Life Insurance as an Asset Class
SALES KIT

In this kit:

Sales ideas | Producer guides | Planning worksheets | Client guides

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Advancing Your Practice

I want to show my clients how valuable cash value life insurance can be

In this guide

Welcome to AXA Equitable's sales guide series

Dear Practitioner,

The playbook for helping clients pursue financial security is changing. Clients are living longer. And pensions are becoming a thing of the past.

What does that mean for you? Opportunity. When you think less about specific products and more about goal-based planning, your more holistic approach can help fulfill your clients' insurance and financial plans. This represents an outstanding prospect to grow and diversify your own practice.

That's why we've developed a series of Sales Guides — to help you comfortably prospect to a broader set of client needs and, in turn, grow your practice.

This sales guide focuses on the subject of Private Reserve to help you:

- Speak to the value of life insurance for financial protection needs.
- Understand how permanent insurance products can provide the life insurance coverage clients' families need and offer a potential source of cash and enhance your clients' wealth accumulation strategy.
- Start conversations with your clients about their mid- and long-term insurance and accumulation needs and how permanent life insurance can help.
- Define and execute an effective Private Reserve strategy for your clients.

It is our hope that you'll find this guide helpful, insightful and actionable. If you'd like to discuss any of the concepts you read about in this guide, we encourage you to reach out to your AXA Distributors Life Wholesaler or contact the Life Sales Desk at (800) 924-6669.

Section 1: Identifying the right clients for a Private Reserve strategy

Within your existing book of business, there is probably a range of clients who could benefit substantially from a sound Private Reserve strategy. The key is identifying them, so you can better support their household insurance and accumulation needs.

Look for clients who:

1. Are financially savvy, need life insurance coverage and have assets to allocate to cash value life insurance.

Those who are contributing to their 401(k), enthusiastically investing, and own an annuity or some life insurance are more likely to see the interconnection of the various parts of their financial life. For them, adding a Private Reserve may be a natural fit.

Look For:

- The need for life insurance coverage
- Active contributions to qualified plans, with money left over to contribute
- Ownership of some type of life insurance or annuity
- Sizable assets in bonds or longer-term CDs

2. Are "planners."

Clients who have expressed an interest in achieving tangible long-term goals (e.g., sustained retirement income) and need life insurance, but may have cash accumulation needs for additional goals (such as purchasing a second home), should be open to hearing more about how a dependable source of liquidity can help keep them on target without sacrificing potential growth.

Look For:

- Individuals contributing to 529 plans
- Person who wants to attain longer-term lifestyle goals prior to retiring, such as purchasing a vacation home or starting a business

3. Do their research.

Any of your clients who tend to do their own research and discuss more advanced financial concepts may be good candidates for Private Reserve strategies. They will often be more receptive to new financial ideas and will appreciate why potential access to cash surrender value is essential.

Look For:

- Someone who has expressed frustration with tax rates
- A client who makes sizeable charitable contributions

Introducing the concept of Private Reserve to your clients

Once you've identified clients who could benefit from a Private Reserve strategy, you can now introduce them to the concept.

1. Talk about your client's insurance needs, accumulation goals and financial planning objectives.

It's important that you and your client have a shared understanding of their financial objectives and how a Private Reserve can help promote and protect those objectives.

2. Discuss their current and future household assets and liabilities.

After establishing a clear view of a household's overall current financial picture, determine where sources of cash flow have been identified. One key to a successful plan is ensuring that you have reviewed your client's anticipated needs in the short, medium and long term.

For Advanced Practitioners

Start with a full set of data that encompasses financial capital (including portfolio allocation), human capital (dependability of earned income), social capital (sources of guaranteed income) and monthly household surplus/deficit.

3. Determine if an allocation to a permanent life insurance product is suitable.

This should be based on steps 1 and 2 above. In addition to the valuable life insurance protection it provides, explaining the multiple additional benefits of permanent coverage, particularly its tax-deferred growth and potential tax-free distributions, can help boost your client's confidence levels with the product. When discussing allocations, be sure to mention that for optimal effectiveness as a Private Reserve, permanent life insurance should be funded at the maximum practical level, with a minimal death benefit.

Conversation starters

Ready to talk Private Reserve with your clients? Try these conversation starters.

Have you thought about what you'd do if you lost your job?

It's great that you're planning for retirement, but do you have a potentially tax-free source of funds that can help you meet goals during your income-earning years — such as purchasing a vacation home or paying for a semester abroad for your child?

Do you have a source of funds to help protect your plans for the future?

Are you missing out on potential growth by keeping some extra money "parked"?

Case in point: The big day

The situation

Rochelle, a 56-year-old orthodontist in private practice, has earnings that fluctuate annually based on patient load. She's entering into a period in which a higher-than-expected number of patients have completed their treatment, reducing her patient roster and her income.

The complication

Rochelle's daughter, Ella, gets engaged to her long-time boyfriend. It's great news, but Rochelle knows that there may be a hefty price tag attached — she's eager to help fund the wedding.

The strategy

Tapping into the cash value of her indexed universal life policy, Rochelle takes a tax-free loan to help pay for her daughter's big day. Then, when her patient roster recovers, she repays the loan to help ensure she has sufficient cash value to provide a substantial portion of her retirement income in the future. Please note: This strategy will reduce the cash value and face amount of her policy. Rochelle may need to fund higher premiums in later years to keep the policy from lapsing.

