of our policyowners.

You and your clients, our policyowners, are at the heart of the business decisions we make.

PACIFIC LIFE

Pacific Life Insurance Company is licensed to issue insurance products in all states except New York. Product/material availability and features may vary by state. Insurance products and their guarantees, including optional benefits and any crediting rates, are backed by the financial strength and claims paying ability of the issuing insurance company. Look to the strength of the life insurance company with regard to such guarantees as these guarantees are not backed by the broker dealer, insurance agency, or their affiliates from which products are purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims paying ability of the life insurance company.

Life insurance is subject to underwriting and approval of the application and will incur monthly policy charges.

Pacific Life Insurance Company's Home Office is located in Newport Beach, CA.

Investment and Insurance Products: Not a Deposit	Not Insured by any Federal Government Agency	
Not FDIC Insured	No Bank Guarantee	May Lose Value

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The *cost* of waiting

Help create a sense of urgency in life insurance planning

No one likes thinking about their own mortality, and planning for the future is often viewed as one of those "unpleasant tasks" that we tend to put off. It's likely why 48% of Americans still remain uninsured.[1]

However, waiting can have consequences. At John Hancock, we are here to help you change the life insurance conversation and create more urgency with your clients.

Explain the risks

There are two key concerns when your clients delay their planning:

1. Life's unpredictability: We unfortunately all have or know a personal story of an unexpected illness diagnoses or tragic event where a loved one was lost. Without proper planning, these individuals may be uninsured/under insured, leaving their loved ones unprotected for the future.

2. Increased cost: In addition, premiums go up the older you get – even if your clients' health remains the same. Even one or two years can make a significant difference in the annual cost.

Show the facts

An easy way to stress the importance of planning now is by running a quick illustration, and having the numbers speak for themselves. Take a look at this simple example — almost a 20% increase if the customer waits five years.

Protection UL, $1M DB, Single Pay, Standard Non-Smoker

Male

Age	Annual premium	Percentage increase
55	**$16,741**	—
56	$17,171	3%
57	$18,047	8%
58	$18,988	13%
59	$19,962	19%

The data shown is taken from an illustration.

Female

Age	Annual premium	Percentage increase
55	**$14,058**	—
56	$14,501	3%
57	$15,142	8%
58	$15,797	12%
59	$16,494	17%

The data shown is taken from an illustration.

Faster and easier

At John Hancock, we offer a fast and easy application process for both term and permanent products, including access to **exam- and lab-free underwriting** for eligible clients.

In addition, many clients feel they cannot benefit directly from a life insurance policy and that it's only for final expenses.[2] Living benefits — like John Hancock Vitality — can help change this perception. This practical, tangible product feature can demonstrate how your clients can earn rewards and discounts for living a longer, healthier and better life.™

We are here to help narrow the insurance gap.

While planning for the future may feel uncomfortable today, there is no guarantee of what tomorrow can bring. Reach out to a member of our John Hancock Distribution and/or Advanced Markets teams by calling 888-266-7498 for more ideas on how to help overcome obstacles and drive clients to action.

1. According to 2023 LIMRA research
2. According to 2023 LIMRA research

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Insurance policies and/or associated riders and features may not be available in all states.

Protection UL is not available in New York.

Policy issuance is not guaranteed as any life insurance purchase is subject to completion of an application, including health questions, and underwriting approval. John Hancock may obtain additional information, including medical records, to evaluate the application for insurance; and after the policy is issued, to identify any misrepresentation in the application.

Vitality is the provider of the John Hancock Vitality Program in connection with policies issued by John Hancock.

Insurance products are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

MLINY090123168-1

Have better client conversations

Lincoln Life Insurance lives alongside your clients, giving them clear and flexible options for protection and growth as their lives change and priorities shift.

Start the conversation

Your clients may not be thinking about life insurance as a solution, and they may not realize the vital role it can play in a diversified financial plan.

Help them articulate what matters most so that you can help them meet their goals:

- Have you protected what matters most to you and your family?
- Are you thinking about using life insurance to plan for your future?
- Have you considered life insurance as a way to build wealth and supplement your retirement income?
- Are you thinking about how life insurance can protect your business and key employees now and in the future?

You have the opportunity to help your clients plan to get the protection and growth they want. It all starts with a simple conversation personalized to their needs. Who's your client?

Protectors

Help clients protect what matters most

Planners

Help clients plan with confidence

Investors

Help clients use their life insurance during their lifetime

Business owners

Help owners stay competitive and protect their businesses

Living benefit options for protecting the future

Living a long life — and enjoying many years in retirement — is a major goal for a lot of your clients. And it requires careful planning that goes beyond a one-size-fits-all approach. That's why John Hancock gives you three distinct solutions to offer to clients seeking both life insurance coverage and financial protection should they become chronically ill.

Maximum coverage

Long-Term Care (LTC) rider

A great choice for clients seeking the assurance of the maximum monthly benefit to help cover long-term care costs — with no IRS per diem limits and the convenience of assigning benefit payments directly to care providers (includes a monthly charge).

Most flexibility

Chronic Illness (CI) rider

Offers the most flexible use of benefits by providing an indemnity payment with no restrictions on how it is used (includes a monthly charge).

Backup plan

Accelerated Death Benefit for Chronic Illness (ADBCH) rider

Offers some protection for clients not currently focused on LTC planning, or who do not qualify for our LTC or Chronic Illness rider. There are no restrictions on how the benefits are used. Charge is determined at claim.

How to qualify?

Each rider allows clients to accelerate a portion of death benefit when the insured requires either 1) assistance with at least two of six **Activities of Daily Living** for a period expected to last at least 90 days or 2) needs supervision due to a cognitive impairment and meets a 90-day elimination period.

Each rider does this in a different way and creates three flexible solutions to help you and your clients plan for the future they want. It is important to understand each option to advise them on the most appropriate solution to help meet their ongoing and future planning needs.

Compare the options

Here's a quick overview of the riders your clients can choose from when looking for protection with a John Hancock life insurance policy to help cover costs associated with chronic illness.

	LTC rider (monthly charge)	Chronic Illness rider (monthly charge)	ADBCH rider (charge at claim)
Description	• Benefit payment reimburses qualified long-term care expenses up to maximum monthly benefit amount elected at issue (up to $50,000 monthly) • Must elect at issue and pass separate underwriting	• Monthly or annual cash benefit payment up to the lesser of the maximum benefit amount or the annualized IRS per diem in the year benefits are accelerated • Must elect at issue and pass separate underwriting	• Client can opt for an annual cash benefit up to the lesser of the specified amount or the annualized IRS per diem in the year benefits are accelerated • Must elect at issue; no additional underwriting • Benefit payment discounted by charges based on expected mortality and current interest rates
Premiums/charges	• Monthly charges based on net amount at risk and deducted from policy value • Rider rate set at issue and guaranteed	• Monthly charges vary by sex, issue age, duration and risk class and deducted from policy value • Rider rate not guaranteed	• No monthly charges • Benefit payment reduced by discount factor using interest rate and life expectancy at claim • Rider rate not guaranteed
Benefit growth	Benefit pool and monthly maximum set at issue	Benefit pool, monthly and annual maximums can increase with death benefit	Benefit pool and annual maximum can increase
Benefit payment	• Paid monthly as reimbursement for QLTC expenses to owner or can be assigned directly to care providers • Maximum monthly acceleration of 1%, 2% or 4% of the benefit pool to $50,000 elected at issue — maximum lifetime acceleration is $5M	• Paid annually or monthly as a cash benefit • Maximum monthly acceleration of 1%, 2% or 4% of the benefit pool elected at issue — capped at the IRS per diem limit; maximum lifetime acceleration is $3M	• Paid annually as a cash benefit • Maximum lifetime acceleration is the lesser of 75% of death benefit or $1M
Tax treatment	Favorable treatment under IRC 7702B(b)	Favorable treatment under IRC 101(g)	Favorable treatment under IRC 101(g)

	LTC rider (monthly charge)	Chronic Illness rider (monthly charge)	ADBCH rider (charge at claim)
Underwriting	• Underwritten separately at application • Separate risk class from base policy; maximum rating 200%; not available with flat extras • Available ages 20 – 75	• Underwritten separately at application • Separate risk class from base policy; maximum rating 200%; not available with flat extras • Available ages 20 – 75	• No underwriting • Maximum rating 200%; $5 flat extra • Available ages 18 – 85
Licensing	• Life license • Health license & LTC Certification most states	Life license	Life license
Product availability	• Accumulation IUL • Accumulation VUL • Protection UL • Protection IUL • Protection VUL	• Protection UL • Protection IUL • Protection VUL	• Accumulation IUL • Accumulation VUL • Protection UL • Protection IUL • Protection VUL

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For details on specific product features, benefits, riders and certain state variations, please see the applicable product producer guide.