Section 2: Strategies for driving accumulation

There are a number of sources that an individual might turn to for cash flow needs. Each has its own advantages and drawbacks. Often, a combination of tactics will yield optimal results for your clients. So it's important to understand the relevant considerations for each of the most popular options.

How to evaluate:

In evaluating these strategies, understanding your client's life stage, situation, financial needs and long-term goals is critical.

Lifecycle stage

First take into account where your client is in his or her life. A 30-year-old may take a longer-term position than a 60-year-old, who will have less flexibility in terms of risk and liquidity.

Financial status

Whether a client is considered high-net-worth, affluent or mass affluent should play a significant role in evaluating the right strategy. In general, the more affluent a client is, the greater the opportunity for upside exposure.

Earned income

Salary and other earned income is an important consideration to keep in mind. Households with less earned income may have a greater need for short-term access to cash, while clients with higher amounts of earned income may have enough excess cash flow to potentially build a long-term Private Reserve.

Taxes

Tax implications should always be factored into the equation. Since it is uncertain what anyone's tax bracket will be in the future, particularly in retirement, products that offer potential tax-free distributions when properly structured can offer a significant advantage.

Future household expenses/liabilities/goals

Having a good understanding of a client's future needs is extremely helpful. While day-to-day needs may be easily met, anticipated expenses such as college tuition or elder care will perhaps require an alternate source of funds in the future.

Action Plan

1. Know the advantages of using permanent life insurance in a Private Reserve strategy.
2. Help your clients understand the time value of money and how permanent insurance may provide a way to participate in market upside.
3. Think about how to adapt your conversation with clients based on life stage.
4. Be aware of the tax advantages of permanent insurance, particularly when cash is accessed, and the income tax-free death benefit.

Case in point: High-net-worth meets high liabilities

The situation

John, a 45-year-old senior vice president for a global pharmaceutical company, earns $210,000 a year. His earned income is sizeable, but so are his liabilities. John and his wife, Jennifer, recently bought a larger house and their oldest daughter is about to start college.

The opportunity

John's wife, Jennifer, has left her job to start her own business. John wants to help cover her start-up costs. But if he cashes out of the stock market now, he'll be locking in substantial losses.

The strategy

For the last 7 years, John has maintained a universal life policy with a cash value that has grown more than enough to cover Jennifer's start-up costs. He borrows from the policy tax-free, without penalty, and begins to repay it once Jennifer's business turns a profit. Please note: This strategy will reduce the cash value and face amount of his policy. John may need to fund higher premiums in later years to keep the policy from lapsing.

Section 3: Executing your Private Reserve strategy

When it's time to put your Private Reserve strategy into play, the following guidelines can help you build a highly effective strategy for your clients using permanent life insurance.

Effective funding for permanent life insurance in Private Reserve strategies

When using a permanent life insurance product to create a potential Private Reserve, an effective strategy is to overfund the cash value account while funding a minimal death benefit. This provides a number of benefits:

- Greater upside exposure.
- More flexibility in premium payments.
- Potential additional access to cash value.

Benefits of permanent insurance

Permanent life insurance, particularly IUL and VUL, offer some upside and tax-deferred growth potential. And, of course, it provides an income tax-free death benefit, giving beneficiaries a source of ready cash when it is most needed. Keep in mind that with VUL, there is a possible substantial loss of principal invested, as well.

In 10 years, client borrows $35,000 to help start a business

Age	Annual premium outlay	Cash surrender value	Loans taken out of policy before retirement	Distributions during retirement	Net death benefit
35	$10,000	$0	$0	$0	$508,000
45	$10,000	$71,000	$35,000	$0	$575,000
55	$10,000	$230,000	$45,000	$0	$730,000
65	$10,000	$587,000	$0	$0	$1,087,000
66	$0	$575,000	$0	$49,000	$1,029,000
85	$0	$75,000	$0	$49,000	$152,000

$10,000 premium payable to age 65

In 20 years, client borrows $45,000 toward a vacation home

Supplemental income of $49,000 from age 66 to 85

The policy premium, cash value and death benefit amounts used for this case are intended only to help demonstrate the planning concept discussed, and not to promote any specific product. The values are broadly representative of rates that would apply for a policy of this type and size for the insured's health and the ages noted in the example. To determine how this approach might work for your client, individual illustrations based on their own individual age and underwriting class, containing both guaranteed charges and guaranteed interest rates, as well as other important information, should be prepared.

The role of AXA Equitable and MLOA in your Private Reserve strategy

We can help you build a Private Reserve strategy that best fits your clients' needs. Our BrightLife® Grow and VUL Optimizer℠ are generally best suited for this purpose.

BrightLife® Grow

BrightLife® Grow can be an appropriate choice for clients looking for an income tax-free death benefit and tax-deferred accumulation, but need protection against negative returns.

Use it with clients who:

- In addition to needing life insurance coverage, are looking for upside exposure through index-linked accounts of the S&P 500® Index, but want a 0% floor to protect them from risk.
- Are sensitive to costs, and do not want higher internal charges relative to savings products.
- Realize they may want a product that doesn't illustrate overly optimistic scenarios.

Don't use it with clients who:

- Want the full, uncapped upside potential of the financial markets.
- Are comfortable enough with risk to pass up downside protection.
- Do not need life insurance coverage.

VUL Optimizer℠

VUL Optimizer℠ may be instrumental in creating a potential Private Reserve for clients who, in addition to needing life insurance coverage, are less risk averse and have the time horizon to ride out the ups and downs of fluctuating financial markets.

Use it with clients who:

- In addition to life insurance, prefer a moderate or aggressive approach to investing.
- Have a specific investment strategy preference.
- Want to have a way to shield at least part of their investment with downside protection or risk-managed investments.
- Have a tolerance for investment risk, including loss of principal invested, and potentially paying higher premiums in later years.

Don't use it with clients who:

- Are afraid of losing principal.
- Want to see immediate results with investment performance.
- Do not need life insurance coverage.

Action plan

1. Review your clients' life insurance coverage to determine their currrent life insurance needs.
2. Be familiar with how cash value can be accessed by policy holders.
3. Think about the impact of persistent low interest rates on the cost of holding reserves in cash accounts.
4. Talk to your clients about whether they are comfortable with market risk; if so, how much? Would they prefer a product with maximum upside potential but also the risk of some losses? Or, would they prefer to give up some upside potential but also receive a 0% earnings floor?
5. Consider the pros and cons of cost of insurance fees and other charges (including a front-end load and surrender charges) versus tax expenses from taxable investments.
6. Know how to explain the tax advantages of overfunding a permanent policy.

Appendix A: Launching and growing your accumulation practice

When it's time to put your Private Reserve strategy into play, the following guidelines can help you build a highly effective strategy for your clients using permanent life insurance.

Five questions to consider:

1 Do you have adequate materials to support your client conversations about accumulation, liquidity and permanent life insurance?

2 Do you have your clients' email addresses?

3 Are you comfortable conducting the conversation with clients and diagnosing their life insurance needs and accumulation opportunity?

4 Have you reviewed your book of business and identified clients who might be interested?

5 Have you segmented your book of business based on life stage (e.g., builder, pre-retiree, wealth)?

Five components of a successful action plan:

A winning action plan for your wealth accumulation practice involves educating current clients and establishing the means with which to pull in new clients.

PULL

Revise your website, point-of-sale materials, client worksheets and handouts to reflect your expanded offering. AXA Equitable and MLOA have a wide range of digital and printable client-ready materials you can use for this purpose.

OUTREACH

Send a carefully crafted email and/or letter to your clients, announcing your new offering. AXA Equitable and MLOA templates and scripts can provide you with a strong starting point.

RELATIONSHIP

Nothing is more effective than one-to-one interactions with your clients. So give them a call. Ask them about their life insurance accumulation goals. See our Life's telephone scripts for guidance on effective ways to structure these conversations.

NETWORK

Networking with local companies to inquire about organizing workplace seminars on wealth accumulation can be a highly effective way to mine for new prospective clients. Many companies are eager to provide their employees with helpful financial guidance.

PREPARE

Work on developing a clear, easy-to-understand perspective on the importance of building an adequate Private Reserve with life insurance. The better you can articulate the need, the more likely you'll be to connect with your audience.

Appendix B: Getting the support you need

Expanding your practice into the accumulation space can offer you deeper relationships with existing clients, along with entry into entirely new potential markets. But it's important to have the backing you need to succeed.

That's where AXA Equitable and MLOA can help.

As a global leader in insurance and asset management, AXA Equitable and MLOA are here to provide whatever information and support you need to optimize your practice.

If you have any questions about what you've read in this guide, please contact Advanced Markets for more details.

Notes

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Using Life Insurance for Your Client's Smart Money

Help Your Clients Gain Death Benefit and Financial Protection

Marketing Guide

North American Company
for Life and Health Insurance
Since 1886

Life

Using Permanent Life Insurance for Your Client's Smart Money

To get started with this sales concept, we first need to define smart money. Smart money is money your clients want to control and be able to access during times of need.

While there are several places where smart money might be located, one option that may be overlooked is life insurance. Permanent life insurance can immediately leverage a single premium into a larger death benefit.

The value of life insurance may be immediately recognized as a benefit for beneficiaries. However, access to cash surrender value may be a concern. The smart money concept is an opportunity for you to show your clients the value of death benefit protection along with the potential to build cash value growth while preserving access to as much cash value as possible.

Be sure to conduct a thorough needs-based analysis to determine if death-benefit coverage is necessary before proceeding.

Who Can Benefit?

Many clients have money for which they don't have an immediate use in mind. Clients may have a goal of long-term growth to benefit their families, or the funds may represent important assets for an emergency or other future liquid need. Permanent life insurance can be an option for your client to consider in order to meet these goals.

There are two main criteria for identifying clients that may be a fit for this sales concept.

1. The client has limited or no life insurance coverage. Be sure to conduct a thorough needs-based analysis and determine if death-benefit coverage is necessary before proceeding.
2. The client has funds that are no longer meeting their current needs. These funds may be located in other in other financial vehicles. Each of these vehicles serves a purpose, so the critical question to ask is whether or not your clients' needs have changed. Additionally, it's important to remember that removing funds from certain vehicles may result in penalty, surrender charges, or income taxes.[1]

Why Permanent Life Insurance?

Permanent life insurance, can provide a valuable solution to meet your clients' short- and long-term needs. Permanent life insurance can provide several benefits, including:

- Income generally tax-free death benefit[1]
- Access to cash value for unexpected or immediate needs[2]
- Access to a portion of the death benefit for living needs subject to eligibility requirements
- Competitive performance on death benefit over life expectancy and/or cash surrender value

How Does It Work?

A life insurance policy can be funded many ways, including a lump-sum transfer. The funds may come from any type of smart money vehicle. The assets can purchase a policy that is projected to provide a variety of benefits.