The Long-Term Care (LTC) rider is an accelerated death benefit rider and may not be considered long-term care insurance in some states. There are additional costs associated with this rider. The maximum monthly benefit amount is $50,000. When the death benefit is accelerated for long-term care expenses, it is reduced dollar for dollar, and the cash value is reduced proportionately. Please go to JHSalesHub.com to verify state availability. This rider has exclusions and limitations, reductions of benefits, and terms under which the rider may be continued in force or discontinued. Consult the state specific Outline of Coverage for additional details.

The insured is financially responsible to their care providers, including charges not covered by the LTC rider.

The Chronic Illness rider allows for an acceleration of the death benefit when the insured is certified as chronically ill. The maximum monthly benefit amount is the lower of $30,000 or the IRS per diem limit for a given month. Accelerated benefit payments under this rider reduce the death benefit dollar for dollar by the accelerated amount and reduce the policy value proportionately. There is a monthly charge for this rider. The benefits provided by this optional rider are designed to be excludable from gross income under federal tax law; however, there might be situations in which the benefits or charges for this rider are taxable. This rider is not long-term care insurance.

The Accelerated Death Benefit for Chronic Illness Rider allows for a partial acceleration of the death benefit when the insured is certified as chronically ill. The amount is capped at 75% of the death benefit to a lifetime maximum of $1 million. The annual maximum benefit amount is limited to the IRS per diem limit. Accelerated benefit payments under this rider reduce the death benefit dollar for dollar by the accelerated amount and reduce the policy value proportionately. The payments will also be reduced by interest charges. The benefits provided by this rider are designed to be excludable from gross income under federal tax law; however, there might be situations in which the benefits or charges for this rider are taxable. This rider is not long-term care insurance.

Comments on taxation are based on John Hancock's understanding of current tax law, which is subject to change. No legal, tax or accounting advice can be given by John Hancock, its agents, employees or licensed agents. Prospective purchasers should consult their tax professional for details.

Variable life insurance is sold by product and fund prospectus, which should be read carefully. They contain information on the investment objectives, risks, charges and expenses of the variable product and its underlying investment options. These factors should be considered carefully before investing.

Insurance policies and/or associated riders and features may not be available in all states. Some riders may have additional fees and expenses associated with them. Refer to the product prospectus for additional information.

Insurance products are issued by: John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 and securities offered through **John Hancock Distributors LLC** through other broker/dealers that have a selling agreement with John Hancock Distributors LLC, 197 Clarendon Street, Boston, MA 02116.

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Insights

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Thought Leadership in Action for Life Insurance

The Rule of 7 and How Life Insurance Sellers Can Adopt It

When it comes to sales and marketing, newer isn't always better. Sure, there are new strategies arising all the time, often having to do with how to properly use sales technologies and digital marketing channels. Those are great, but sometimes so are the classics.

Take the Rule of 7, for example. According to the Sunsplash Media Group, it was invented as the Rule of 6 in the 1850s and upgraded to the Rule of 7 by Hollywood in the 1930s.[1] It's older than probably all life insurance sellers working today, but it's as relevant as it ever was.

The Rule of 7 states that people need an average of seven interactions with a brand before they convert. It can be applied to any industry but is particularly useful in a needs-based industry like life insurance—where making the right points at the right time is key to the sale.

Why It Works

The Rule of 7 has lasted because it's flexible. It's called the Rule of 7, but the exact number of touchpoints might be more or less than that. A cold lead, for example, might need eight or nine touchpoints before they're ready to buy, but a highly motivated prospect might only need three or four.

You can also adapt this rule based on the kind of conversion that you're going for. For instance, if your job is to qualify audience members as leads, you probably won't need all seven touchpoints. If you're going for full conversion to purchase, you might need more, especially further down the funnel when someone is closer to purchase.

You also have a lot of freedom in what touchpoints you use. Depending on where the customer is in terms of readiness to purchase, they might encounter you through a pay-per-click digital ad, website chat, or phone call.

1 Source: "Does the 'Rule of 7' still apply in Marketing?" Sunsplash Media Group. April 28, 2020. https://sunsplashmediagroup.com/home/blog/does-the-rule-of-7-still-apply-in-marketing

21-VER-98

The Rule at the Top of the Funnel

The four stages of the sales funnel in any industry are awareness, interest, decision, and action. Website marketing group CrazyEgg offers the mnemonic "AIDA" to help you keep them straight.[2]

To start, the awareness phase is particularly important. As of 2019, there were 5,965 insurance companies in the United States according to the Insurance Information Institute.[3] To stand out from that rather large pack, you need to create strong initial touchpoints.

Someone at this stage isn't ready for heavy-handed sales. But remember, you still have about six touchpoints to work with, so you don't have to rush. Consider two things:

1. The consumer demographics you plan to target
2. What those consumers need you to offer

Paid search and social media ads can be useful, but educational content may be one of the best strategies at this stage. When someone has an insurance need, they may know very little besides the fact that they need something. Content can fill in that knowledge gap, inspiring both gratitude and trust in the person who reads it.

Best of all, content can be easy to distribute. Create a blog on your website and share your posts on social media. If you don't have time to consistently produce content yourself, don't worry. The Content Marketing Institute reports that most companies with a content strategy outsource at least part of it, especially content creation. This may be a worthwhile expense, as 84% of surveyed marketers say their content is effective at the top of the funnel.[4]

Effective Mid-Funnel Touchpoints

Content can also be great for the mid-funnel interest stage. These consumers are usually considering their options and comparing different possibilities. It can be a tricky phase because a hard sell can turn a consumer off. On the other hand, disappearing from their radar just creates opportunities for competitors.

"The four stages of the sales funnel in any industry are awareness, interest, decision, and action."

Applying the Rule of 7 can help you do this part of the funnel effectively. By choosing touchpoints specifically for this stage in the customer journey, you may avoid the temptation to rush into more direct selling.

2 Source: What is a Sales Funnel, Examples and How to Create One. The Daily Egg. May 20, 2021. https://www.crazyegg.com/blog/sales-funnel/
3 Facts + Statistics: Industry Overview. Insurance Information Institute. May 20, 2021. https://www.iii.org/fact-statistic/facts-statistics-industry-overview
4 B2C Content Marketing 2020. Content Marketing Institute. December 2019. https://contentmarketinginstitute.com/wp-content/uploads/2019/12/2020_B2C_Research_Final.pdf

This is the stage when you're likely to have the email addresses of interested buyers. Use this to your advantage and send resources that remind them of your expertise, help them understand what they need, and remind them that you're there to help. Possible content types include:

- Blog posts and articles, by you or others
- Decision-making resources like checklists and flowcharts
- Invitations to webinars and other educational events

Each time you send a valuable resource, that's a touchpoint. Of course, it's only an effective one if they open and read it, so make sure you match your content to the consumer's needs and interests.

Touchpoints for Decision and Action

At the bottom of the funnel, a customer decides on an insurance provider and signs on for service. You can usually tell when someone is getting close to this point because they've actively responded to your touchpoints, maybe by requesting more information.

This is the time for sales consultations where you match the potential buyer's needs to the right insurance product. If a prospect isn't ready to buy at the end of your first call, it may mean they need a seventh (or sixth or eighth) touchpoint. Follow up based on their comfort level and add value with each contact.

Final Thoughts

The Rule of 7 says that insurance shoppers need an average of seven touchpoints before they convert. Remember that with any given consumer, the magic number might be more or less depending on their situation and your conversion goal.

Spread your touchpoints across the funnel and save direct outreach to the end. Content can be great at all stages, especially the top and middle. Remember to add value with every touchpoint, and your sales funnel can start working harder for you.

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MassMutual

COMPETITIVE INSIGHT | WHOLE LIFE INSURANCE

Demonstrating the Risk Reward Trade-Off

Whole Life and Indexed Universal Life Insurance

There are several different types of policies to choose from. Two popular choices are whole life and indexed universal life (Indexed UL or IUL).[1]

- Whole life and IUL both offer death benefit protection and the potential to build cash value or account value. With whole life, premiums are fixed and guaranteed, so they will never increase. As long as the policyowner continues to pay the premium, they can count on the life insurance benefits being paid to the beneficiaries.
- Indexed UL has a flexible premium and is typically not guaranteed for the life of the policy. Some policies may offer a no-lapse guarantee feature. Depending on the performance of the policy over the lifetime of the policy, policyowners may need to pay more than the premium that was illustrated when the policy was issued to keep the coverage in-force. This is important for your clients to take into account when reviewing policy options.

Whole Life Insurance

Whole life provides a guaranteed death benefit and guaranteed cash value that will increase each year. And a participating whole life insurance policy offers an additional advantage — participating means that the whole life insurance policy is eligible to receive dividends.

Whole Life Dividend

Generally, dividends are declared and paid annually and can fluctuate over time. Whole life policy dividends have three components that reflect the company's operating experience with respect to mortality (death claims), expenses and investment results. The Dividend Interest Rate (DIR) is used to calculate the investment component of the policy dividends.[2]

The investment component reflects the difference between the guaranteed interest rate used to calculate the policy cash value and the DIR. As an example, if the DIR is 6% and guaranteed interest rate is 3.75%, the investment component of the dividend is based on 2.25% (6%-3.75%).

Different life insurance companies may quote and apply DIRs differently. As a result, you cannot use the DIR as the sole basis for comparing one whole life policy to another. While not guaranteed, MassMutual has paid a dividend every year to eligible participating policyowners since 1869.

[1] The dividend and dividend interest rate (DIR) are determined annually, subject to change, and are not guaranteed.

[2] MassMutual does not issue Indexed Universal Life insurance policies.

Indexed UL (IUL)

IUL is similar to other Universal Life products but uses different crediting rate methodologies to calculate the policy's account value growth. IUL policies allow policyowners to invest in both fixed interest and index-linked (indexed)[3] accounts.[4] The indexed accounts credit interest based on the price performance of a certain market index. The indexed account options do not actually invest in the securities in the index. Instead, a portion of the money allocated to the indexed account options are used to purchase a financial instrument called an option contract. The option is based on a market index and supports the interest crediting rate. IUL indexed accounts have a declared minimum crediting rate, a maximum crediting rate or cap and a participation rate, which is the percentage of the index return used to determine the crediting rate. As an example, a typical indexed account may be linked to the price performance (excluding dividends) of the Standard & Poor's 500 Index and have a minimum crediting rate of 0%, a cap rate of 10% and a 100%participation rate.

The actual returns for an IUL policy may vary from one year to the next. Such returns may produce results that are significantly different than what are shown in what was originally illustrated that demonstrates a level interest crediting rate.

Demonstrating the risk reward trade-off

The following comparison was designed to illustrate the strong and consistent historical results that MassMutual has delivered to whole life policyowners through the Dividend Interest Rate (DIR). It compares MassMutual's DIR to historical results for investment options typically available in Indexed Universal Life (IUL) policies. While the overall mechanics of universal life products and whole life insurance are very different, both types of policies deliver investment results to policyowners.

The investment results and DIR shown in the comparisons that follow are not the rate of return on the policies. The actual rate of return will be less due to the cost of the life insurance protection and other charges associated with each type of policy. There may be little or no cash, account or surrender value available in the early policy years, and it may take a number of years to realize a positive return on premiums paid into your policy. It is important for clients to review a life insurance illustration based on their specific situation to fully understand how the policy works and how investment results impact the long-term performance.

[3] Individuals cannot invest directly in an index.

[4] No one crediting method is guaranteed to perform better from one year to the next. It's important to understand how the crediting works for each policy.

The chart and table compare MassMutual's DIR to the historical average annual results and standard deviations[5] for the following indices from 1980 through 12/31/2022:

Stock Index[6] — The Standard & Poor's 500 Index with dividends, which is often used to measure total performance of U.S. common stocks.

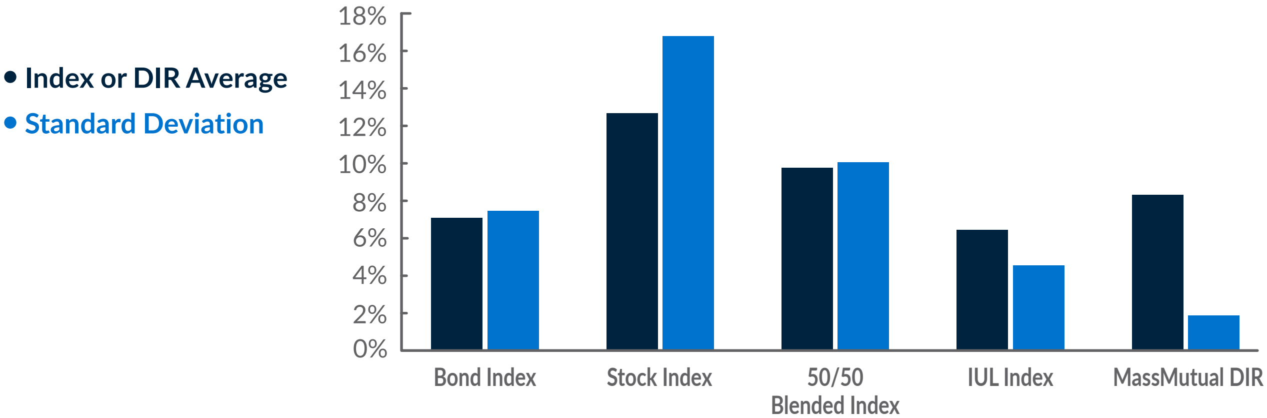
Bond Index — The Bloomberg US Aggregate Bond Index which is often used to measure total performance of investment grade bonds being traded in the U.S.

50/50 Blended Index — A 50%/50% blend of the Stock Index and Bond Index, maintained year-over-year.

IUL Index — The Standard & Poor's 500 Index excluding dividends assuming a cap rate of 10%, a minimum crediting rate of 0% and a 100% participation rate.

MassMutual's DIR — This represents the Dividend Interest Rate for whole life insurance policies issued by MassMutual prior to the merger with Connecticut Mutual in 1996. These policies are no longer available for sale.

MASSMUTUAL DIR VS. HYPOTHETICAL INDEX INVESTMENT OPTIONS (1980-2022)



	Bond Index	Stock Index	50/50 Blended Index	IUL Index	MassMutual DIR
Index or DIR Average	**7.00%**	**12.82%**	**9.91%**	**6.51%**	**8.37%**
Standard Deviation	**7.39%**	**16.85%**	**10.10%**	**4.49%**	**1.77%**
Number of Negative Years	5	8	6	0	0
Largest Decrease	-13.01%	-37.00%	-16.23%	N/A	N/A

Historical results are not an indicator of future performance.

This comparison demonstrates that the MassMutual's DIR has delivered competitive results with substantially less variability than the illustrative IUL investment options. In addition, while IUL account values may decrease in value, a MassMutual whole life policy has a guaranteed cash value which increases each year and will never decline in value.

[5] Standard Deviation is a commonly used statistical measure of the variability of historical investment returns and is often used in comparing the risk versus average return of different types of investments. A higher standard deviation indicates greater variability in returns, and typically higher investment risk. To put it in perspective, if the average annual return is 6% and the standard deviation is 1%, there is a 68% probability that future returns will be between 5% and 7%.

[6] The Stock Index used in this comparison does not reflect the fees and charges associated with an actual IUL product. Had fees and charges been reflected, the returns would be lower. Indices are used for informational purposes only. Individuals cannot invest directly in an index.

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Participating whole life insurance policies are issued by Massachusetts Mutual Life Insurance Company (MassMutual), Springfield, MA 01111-0001. Any guarantees explicitly referenced herein are based on the claims-paying ability of the issuing insurance company.

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EQUITABLE

Prepare for the future; live for today

Everyone’s truth is different. What’s yours?

Life often involves looking ahead to what’s next. It’s about hopes and aspirations — for ourselves and for those we love. It’s powered by our vision of a fulfilling future — ours and the next generation’s.

However, investing in the well-being and security of your loved ones, your business or your legacy doesn’t have to come at the expense of living for the moment. A life full of confidence and optimism is something you deserve to experience every day, not just in the distant future. That’s where we come in. Equitable life insurance can help you focus on what matters most to you and your family — today and tomorrow.

Parenthood

Securing your child’s financial future and funding their education

Life flexibility/stability

Accessing your money through potentially tax-free cash surrender value when life requires it

Quality of life

Caring for your long-term or personal needs

Security

Paying off your mortgage so your family is taken care of

Legacy

Leaving a legacy to your loved ones

Business growth

Attracting top talent and retaining employees

Retirement

Planning for your next chapter and potentially supplementing your retirement with tax-free income

Succession

Getting peace of mind from knowing that your business will be left in the right hands

Control

Keep your tax bracket down by integrating tax-free income into your retirement mix

Live More. Keep More. Build More.

The benefits of permanent life insurance

Permanent life insurance is more than just financially protecting those you love or your business in the future. It's also about helping you achieve your goals and setting yourself, your loved ones or your business up for success today.