- **Income tax-free death benefit:** The ultimate intention for many people is to leave money for their heirs or beneficiaries. Life insurance is designed to leverage funds into a larger death benefit and pass generally income tax- and probate-free to beneficiaries.[1]
- **Control and access to funds:** Life insurance offers cash surrender value that is available for unexpected or immediate needs. Funds may be taken as loans or withdrawals for any reason.[2]
- **Access to funds above and beyond cash surrender value:** Additional design elements may include Accelerated Death Benefits, which provide the policyowner with the ability to accelerate a portion of the death benefit during the insured's lifetime when diagnosed with a qualifying illness, subject to eligibility requirements.[3]
- **Competitive performance:** Life insurance provides immediate, generally tax-free proceeds in the event of death. It can also offer the potential for cash value growth. Features such as competitive interest rates and interest rate bonuses can help provide the potential for compelling cash value growth.

Considerations

There are also some important considerations that should be covered with your clients.
These considerations include:

- **Cost of insurance charges (COIs) or other charges:** Life insurance comes with charges that your clients need to be aware of for planning purposes.
- **Maintaining the death benefit:** Additional premiums may be necessary to continue the desired death benefit, depending on funding.
- **Modified Endowment Contracts (MECs):** MECs may have tax implications that your clients need to know about when considering their options.[4]
- **Loss or premium.** Depending on funding, life insurance may not guarantee avoiding loss or premium.
- **Surrender charges:** Withdrawals may be subject to surrender charges and the amount available for policy loans.[2]

Be sure to conduct a thorough needs-based analysis and determine the need for death benefit coverage in order to help your clients make an appropriate decision. Review illustrations thoroughly for guaranteed and non-guaranteed death benefit values[5] and the amount available for policy loans.

Resources

Sales Development

Phone: (800) 800-3656, extension 10411

Email: salessupport@nacolah.com

Hours: 7:30 – 5:00 CST, Monday through Thursday;
7:30 – 12:30 Friday

Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California form that includes this comparison. Comparison is for solicitation purposes only, not for conversion.

1. Neither North American Company 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.

2. In some situations, loans and withdrawals may be subject to federal taxes. North American Company for Life and Health Insurance does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

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 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.

3. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. There is an administrative fee required each time an election is made.

4. For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

5. Guaranteed death benefits are subject to premium payment requirements.

Life

North American Company
for Life and Health Insurance
Since 1886

We're Here For Life®

northamericancompany.com

Do your clients know where their legacies will go?

A beneficiary review can help them be certain.

Which products include beneficiary considerations?

- Life insurance
- Annuities
- Retirement accounts

Don't let clients leave beneficiary forms blank, incomplete or outdated. A beneficiary review can build trust and leave a positive impression. After all, who wouldn't appreciate a no-obligation review that could uncover beneficiary designations in need of updating? Those clients will likely be back.

Common beneficiary oversights

1. **No primary beneficiary or contingent beneficiary is listed.** Assets might become subject to probate.
2. **Beneficiaries aren't updated after a divorce, re-marriage, birth or death.** A client may not realize that an ex-spouse will receive their assets.
3. **The will is updated, but not the beneficiary form.** A will does not supercede beneficiaries named in an insurance policy or annuity contract.
4. **Minor children are listed as beneficiaries.** Has a guardian been appointed to oversee the assets until the beneficiary reaches the age of maturity?
5. **Beneficiary shares don't add up to 100%.** Confusion over the division of assets could cause delays in distribution.

Integrating beneficiary reviews into your daily routines may help you:

- Strengthen relationships with clients.
- Retain and consolidate more assets.
- Generate more referrals.
- Discuss other financial solutions with your clients, such as:
  - Fixed annuities with attractive features and interest rates.
  - Wealth-transfer life insurance that could lock in a larger benefit for named beneficiaries, free of federal income tax.

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Advanced Markets

Legacy Protect

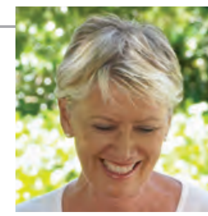
case study

Help your clients protect their legacy and more

Using permanent life insurance and the "Legacy Protect" strategy to ensure your clients' families receive a legacy and have assets for retirement and other contingencies.

Do you have clients who are parents or grandparents, wanting to leave a legacy for their children or grandchildren, but not sure how, with retirement and unexpected financial setbacks on the horizon?

See how one client manages these issues...



Meet Marjorie.

This is her situation:

- 55 years old and has recently become a grandmother
- Hopes to work another 10 to 15 years before retiring
- Has $4 million in investment assets
- Also has a 401(k) plan, which she's funded for the past 20 years, and a "cash balance" pension plan through her employer

As Marjorie looks forward to her retirement and the chance to spend more time with her grandson, she has taken the opportunity to sit with her investment advisor and discuss her financial position. She would like to utilize the Legacy Protect strategy to make sure that she has money for her retirement, unexpected financial challenges and for a legacy she'd like to leave her children and new grandson.

Bucket A: Retirement funds

Marjorie believes that $1 million of her investment assets, her employer-sponsored retirement plans and Social Security will provide her with a comfortable retirement. These assets make up what Marjorie and her advisor consider her **"Bucket A"** retirement assets.

Bucket B: Contingency funds

To help protect against unforeseen retirement expenses, including potential long-term care expenses, Marjorie has purchased a $500,000 BrightLife® Grow permanent life insurance policy with a Long-Term Care Services℠ rider. That, and $1 million of her investment assets, make up what she and her advisor consider her "**Bucket B**," or the contingency portion of her assets.