Live More.

Unlike term insurance, permanent life insurance protects your family or your business for your entire life. That means you can rest easy knowing the people who rely on you will be financially secure when you're no longer there, thanks to the payout they receive through a death benefit.[1]

Permanent life insurance can also be used as a source of money for you and those who rely on you throughout your lifetime — for whatever, whenever. You can access your cash surrender value potentially tax-free so you get more out of today, making permanent life insurance a smart addition to your financial plan.[2]

What you get	What this means for you
Financial security for your family or your business through a death benefit that is generally tax-free.[2]	The comfort of knowing you've helped your family and your business prepare for the future, even if you are gone.
Benefits you can customize to you and your family's or business's needs.	Additional protection for you or your assets. *For example, our Long-Term Care Services℠ Rider helps you cover long-term care expenses if you're chronically ill and are receiving qualified long-term care services in accordance with a plan of care.[3]*
Flexibility to access your money through loans and withdrawals throughout your life, potentially tax-free.[2,4]	You can access your cash surrender value for anything, from funding a portion of your retirement to paying business expenses — generally without having to worry about the burden of taxes.[2,5]

1 Provided the policy remains inforce.

2 Under current federal tax rules, you generally may take income tax-free partial withdrawals under a life insurance policy that is not a modified endowment contract (MEC) up to your basis in the contract. Additional amounts are includable income. The IRS places a limit on how much money can go into life insurance premiums for the policy and how quickly such premiums can be paid in order for the policy to provide all of its tax benefits. If certain limits are exceeded, a MEC results. MEC policyholders may be subject to taxes on distributions on an income-first basis, that is, to the extent there is gain in their policies, and penalties on any taxable amount if they are not age 59½ or older.

Loans taken will be free of current income tax as long as the policy remains in effect until the insured's death, does not lapse and is not a MEC. Please note that outstanding loans accrue interest. Income tax-free treatment also assumes the loan will eventually be satisfied from income tax-free death benefit proceeds. Loans and withdrawals reduce the policy's cash value and death benefit, may cause certain policy benefits or riders to become unavailable and may increase the chance the policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values.

In addition, withdrawals, policy loans and any accrued loan interest may cause your policy to lapse even if you are in a period of coverage under the No-lapse Guarantee Rider. Speak to your financial professional before taking any withdrawals or policy loans.

3 The Long-Term Care Services℠ Rider is available for an additional charge and does have restrictions and limitations. A client may qualify for the insurance but not the rider. It is paid as an acceleration of the death benefit.

4 Loans and withdrawals reduce the policy's cash value and death benefit, may cause certain policy benefits or riders to become unavailable and may increase the chance the policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values.

5 Loans taken will be free of current income tax as long as the policy remains in effect until the insured's death, does not lapse and is not a MEC. Please note that outstanding loans accrue interest. Income tax-free treatment also assumes the loan will eventually be satisfied from income tax-free death benefit proceeds.

Keep More.

Permanent life insurance allows you to keep more of your money because it provides the potential for tax-deferred growth and gives you the ability to pass along any money through the death benefit — generally with no income taxes.

That means permanent life insurance can help you feel more in control of your and your family's financial future.

What you get	What this means for you
A lower overall tax burden.	Since taxes are deferred, your premiums **plus** your earnings can continue growing.
Income tax-free financial security death benefit.	Permanent life insurance generally has an income tax-free death benefit, allowing you to pass on a larger legacy to your family.
Tax deferrals and the ability to change investments without capital gains.	Permanent life insurance can be a valuable part of your overall retirement income strategy. When you're building wealth, the accounts you use can either be taxable, tax-deferred or tax-free. Permanent life insurance fits in that third category — tax-free. To clarify, cash values grow tax-deferred and can generally be taken tax-free.
More control over your tax bracket.	During retirement, you can help keep your tax bracket down by integrating potential tax-free income from permanent life insurance into the mix.

Build More.

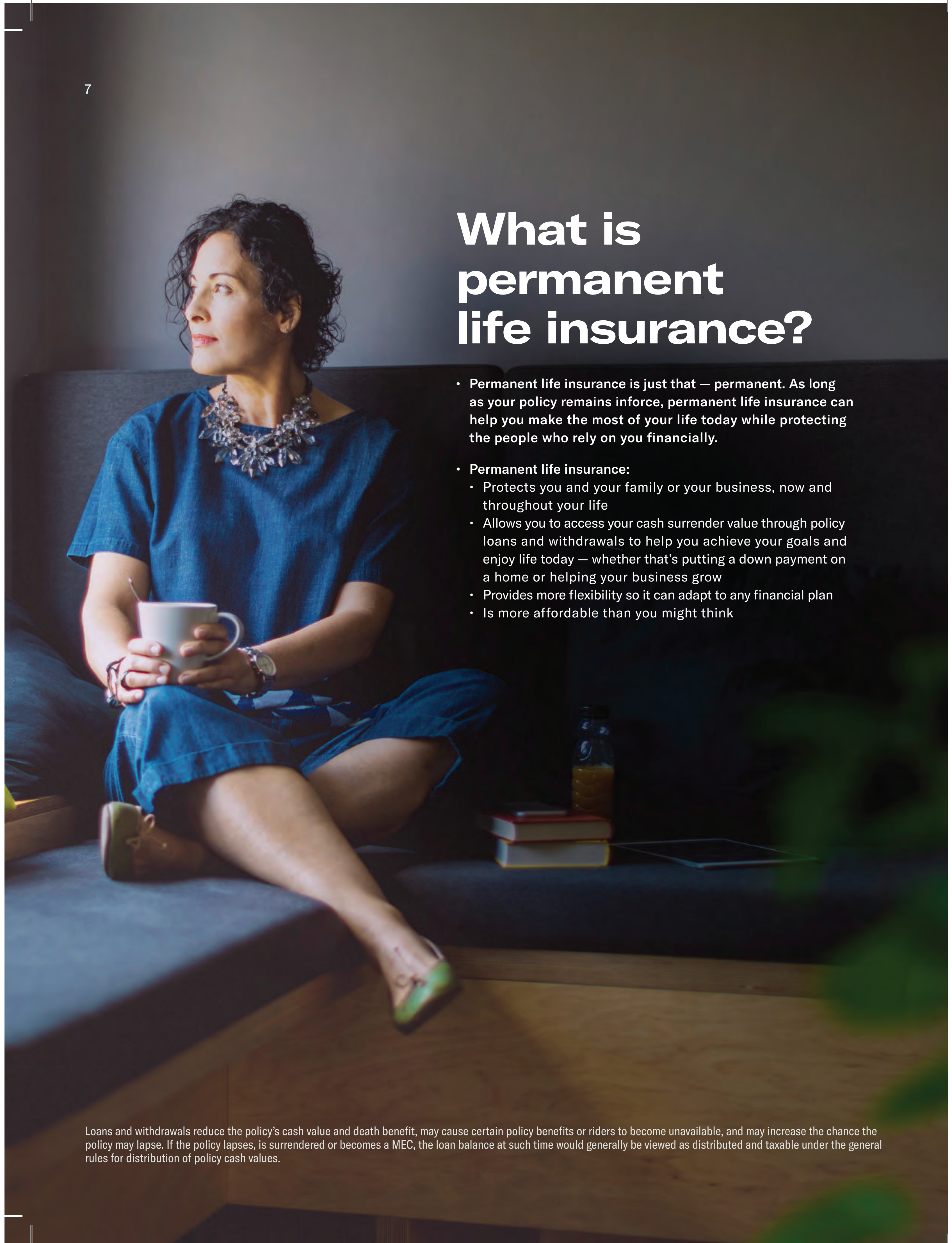
Unlike term insurance, permanent life insurance provides cash value, which can increase every year in a tax-deferred way — in turn, helping you grow your assets. Your permanent life insurance policy provides death benefit protection and the possibility of steady growth so you can build toward your tomorrow.

What you get	What this means for you
Builds cash value over time.	Your cash value grows tax-deferred so you keep more of it, and you have the flexibility to take out a portion of that cash value if your circumstances change.
Wide range of investment choices (within variable life insurance policies).	More flexibility to invest how you want, depending on your preferences for market stability and growth potential. You won't need to worry about paying taxes on the amounts you earn when you rebalance your portfolio.[6]
Many of the same benefits as a Roth IRA with some additional flexibility.	Permanent life insurance has no income contribution limits, allows you to withdraw money before age 59½ with no 10% IRS penalty and has no required minimum distributions (RMDs).

While there are similarities between a Roth IRA and cash value life insurance, there are also differences. A Roth IRA is an IRS plan designed to facilitate retirement savings. Cash value life insurance is a contract that builds value and provides a death benefit backed by the claims-paying abilities of the issuing life insurance company. Carefully review all the features, benefits and costs of a cash value life insurance policy with your financial professional before making a purchase.

- If your life insurance policy lapses, you will lose the death benefit and may lose substantial money in the early years.
- To be effective, you need to hold the policy until death. A life insurance policy generally takes years to build up a substantial cash value.
- Tax-free distributions will reduce the cash value and death benefit of the policy. You may need to pay higher premiums in the later years to keep the policy from lapsing.
- You must qualify medically and financially for life insurance, unlike a Roth IRA.

6 Which involves market risk, including the possibility of loss of principal invested.



What is permanent life insurance?

- **Permanent life insurance is just that — permanent. As long as your policy remains inforce, permanent life insurance can help you make the most of your life today while protecting the people who rely on you financially.**
- **Permanent life insurance:**
  - Protects you and your family or your business, now and throughout your life
  - Allows you to access your cash surrender value through policy loans and withdrawals to help you achieve your goals and enjoy life today — whether that's putting a down payment on a home or helping your business grow
  - Provides more flexibility so it can adapt to any financial plan
  - Is more affordable than you might think

Loans and withdrawals reduce the policy's cash value and death benefit, may cause certain policy benefits or riders to become unavailable, and may increase the chance the policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values.

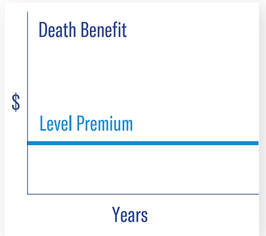
The different types of life insurance

There are five major types of life insurance policies. While each provides unique opportunities for protection and growth, all are focused on allowing you to pursue life's possibilities and improve your life for today and the future.

Level term insurance

Why it may be right for you

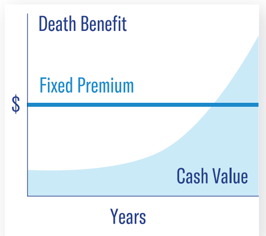
- Has a lower premium but does not build cash value over time
- Has a fixed death benefit



Traditional whole life insurance

Why it may be right for you

- Your premium (the amount you pay) never changes during your policy's entire duration
- Provides a guaranteed minimum cash value
- You can potentially build your cash value even more through non-guaranteed dividends
- Has a fixed or increasing death benefit

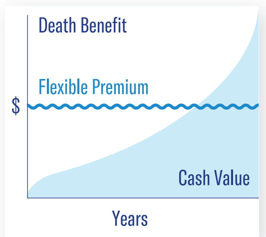


Universal life insurance

Why it may be right for you

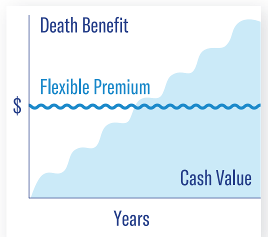
- Gives you flexibility to change the amount and timing of your premiums
- Provides the ability to build cash value, which varies by type of policy
- May provide optional guaranteed coverage for a certain number of years
- Has a fixed or flexible death benefit

Fixed universal life insurance



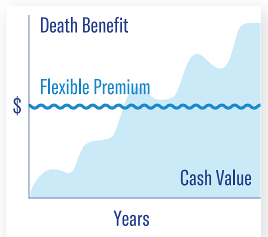
Provides the opportunity to grow your cash value through a fixed interest rate

Indexed universal life insurance



Provides the opportunity to grow your cash value through index-linked interest options while also providing you with downside protection

Variable universal life insurance



Provides the opportunity to grow your cash value through variable subaccounts *(There is investment risk, including the possible loss of principal invested.)*

Variable universal life insurance is sold by prospectus only. The prospectuses contain more complete information about the product, including investment objectives, risks, charges, expenses, limitations and restrictions. Please read the product prospectus and consider the information carefully before purchasing a policy or sending money. You should contact your financial professional for a copy of the current prospectus.

A variable universal life insurance contract is a contract with the primary purpose of providing a death benefit. It is also a long-term financial investment that can also allow potential accumulation of assets through customized, professionally managed investment portfolios. These portfolios are closely managed in order to satisfy stated investment objectives. There are fees and charges associated with variable life insurance contracts, including mortality and risk charges, insurance charges, premium charges, administrative fees, investment management fees, surrender charges and charges for optional riders.

Recapping the essential

By adding permanent life insurance to your portfolio, you get more ways to protect your family, provide tax-deferred growth and potentially build your money over time — helping you protect and focus on what's most important to you.

More flexibility, fewer restrictions. Why?

- Financial security through a death benefit
- The ability to build cash value over time with no income contribution limits
- Low overall tax burden through tax deferral and a generally income tax-free death benefit
- Flexibility to access your money tax-free throughout your lifetime through loans and withdrawals
- The ability to withdraw money before age 59½ with no 10% IRS tax penalty — and no required minimum distributions (RMDs)
- Ability to customize your benefits for additional security and some peace of mind (such as through a Long-Term Care Services℠ Rider)

Loans and withdrawals reduce the policy's cash value and death benefit, may cause certain policy benefits or riders to become unavailable and may increase the chance the policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values. MEC policyholders may be subject to taxes on distributions on an income-first basis, that is, to the extent there is gain in their policies and penalties, and a 10% penalty on any growth if they are not age 59½ or older.

Who we are

Equitable Financial Life Insurance Company is a U.S. financial services company that helps build fulfilling futures.

For more than 160 years, we've been working with clients across generations, building on what's proven and pursuing what's possible.[7]

160 years and counting

$30 billion

In the last 25 years, we've provided clients and their families with over $30 billion in death benefit payouts, helping them face the future with greater confidence and security.

We commit to your future as if it were our own. With tailored recommendations designed for you and with products built to meet your needs at every stage of life, we help you secure your financial well-being so you can live the life that's most meaningful to you.

Equitable Financial's affiliate, Equitable Financial Life Insurance Company of America (Equitable America), also issues life insurance policies.

7 Since 1859, the history applies solely and exclusively to Equitable Financial Life Insurance Company.

Let's get started together.

Visit **equitable.com** to learn more about how Equitable can help you plan for a future that reflects all of who you are. We're here to support you every step of the way.

Together, we'll work to turn today's goals into tomorrow's accomplishments.

A life insurance policy is backed solely by the claims-paying ability of the issuing life insurance company. It is not backed by the broker/dealer or insurance agency through which the life insurance policy is purchased or by any affiliates of those entities, and none makes any representations or guarantees regarding the claims-paying ability of the issuing life insurance company.

Equitable Financial Life Insurance Company of America is also an issuer of life insurance policies.

Equitable Financial Life Insurance Company, Equitable Financial Life Insurance Company of America, Equitable Advisors, Equitable Network and Equitable Distributors are affiliated companies and do not provide tax or legal advice. You should rely on your own advisors on these matters.

Life insurance products are issued by either Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY) or Equitable Financial Life Insurance Company of America, an Arizona stock company. When sold by New York state-based (i.e., domiciled) Equitable Advisors Financial Professionals, life insurance is issued by Equitable Financial Life Insurance Company (NY, NY). Variable life insurance is co-distributed by affiliates Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN) and Equitable Distributors, LLC. Indexed universal and term life insurance products are co-distributed by Equitable Network, LLC (Equitable Network Insurance Agency of California in CA; Equitable Network Insurance Agency of Utah in UT; Equitable Network of Puerto Rico, Inc. in PR) and Equitable Distributors, LLC (NY, NY).

References to Equitable in this brochure represent both Equitable Financial Life Insurance Company and Equitable Financial Life Insurance Company of America, which are affiliated companies. Overall, Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc., including Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY); Equitable Financial Life Insurance Company of America (Equitable America), an AZ stock company; and Equitable Distributors, LLC. Equitable Advisors is the brand name of Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN). The obligations of Equitable Financial and Equitable America are backed solely by their claims-paying abilities.

EQUITABLE

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Advanced **Markets**

Invest in your life

Client guide

INSURANCE PRODUCTS	
MAY LOSE VALUE	NOT A DEPOSIT
NOT BANK GUARANTEED	NOT FDIC INSURED
NOT INSURED BY ANY GOVERNMENT AGENCY	

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Overview

The value of permanent life insurance — death benefit protection, competitive rate of return, and living benefits

In addition to providing valuable death benefit protection, permanent life insurance can also offer you a competitive rate of return (ROR) compared to other investment options. Add to that the “living benefits” a policy can offer, and it’s clear why life insurance is frequently a key part of an overall financial plan.