Bucket C: Legacy funds

This leaves Marjorie with $2 million of other portfolio assets that she doesn't expect to need for retirement. While not formally segregated, these are Marjorie's **"Bucket C"** legacy assets. If Marjorie lives until age 87 (her anticipated life expectancy) and earns an average return of 3% (net of taxes) on these assets – her Bucket C assets will have grown to over $5.1 million by the time of her death (column 1 in chart below). While feeling that she is protected in her retirement makes her comfortable, her belief that she can leave a significant legacy for her family and her new grandson is exciting to her.

But, how certain is the $5 million legacy that she has earmarked for her family? Although Marjorie is a healthy and active 55-year-old, good health can be fleeting. A number of her friends are already fighting serious health issues. And, although she and her investment advisor are assuming a modest net 3% growth on her investment portfolio, that is not something she can count on either. An ill-timed equity market correction could have a devastating impact on her anticipated legacy.

Repositioning assets to protect her legacy

By taking less than one half of the current return ($28,000 each year, initially 1.40% or 140 basis points), and using it to purchase an IUL Protect policy with a face amount of $3.1 million, Marjorie could leave considerably more money to her family.

What impact will life insurance have on Marjorie's legacy?

- **Immediately add $3.1 million.** By purchasing a life insurance policy today, Marjorie has grown her Bucket C legacy assets from $2 million to $5.1 million, which is the amount she hopes to accumulate for her heirs by age 87.
- **Potentially grow her investment by $1.6 million.** If Marjorie lives until life expectancy, after taking $28,000 (initially 140 bps) of her investment gains each year to pay her life insurance premiums, her $2 million Bucket C portfolio of investments will still grow to over $3.6 million by the time she is age 87.

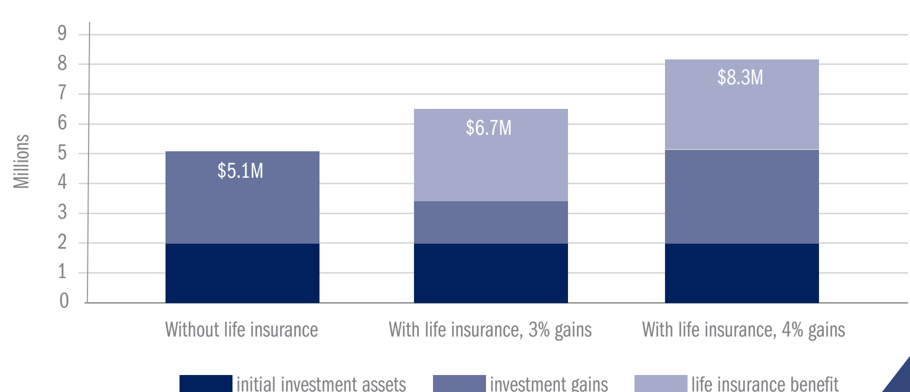
For a total of $6.7 million (3% gains)

By combining her investment portfolio with the life insurance policy, Marjorie creates an anticipated legacy (Bucket C) at life expectancy of more than $6.7 million (column 2 in chart below). She started with $2 million, adds $3.1 million (the amount of the life insurance) and potentially $1.6 million more through investment gains. That's $1.6 more than she'd have without the life insurance.

Or a total of $8.3 million (4% gains)

If Marjorie's investment advisor thinks that her insurance adds diversification and protection to her portfolio, her advisor may change her investment strategy slightly, by investing a bit more aggressively. If this results in her earning 4% on her Bucket C assets instead of the current 3%, her total assets at age 87 would be $8.3 million (column 3 in chart below) – or $3.2 more than they would be without life insurance.

Marjorie's Legacy



All columns in this chart show the positions described in the piece from age 55–87.

Life insurance to protect your clients' legacy

Life insurance can be an important component of retirement and estate planning. Your clients may be aware that life insurance can be used to create a source of potential supplemental retirement benefits and, with a long-term care rider, can help protect them from the high cost of long-term care. But, they may not realize that life insurance can also be a key component of a well-balanced legacy portfolio.

A permanent life insurance policy is the one product that is designed to protect against what is probably the biggest threat to achieving your clients' legacy goals – an early death. That's why they may want to consider the Legacy Protect strategy – because it can complete their legacy goal immediately, simply by redirecting a portion of their investment returns to pay for a life insurance policy. And by diversifying the risk profile of their portfolio, Legacy Protect may also give them more confidence when investing their portfolio's principal.

An easy way to explain this concept to your clients

Ask for our "Legacy Protect Concept" brochure – a client-approved piece that illustrates this concept in straightforward language. It may be just what you need to show your clients what they need to do to protect their legacy and ensure that they'll have the money they need for retirement and unexpected financial setbacks too.

Backed by the strength of AXA Equitable

You want to have confidence that the insurance company you choose has the financial strength to fulfill its obligation to you now and in the future. AXA Equitable Life Insurance Company (AXA Equitable, New York, NY), which enjoys an illustrious 150-year history, and MONY Life Insurance Company of America (MLOA) have a shared tradition of helping their customers reach their most important goals.

- Providing stability and reliability to our clients since 1859.
- AXA Group has been ranked the #1 insurance brand in the world for 8 consecutive years.[1]
- AXA Group is present in 64 countries.

Want to learn more? Call Advanced Markets to get the Legacy Protect Concept brochure or find it for yourself at www.axaforlife.com.