Want to learn more about ROR and life insurance? Ask your financial professional for a customized illustration.

Let’s take a closer look at the many benefits permanent life insurance offers:

Death benefit protection

The income tax-free death benefit[1] from a life insurance policy provides a source of liquidity that your beneficiaries can use when it’s needed most to:

- Replace lost income
- Pay off debt
- Pay final expenses and taxes

Many policy owners also use the life insurance death benefit to **provide a lasting legacy** to their loved ones.

Competitive rate of return

Permanent life insurance can also offer you a very attractive rate of return (ROR) when compared to other investment options. The ROR on a death benefit is equivalent to the interest rate you would need to obtain if you invested the premiums outside the policy to equal the policy’s death benefit.

Generally, a taxable investment will have to earn a high ROR to equal the amount provided by the income tax-free death benefit. In fact, during the early years the ROR on life insurance can far exceed the returns available on most taxable investments and typically will continue to provide strong returns even past life expectancy.

There’s another tax advantage of life insurance that makes it a unique and attractive investment. Not only are the death proceeds received income tax-free, but the policy’s potential cash value grows tax-deferred and can be accessed in a tax-favored manner during lifetime.[2]

The living benefits of life insurance

In addition to death benefit protection, permanent life insurance can provide you with significant living benefits such as:

Supplemental income

The cash value in a permanent life insurance policy can be withdrawn or borrowed against to help meet a variety of needs:

- Supplementing your retirement income
- Paying for unexpected costs that may arise such as housing, medical, and/or other personal expenses
- Funding a child or grandchild's education, or paying for other large expenses

Because the amounts withdrawn or borrowed from a life insurance policy are received income tax-free, access to these funds may provide significant tax benefits when compared to other investments.

Long-term care coverage

If you were to need long-term care services, how would you pay for these expenses? Have you considered the impact that paying for prolonged care might have on your accumulated savings? What about the effect on your family if a spouse or child has to provide care? To help address these risks, **adding a rider for long-term care to a life insurance policy can allow the policy owner to accelerate the policy's death benefit, income tax-free, to help cover long-term care costs.**

Critical illness coverage

During your working years, suffering an unexpected critical illness can have a debilitating effect on your finances, including your ability to save for retirement. Adding a rider for critical illness to a life insurance policy can help by offering **an income tax-free benefit upon diagnosis of a covered critical illness such as a stroke, heart attack, and certain types of cancer.**

Rewards for healthy living

At John Hancock, we believe in helping customers live longer, healthier, better lives. With the John Hancock Vitality Program, customers are rewarded for the **everyday steps they take to live longer, healthier, better lives – like exercising, eating well, and having annual check-ups.**

Disability protection

Adding a **disability rider to a life insurance policy can help ensure the policy stays in force,** even if the policy owner cannot pay premiums due to disability.

Conclusion

Saving for the future and protecting your family are critical components of building an enduring financial plan. Permanent life insurance can offer a comprehensive and powerful solution with its combination of income tax-free death benefit protection, competitive rates of return, tax-favored access to the policy cash value, and the enhanced value of its many other living benefits.

1. Life insurance death benefit proceeds are generally received income tax-free. There are a few exceptions, such as when a life insurance policy has been transferred for valuable consideration.

2. Loans and withdrawals will reduce the death benefit and cash surrender value and may cause the policy to lapse. Lapse or surrender of a policy with a loan may cause the recognition of taxable income. Withdrawals in excess of cost basis (premiums paid) will be subject to tax and certain withdrawals within the first 15 years may be subject to recapture tax. Additionally, policies classified as modified endowment contracts may be subject to tax when a loan or withdrawal is made. A federal tax penalty of 10% may also apply if the loan or withdrawal is taken prior to age 59 ½. Withdrawals are available after the first policy year.

Insurance policies and/or associated riders and features may not be available in all states.

Vitality is the provider of the John Hancock Vitality Program in connection with policies issued by John Hancock.

This material does not constitute tax, legal, investment or accounting advice and is not intended for use by a taxpayer for the purposes of avoiding any IRS penalty. Comments on taxation are based on tax law current as of the time we produced the material.

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Some riders may have additional fees and expenses associated with them.

Not for use in Rhode Island.

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Talk to your financial professional today to learn more about **permanent life insurance**.

Plan For Tomorrow | Is permanent life insurance right for me?

Is permanent life insurance right for me?

Monday 31 July 2023 | Reading Time: 6 minutes

Life insurance is a critical component of financial planning and can play an essential role in protecting your family's financial future. There are various coverage options with different benefits and features to help meet your needs. Here's a look at permanent life insurance, the different types of products available, and how to determine the right coverage for you.

What is permanent life insurance?

Permanent life insurance is the general term for life insurance policies that provide coverage for your lifetime. Unlike term life insurance which provides coverage for a specific period, permanent life insurance protects you for your entire life as long as premiums are paid. Many types of permanent life insurance also include a savings portion where you can build cash value over time. This cash value can then be accessed to help with various needs, like supplementing retirement, paying for college tuition or covering unexpected qualifying health event.

How does permanent life insurance work?

When you purchase a permanent life insurance policy, part of your premium goes toward maintaining the policy's death benefit, and another portion goes toward cash value in the policy. This cash value can then earn interest and grow tax-deferred, which means you do not pay taxes on any earnings as long as the policy remains active. To allow money to accumulate in the policy, there is often a waiting period after the purchase before borrowing is permitted. By protecting your loved ones with life insurance, your beneficiaries will receive a death benefit after your death to help pay funeral costs, replace lost income, or assist with medical bills or other expenses.

What are the pros and cons of permanent life insurance?

Permanent life insurance can offer lifelong coverage with the opportunity to grow cash value for your future needs. Should the unexpected happen, your beneficiaries will receive generally income tax-free funds that can provide financial protection for the future. You can access the cash value for a variety of other reasons such as potentially reducing income taxes at retirement, paying down or paying off a mortgage, or paying off debts like credit cards or student loans.

However, when choosing a life insurance policy, consider how much coverage you'll need for your family if something unfortunate happens to you. Permanent life insurance policies have significantly higher rates than term policies and may not fit into the budget of younger families or individuals with many expenses. If your family's financial needs are temporary, a term life insurance policy may be better. Plus, with most term policies, you can convert to a permanent policy later to keep your coverage in place.

What are the types of permanent life insurance?

When looking for the right permanent life insurance policy, several options exist. All permanent policies cover your entire life, but there are different types of policies with unique features.

Whole life insurance

Provides your loved ones with a death benefit that can help cover funeral costs and other final expenses. You pay a set premium amount that will not increase as you age or if you experience a change in your health status. The policy can build cash value at a guaranteed rate over the life of the policy.

Universal life insurance (UL)

This type of permanent life insurance can provide lifetime protection and offers greater flexibility than whole life insurance. Your premium is split between the insurance cost and the cash value account, earning interest generally tax-deferred over time. You may also be able to adjust your premium amounts or choose a payment schedule that works best for you. In addition, if you wish to build your cash value quicker, many UL policies allow you to pay more than the minimum for faster cash value accumulation.

Indexed universal life insurance (IUL)

Indexed universal life insurance may be right for you if you're looking for a permanent life insurance policy that offers the flexibility of universal life and a cash value with higher growth potential. You can choose for your premium payments to be allocated to a fixed account, an index account, or a percentage of each. The fixed account earns interest at a set rate, and the index account earns interest based on market performance (subject to a cap or maximum interest rate used in calculating the index credit and participation rate for the product). A zero percent floor protects you against negative market performance. The interest credited to an index account is based on the performance of the index and is not directly invested in the stock market.

Guaranteed issue life insurance

If you don't qualify for another form of life insurance but still want to protect your loved ones, guaranteed life might be a good permanent life insurance policy option. Guaranteed life insurance requires a basic application, but no medical exam or health questions exist.

Premiums are paid monthly or annually, and the policy stays active until the end of your life. Some guaranteed life insurance requires you to hold your policy for at least two years before paying the death benefit. If you pass away before the two years, your beneficiaries get the amount you've paid into the policy until your death. The death benefit usually has a maximum limit of around $25,000. This permanent life insurance policy is a good choice for older individuals who want to make sure their funeral costs and outstanding debts are covered.

How to choose a permanent life insurance policy

There are numerous life insurance policies to choose from, with permanent life insurance being an important option to consider. To help you understand the ins and out of each type of coverage and which policy would be a good fit for your needs, consider meeting with a financial professional who can offer you trusted guidance and expertise.