1 Interbrand, 2009–2016, AXA press release, October 6, 2016.

The Long-Term Care Services℠ Rider is available for an additional cost and does have restrictions and limitations. Be sure to review the product specifications for further details.

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North American Company
for Life and Health Insurance
Since 1886

Life

Financial objectives discussion guide

Confidential

Date: ________________________________

1. PERSONAL OVERVIEW

	Client 1	Client 2
Name		
Gender		
Date of birth		
Address		
Home phone		
Work phone		
Cell phone		
Email		
Preferred contact method and time		
Occupation		
Business owner?		

Please provide me with a general overview of your financial situation and experience including any disappointments and achievements.

List any recent events in your life related to you, your loved ones or your financial situation. Examples include: change in marital status, death of a family member, health concerns, change in employment, change in income, new investments, etc.

Tell me about your current retirement plan.

What would your retirement look like if we worked together? Think about where you'd live during the various stages of your retirement, how you'd spend your typical days, what activities or hobbies you'd be involved in, etc.

Who have you relied on for financial guidance?

	Insurance professional	Broker or Financial advisor	Accountant	Attorney
Name				
Firm name				
Phone				
How did you meet?				
How long have you been associated?				
When did you last meet?				
Rate satisfaction Level from 1 – 5 with 1 being poor and 5 being excellent				

Your financial concerns

I'd like to understand your current financial concerns and know about the relationships in your life that may be impacted by these concerns. First, let me know if any of the following items are of concern to you and, if so, how they rank in order of importance.

Concern	Level of importance – Check appropriate column				
	1 None	2 Minimal	3 Somewhat	4 Very	5 Urgent
A. Income protection for my family					
B. Funding children's education[1]					
C. Outliving your assets in retirement					
D. Leaving a legacy for heirs					
E. Providing for extended family and/or dependents with special needs					
F. Estate planning/wealth transfer					
G. Charitable giving					
H. Concern about market volatility					
I. Concern about yields on savings or other fixed vehicles					
J. Affording to retire					
K. Business continuation					
L. Executive benefits for employees					
M. Loss of key employee or partner					
N. Affording in home health care or nursing home care					
O. Other:					

Additional comments: ______________________________

____

Your relationships

Based on your concerns, list others who you are supporting or plan to support financially. When identifying your relationship with these individuals, be as specific as possible from a legal perspective (i.e. "daughter of previous spouse" vs. "step-daughter", "son-in-law's child from a previous marriage" vs. "grandchild", etc.).

Name	Relationship	Gender	Date of birth	Social security number*	Concern (use letter from previous chart)

*Will be required if a life insurance transaction results from this conversation.

Now that we've discussed your personal situation, I'm going to ask you for a lot of data. Before we move on though, is there anything else that you'd like to share?

2. CURRENT FINANCIAL SITUATION

Pre-retirement earnings and benefits	Client 1	Client 2
Annual salary		
Bonus		
Other income		
Annual value of employer paid benefits/ contributions		
Health insurance		
Life insurance		
Disability insurance		
Other:		

General assets

Description	Current value	Owner (Client 1, Client 2 or J – joint, T - trust)	Plan to use for retirement?	Plan to pass on to heirs?
Residence				
Other property				
Automobiles				
RV/other				
Savings account				
Certificate of deposit				
Bonds				
Mutual funds				
Stocks				
Business interest				
Other:				
General assets total				

Note: A separate chart for Retirement Assets follows.

Retirement assets

Description	Current value		Annual contributions			
	Client 1	Client 2	Client 1	Client 1's employer	Client 2	Client 2's employer
401(k)						
403(b)						
Pension plan						
Employee stock plan						
Traditional IRA						
Roth IRA						
Annuities						
Life insurance						
Other:						
Retirement assets totals						

Liabilities

Description	Amounted owed	Duration
Mortgage 1		
Mortgage 2		
Home equity loan		
Credit cards		
Student loans		
Line of credit		
Business loan		
Other:		
Liabilities		

Net worth

(Assets ____________ + Retirement assets ____________ = ____________) – Liabilities ___________ = Net worth ___________

Taxes

	Current	Expected at retirement
Federal tax bracket		
State tax bracket		

3. COLLEGE FUNDING NEEDS[1]

Current college funding sources

Saving vehicles	Current value
529 Plan	
Savings accounts	
Certificate of deposit	
Sources from family (grandparents, etc.)	
Future potential sources (scholarships, grants, loans, student aid, other?)	
Life Insurance	
Other:	

Expenses	Estimated cost
Tuition	
Housing	
Food	
Books	
Supplies (computer, pens, notebooks, other?)	
Fees (activity, parking, other?)	
Transportation	
Other:	

4. INSURANCE REVIEW

Do you currently have coverage under any of the following types of insurance policies? Indicate the number of policies if you have more than one of any type.

Type	Client 1	Client 2
Life insurance		
Disability insurance		
Long term care insurance		

How did you purchase this coverage? (i.e. from the same representative, multiple representatives, on-line, other)

How did you come to a decision on the amount of death benefit coverage you currently have.

What life changes have occurred since you bought these policies? (i.e. marriage, children, mortgage, other?)

When was the last time you reviewed your beneficiary designations?

Let's review the insurance policies that you current have as well as any annuities that you referenced earlier.

NOTE: Use additional sheet(s) for multiple policies/contracts.