Neither North American Company for Life and Health Insurance® nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to encourage for you to make personal savings the cornerstone of your college funding program. However, even a well-conceived savings plan can be vulnerable. Should you die prematurely, your savings plan could come to an abrupt end. To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to withdrawal charges, processing fees, or surrender charges, and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

Policy loans from life insurance policies generally are not subject to income tax, provided the contract is not a Modified Endowment Contract (MEC), as defined by Section 7702A of the Internal Revenue Code. A policy loan or withdrawal from a life insurance policy that is a MEC is taxable upon receipt to the extent cash value of the contract exceeds premium paid. Distributions from MECs are subject to federal income tax to the extent of the gain in the policy and taxable distributions are subject to a 10% additional tax prior to age 59½, with certain exceptions. Policy loans and withdrawals will reduce cash value and death benefit. Policy loans are subject to interest charges. Consult with and rely on your tax advisor or attorney on your specific situation.

Life insurance policies have terms under which the policy may be continued in effect or discontinued. Permanent life insurance requires monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy. Current cost of insurance rates and current interest rates are not guaranteed. Therefore, the planned periodic premium may not be sufficient to carry the contract to maturity. For costs and complete details, refer to the policy or call or write North American Company for Life and Health Insurance, One Sammons Plaza, Sioux Falls, SD 57193. Telephone: 877-872-0757

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.

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Principal®

Life insurance as an asset

An overlooked way to help improve your financial future

Discover your policy’s financial perks.

You probably know life insurance provides protection for your loved ones when you die.[1] But are you aware of its other financial benefits?

Learn more about the ways your policy can help you:

Pay **fewer taxes** in retirement.

Prepare for **health surprises.**

Get **more value** for your money.

[1] In exchange for the death benefit, life insurance products charge fees such as mortality and expense risk charges and surrender fees.

Pay fewer taxes in retirement.

You have big plans for retirement. But in order to make your plans a reality, it's important to get the most from your financial assets.

How? One way is to minimize taxes that can take a bite out of your retirement income. You can do this by spreading your money across assets that are taxed differently—a strategy called tax diversification.

Most retirement assets are taxed in one of three ways:[2]

Taxed up-front

- Contributions/ premiums are after-tax
- No tax on growth
- No tax when withdrawn

Types: Cash value life insurance and Roth IRA

Taxed as it grows

- Contributions are after-tax
- Growth is taxed
- No tax when withdrawn

Types: savings account, certificate of deposit, money market, and mutual fund

Taxed when you take income

- Contributions are tax-deductible
- No tax on growth
- Full amount is taxable when withdrawn

Types: 401(k) account, traditional IRA, and 403(b) account

Diversify your income.

A cash value life insurance policy can provide a source of tax-free income[3] to supplement taxable income from other assets, such as a 401(k) or individual retirement account (IRA). Plus, life insurance offers the following:

- Income tax-free death benefit to your beneficiary
- Tax-deferred cash value build-up
- No penalty for withdrawals prior to age 59½[4]
- No income-based funding limits

Keep more money in your pocket during retirement.

[2] This comparison represents only federal tax treatment. It is not intended to compare the features, fees, expenses, or benefits of specific products.

[3] Distributions from a life insurance policy are generally received income tax-free. If the policy is considered a modified endowment contract, distributions in excess of the policy's principal may be subject to current income taxes.

[4] If the policy is a modified endowment contract, withdrawals taken before age 59½ may be subject to a 10% penalty.

Prepare for health surprises.

Life throws a lot of curveballs your way. And unfortunately, illnesses are part of life. The good news: If you or a loved one are ever faced with a chronic illness, life insurance can provide much-needed financial protection.

It can happen to anyone.

Chronic illnesses are conditions that can be treated but not cured. And they're more common than many people realize.

Nearly **95%** of older adults have at least one chronic condition; nearly **80%** have two or more.[5]

It costs more than you think.

Paying for professional medical care, rehabilitation services, or medication in the event of a chronic illness can really add up. How would you cover these expenses?

$315,000 average couple is expected to pay for medical expenses during retirement[6]

It can deplete your savings.

You might be tempted to pay for chronic illness expenses using money set aside for other goals, such as retirement or college savings. But that could negatively impact your family's financial future.

So what can you do in the event of a chronic illness?

That's where life insurance comes in. Select Principal® policies include an additional coverage option that allows you to receive a portion of the benefit typically paid at your death should you be diagnosed with a chronic illness.[7] That gives you a way to offset medical costs while preserving your retirement nest egg for you and your family.

If the unexpected happens, you can be ready.

[5] National Council on Aging, Chronic Inequities: Measuring Disease Cost Burden Among Older Adults in the U.S. April 2022.

[6] 2022 Fidelity Retiree Health Care Cost Estimate

[7] This is the Chronic Illness Death Benefit Advance Rider and its availability varies by product and by state. There is no cost to have the rider; however, if used, the payment amount is discounted to reflect early access. Taking a claim from the rider will reduce the amount your beneficiary receives at your death. Proceeds received may be taxable. Consult your tax advisor prior to taking a claim against the rider.

Get more value for your money.

When you think about your financial portfolio, life insurance likely isn't the first asset that comes to mind. But your policy can offer great value and an attractive rate of return.

Most assets take time to accumulate value. With life insurance, there's no build-up period. Your policy's death benefit is available to your loved ones whether you've been paying premiums for 40 years or just one.

See how your premium dollars perform.

Consider a hypothetical example in which a 55-year-old man purchases a life insurance policy that will pay his beneficiary $1 million at his death. The chart below shows the strong internal rate of return (IRR) earned on premiums paid.

Even better: Beneficiaries receive the death benefit income tax-free. This needs to be taken into account to truly compare the policy's rate of return to other taxable assets. This is done by looking at a before-tax IRR equivalent[8] that shows how paying zero taxes can further boost your return.

Internal rate of return (IRR)

This is the rate at which premiums paid for a policy would have to grow in order to equal the death benefit at the end of any given year.

If the policy owner in the example below invested $13,737 per year for 29 years in another asset, that asset would need to earn 7.7% per year to equal the $1 million death benefit.

Age	Annual premium	Death benefit	IRR on death benefit	Before-tax IRR equivalent
60	$11,856	$1,000,000	107.8%	149.7%
70	$11,856	$1,000,000	18.1%	25.1%
84LE[9]	$11,856	$1,000,000	5.6%	7.7%
90	$11,856	$1,000,000	3.7%	5.2%

This example is based on a Principal Universal Provider Edge II℠ policy for a male, age 55, Preferred non-tobacco, guaranteed protection to age 90, with non guaranteed protection to age 121. This example is for illustrative purposes only. These figures should not be viewed as an offer or promise of any specific return. See the full product quotation for more complete information regarding this policy.

Put your premium dollars to work for you.

[8] Before-tax IRR equivalent is determined using a hypothetical tax rate of 28%. You should consider your income tax bracket, both current and anticipated, when making a decision, as this may impact the results of any comparison.

[9] Life expectancy (LE) for someone age 55 using the 2015 Valuation Basic Table is age 84. https://www.soa.org/49b7e3/globalassets/assets/files/resources/experience-studies/2018/2015-vbt-report.pdf

How to get started

First, consider whether you could benefit from a product that offers the following:

- Financial security for your family when you pass away
- Tax advantages while you're living
- Help if you're faced with a chronic medical condition
- Value that may make it an attractive alternative to other traditional assets

Then talk to your financial professional about life insurance and the options available for your personal situation.

Your goals, our purpose

No matter what's important to you, Principal is here to help you identify and implement solutions that are right for your needs. We help people protect and achieve their financial dreams through solutions that can help them live their best lives.

We work with people like you every day and make it a priority to understand where you want to be and how you plan to get there. This means you'll get expertise and innovative ideas when you need them to help make your financial progress possible.

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EQUITABLE

Cash value life insurance

How to plan for tax-efficient retirement income

The benefits of using a cash value life insurance policy to manage your tax brackets in retirement

Just 20 years ago, 60% of Fortune 500 companies offered pensions as a source of retirement income for American workers. Today, only 16% of those companies offer pensions to new hires,[1] forcing workers to save in other ways. Personal savings now fill that void, with increased reliance on IRAs and 401(k) plans, many of which will be subject to taxation at some to-be-determined future rate.