Life insurance coverage

Current coverage	Client 1 (insured)	Client 2 (insured)
Owner*		
Beneficiary(ies)*		
Issuing insurance company		
Policy issue date		
Product type		
Death benefit		
Annual premium		
Underwriting classification		
Riders (type and reason for having them):		
For permanent life insurance:		
Death benefit guarantee		
Cash accumulated value		
Cash surrender value		
Surrender charge period		
Guaranteed interest rate		
For term life insurance:		
Level term period		
Years remaining of initial level term period		
Years remaining for eligible conversion privilege		

*Be sure to list trusts if appropriate.

Disability insurance coverage

Current coverage	Client 1 (insured)	Client 2 (insured)
Issuing insurance company		
Annual premium		
Monthly benefit		
Inflation adjustment?		
Offset by social security?		

Long term care insurance coverage

Current coverage	Client 1	Client 2
Issuing insurance company		
Annual premium		
Daily benefit (in-home)		
Daily benefit (care facility)		
Maximum lifetime benefit		
Inflation adjustment?		

Annuity contracts

Current coverage	Client 1	Client 2
Issuing insurance company		
Current value		
Cost basis		
Growth rate		
Other:		

5. DISCUSSION SUMMARY

Is there anything that we haven't discussed that you feel is important for me to know?

Next appointment

Date: ______________________________

Time: ______________________________

Place: ______________________________

The content of this material is not intended sell, discuss the risks, recommend, or provide any type of advice relative to securities. Nor is it intended to recommend the liquidation of specific securities, or identify specific securities that could be used to fund a life insurance product.

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

1 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 make personal savings the cornerstone of your client's college funding program. However, even a well-conceived savings plan can be vulnerable. Should your client die prematurely, your client's 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 client's 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.

Life

North American Company
for Life and Health Insurance
Since 1886

We're Here For Life®

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Next appointment

Date: ______________________________

Time: ______________________________

Place: ______________________________

NOTES

PROPERTY RECEIPT

This receipt should be left with the client should the financial representative obtain copies of the client's insurance policies.

The following policies have been provided by the client(s) to the financial representative for review. Those policies will be returned to the clients by _______________(date).

Issuing company	Policy number	Insured	Policy owner

Client #1 printed name Client #1 signature Date

Client #2 printed name Client #2 signature Date

Financial representative printed name Financial representative signature Date

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Life

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Financial Analysis Worksheet

Now, later, legacy

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	NOW For today	LATER For the future	LEGACY For wealth transfer
Asset Type	**Amount**	**Amount**	**Amount**
Checking	$	$	$
Savings	$	$	$
Money Market	$	$	$
Savings Bonds	$	$	$
Treasury Bills	$	$	$
CDs 1–6	$	$	$
CDs 6–12	$	$	$
CDs 12–24	$	$	$
CDs 24+	$	$	$
Mutual Funds	$	$	$
Stocks	$	$	$
Bonds	$	$	$
Wrap Accounts	$	$	$
Immediate Annuities	$	$	$
Retirement Plans	$	$	$
Pensions	$	$	$
Deferred Annuities	$	$	$
Life Insurance Cash Values	$	$	$
Life Insurance Death Benefits	$	$	$
Other	$	$	$
TOTAL	$	$	$
ADJUSTMENTS	+/-	+/-	+/-
NEW TOTAL	$	$	$

Financial Solutions

Prepared for ______________________________

Prepared by ______________________________

Phone number ______________________________

Branch/Location ____________________ Date __________

Not a bank or credit union deposit, obligation or guarantee	May lose value
Not FDIC or NCUA/NCUSIF insured	Not insured by any federal government agency

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Advanced Markets

I want to create wealth to leave a lasting legacy

Life insurance as an asset

The greatest strength of life insurance lies in the ability to provide money to a family when someone passes away. Sometimes this amount can be many multiples of the premiums that were paid into the insurance policy.

Many people think of life insurance only as a way to provide for a family after the loss of a breadwinner. But some families are also using life insurance as an asset to ensure that an inheritance can be passed on to their family, regardless of how their other assets perform. This is increasingly important to many families, still uneasy after the 2008 market crash, and unsure of where the market is headed. **A badly timed down market can devastate a planned legacy for years.** The chart below shows market fluctuations in recent years, based on the 5-year S&P 500® Index, without dividends.

By taking a portion of your assets each year to cover the cost of life insurance premiums, you may be able to hedge a portion of your portfolio against fluctuations in the marketplace, because payment comes from the life insurance company,[1] not your assets directly. Knowing that your beneficiaries will be cared for may also allow you to make other choices with your remaining assets — perhaps a more aggressive, growth-oriented strategy, or you might invest more conservatively, knowing you don't need as much growth.

S&P 500® — 5-Year Average Return[1]

Source: Standard & Poor's — the S&P 500® is shown here reflecting the compounded annual growth rate without dividends. Past performance is not indicative of future results. Clients cannot invest directly in the S&P 500®.