Three types of tax buckets

When you're talking about taxes, there are three buckets, or types of investments —

- Tax-deferred accounts
- Taxable holdings
- Those generating tax-free income at retirement

Getting the **right** retirement income mix

To create tax-efficient income in retirement, you will need to have a mix of these three types of investments:

Taxable investments

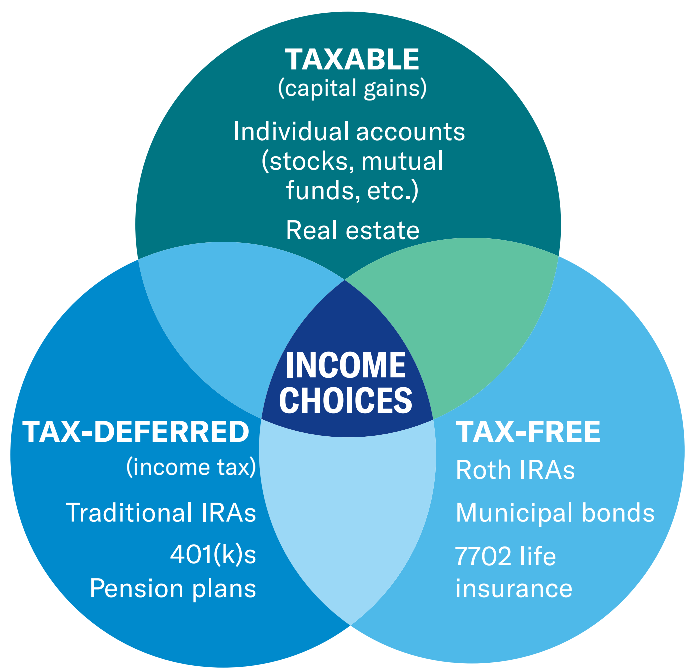
Taxable investments include assets, such as stocks and mutual funds, as well as real estate, including the primary residence. There is no tax deduction up front, and when the assets are sold, they are generally subject to capital gains tax. Please check with a tax advisor for your personal circumstances.

Tax-deferred investments

Tax-deferred investments include defined benefit (pension) and defined contribution plans, plus other traditional retirement savings vehicles, such as 401(k)s and IRAs. You may receive a tax deduction when contributions are made, and the assets grow tax-deferred, but are subject to ordinary income tax when withdrawals are made at retirement. There is also a possible 10% IRS penalty on any withdrawals before owners turn age 59½.

Tax-free assets

Tax-free assets include Roth IRAs, municipal bonds and cash value life insurance. Withdrawals (and loans from cash value of a life insurance policy) are not subject to either income or capital gains tax.[2]



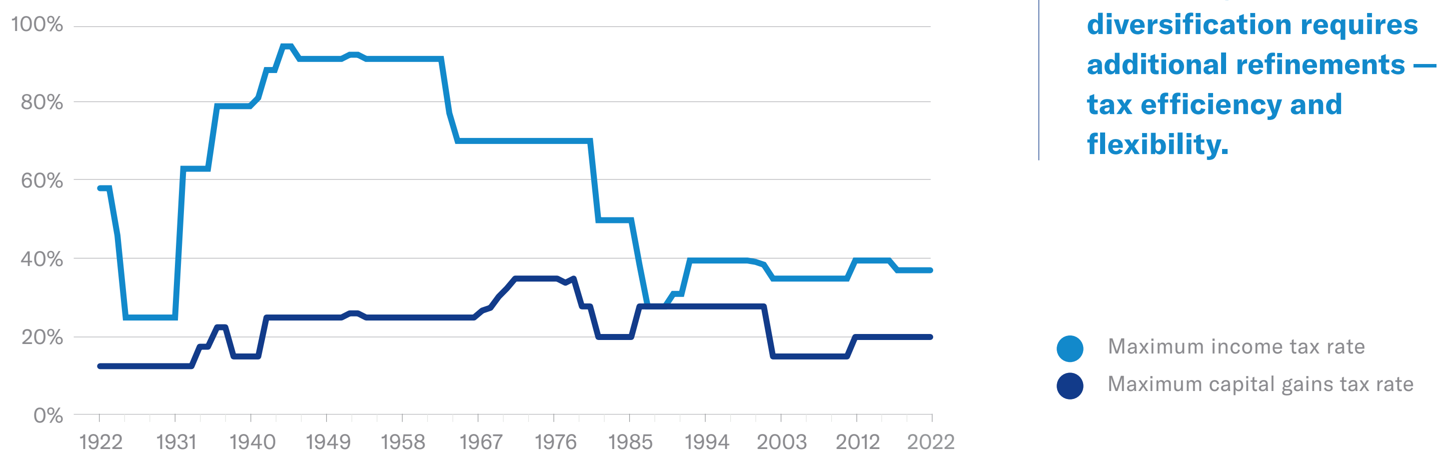
It's important to plan now to manage all the various assets in these three buckets and to strategize withdrawals in retirement to create the maximum benefit. Your plan needs to consider current and future tax situations, your financial goals and the structure of each asset.

The uncertainty of future tax rates

It can be challenging to plan for tax efficiency when you're not sure what tax rates will be in the future. After all, the capital gains tax and income tax rates have fluctuated over the past 100 years and most likely will continue to do so.

Based on the uncertainty of our applicable tax rates in the future, retirement income planning focused on tax management and diversification requires additional refinements — tax efficiency and flexibility.

Capital gains and income tax timeline (1922-2022)



Consider 7702 cash value life insurance

For those who qualify for additional life insurance, adding a 7702 life insurance policy with cash value to a retirement portfolio may provide favorable tax benefits that can enhance retirement planning. Some of the hurdles associated with permanent life insurance, including insurance charges and other fees, can be mitigated with careful design and planning — allowing you to manage your tax bracket through tax-free distributions,[2] rather than drawing income from investments that are fully or partially taxed during retirement.

What is IRC §7702?

For all life insurance policies issued after 1985, the government defined what constitutes a life insurance policy based on contributions made each year. If the tests are met, the life insurance policy maintains its tax-favored status — death benefits paid to beneficiaries are free from income tax, cash value accumulates tax-deferred and withdrawals (and loans) are tax-free.[2]

1 U.S. News & World Report, "Pension vs. 401(k)," December 21, 2018.

2 Under current federal tax rules, you generally may take income tax-free partial withdrawals under a life insurance policy that is not a modified endowment contract (MEC), up to your basis in the contract. Additional amounts are includible in income. The IRS places a limit on how much money can go into life insurance premiums for the policy and how quickly such premiums can be paid in order for the policy to retail all of its tax benefits. If certain limits are exceeded, a MEC results. MEC policyholders may be subject to taxes on distributions on an income-first basis, that is, to the extent there is gain in their policies and penalties on any taxable amount if they are not age 59½ or older. Loans taken will be free of current income tax as long as the policy remains in effect until the insured's death, does not lapse and is not a MEC. Please note that outstanding loans accrue interest. Income tax-free treatment also assumes the loan will eventually be satisfied from income tax-free death benefit proceeds. Loans and withdrawals reduce the policy's cash value and death benefit, may cause certain policy benefits or riders to become unavailable and may increase the chance the policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values. In addition, withdrawals, policy loans and any accrued loan interest may cause your policy to lapse even if you are in a period of coverage under the No-Lapse Guarantee Rider. Speak to your financial professional before taking any withdrawals or policy loans.

What a properly funded 7702 cash value life insurance policy can do for you

When properly designed, a 7702 life insurance policy with cash value can make the other assets in your three buckets more efficient. That's because it provides:

- A tax-free benefit for beneficiaries. The death benefit can help survivors by self-completing retirement funding if the main income earner passes away.
- Tax-free withdrawals and loans from the policy's cash value to fund your retirement income.
- Tax-deferred accumulation, similar to IRAs and 401(k)s.
- Flexibility to delay withdrawals past age 72.
- A way to reposition and further diversify assets.
- The opportunity to use the cash value for qualifying long-term care expenses, if a long-term care rider is in place. The Long-Term Care Services℠ Rider has an additional cost, restrictions and limitations. A client may qualify for the life insurance, but not the rider. The rider is paid as an acceleration of the death benefit.

Things to think about before moving ahead

- If you do not keep paying the premium on a life insurance policy, you will lose substantial money in the early years since a life insurance policy generally takes years to build up substantial cash value.
- To be most effective, you need to keep your policy until death.
- You must qualify both medically and financially for life insurance.
- Generally, there are additional charges associated with a life insurance policy, including, but not limited to, a front-end load, a cost of insurance charge, potential surrender charges, additional benefit rider costs and administrative charges.

Turn to us for your life insurance

With careful planning, our portfolio of permanent life insurance products can be a key component of a well-balanced, tax-efficient retirement portfolio. That's because our life insurance offers:

- Competitive, potential cash value product options.
- Conservatively priced products designed for cash value accumulation, in addition to life insurance protection.
- Illustrations that show how our products can help supplement retirement income.
- A wide selection of riders to choose from, including the Charitable Legacy Rider®, which offers an additional death benefit to the charity of your choice at no added cost.

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