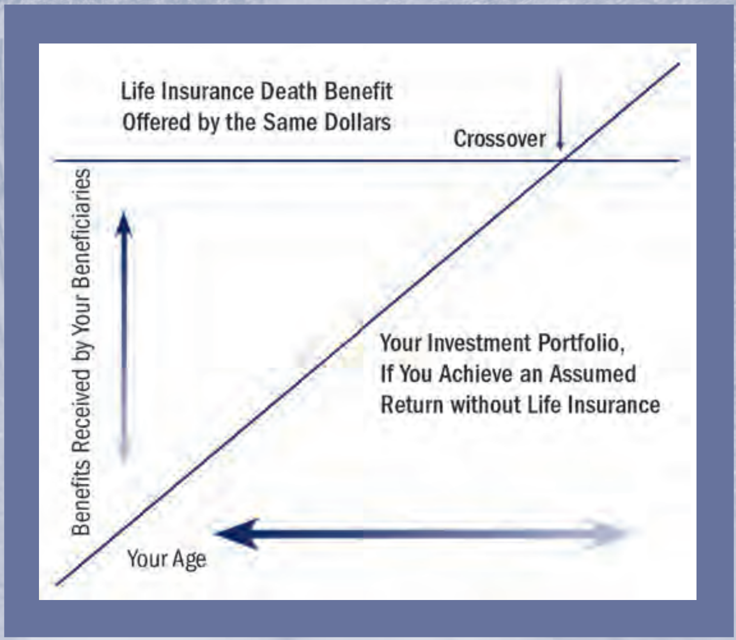
1 The ability to receive a life insurance benefit is dependent on premium payments being made in a timely manner and the claims-paying ability of the life insurance carrier, among other factors.

How the strategy works

A hypothetical example of how the strategy works can be seen in the chart below. It shows what you might expect from the same dollars if they were paid into a life insurance policy as premiums, or if they were placed in a hypothetical investment account.

In the early years,[2] life insurance death benefits typically offer substantially more than the hypothetical investment. As time goes on, the leverage offered by life insurance may be reduced as the non-life insurance assets grow and compound. At some point there is a crossover, where the growth in the investment account outweighs the benefit provided by the life insurance policy. Of course, it's hard to know which strategy is more beneficial unless someone knows their precise life expectancy, and whether it is before or after this crossover point.

However, this is a conversation you can have with your financial professional. They can run numbers for you and estimate the internal rate of return in the years before and after your life expectancy.



For you to get the most out of your policy's life insurance benefit, it has to stay inforce until you pass away. If your policy ends or terminates, or if you otherwise dispose of your policy before your death, your beneficiaries would receive a substantially reduced benefit, and any proceeds they would receive could be subject to income taxation.

2 Generally, this refers to the first 20-30 years. The number of years will vary depending on the client's age, underwriting class, premium payments and other factors.

Life insurance as an asset: in action

Helen

- 60 years old
- Widowed
- Portfolio[3] of $3,000,000 in real estate and equities

Helen's Objectives: Helen wants to make sure that her children and grandchildren receive a meaningful inheritance. While Helen expects to receive a 7% return on her investments over time, she is concerned that, in today's environment, the assets might underperform. For example, if her assets receive only a 5% average annual return over time, her beneficiaries might receive substantially less than her expectations. Assuming a blended income and capital gains tax bracket of 27.50%,[4] that 2% difference in return rate over 28 years could result in a difference of over $3,000,000 in the legacy for her children. A down market near Helen's death could have that type of effect on years of wealth accumulation.

Value of Portfolio at Age 88, Pre-Tax 7% Rate of Return: $11,997,877	Value of Portfolio at Age 88, Pre-Tax 5% Rate of Return: $8,130,710

Helen's Wealth Transfer Strategy: As a hedge against that risk, Helen's financial professional suggests she take $30,000 each year, or 1% of her accessible assets, and direct the funds to a life insurance policy on her life. She can own this policy outright, although she may want to consider using a trust. If structured properly, life insurance owned by an irrevocable trust will generally keep the proceeds of the life insurance out of the insured's estate. This will prevent the proceeds from being subject to estate taxation. Estate taxes aren't an issue for Helen, but for others they could be an issue.

Helen's Results: Assuming a policy on Helen's life (a 60-year-old female who receives an underwriting category of preferred non-tobacco user), her beneficiaries might see the following results. Each year's life insurance premium is $30,000. That may purchase a life insurance benefit[5] of $2,369,164. Helen's portfolio is reduced slightly due to the premium expense, but the life insurance benefit gives her a potentially more effective transfer strategy.

3 This portfolio represents a 50% income/50% appreciation portfolio allocation that is primarily made up of real estate and equities.
4 This is a blended tax rate, which assumes a 35% ordinary income tax rate, a 20% capital gains tax rate and a constant 50% income/50% appreciation portfolio allocation.
5 The policy premium and life insurance benefit amounts used for this case are intended only to help demonstrate the planning concept discussed and not to promote the sale of a specific product. The rates are broadly representative of rates that would apply for a policy of this type and size for insureds of good health in the ages mentioned. To determine how this approach would work for you, individual illustrations should be prepared or requested for your review. If different rates were used, there might be significantly different results.

Additionally, the death benefit will ensure a return of the funds contributed, something few other financial assets can offer.

In effect, by using her assets to buy life insurance, Helen is giving up some upside potential for greater safety in her wealth transfer strategy — By directing this relatively small amount of her net worth into life insurance, she adds a stabilizing element to the dollars ultimately transferred to her family (provided the policy stays inforce).

At Average 7% Growth				
Year-End	Portfolio without Insurance Planning	Portfolio Reduced by Life Insurance Premiums	Reduced Portfolio Plus Life Insurance Death Benefit	Difference with Life Insurance
5	$3,842,539	$3,668,096	$6,037,260	$2,194,721
10	$4,921,701	$4,523,824	$6,892,988	$1,971,287
15	$6,303,942	$5,619,880	$7,989,044	$1,685,101
20	$8.074,381	$7,023,759	$9,392,923	$1,318,542
25	$10,342,040	$8,821,912	$11,191,076	$849,036
28[6]	**$11,997,877**	**$10,134,918**	**$12,504,082**	**$506,204**
40	$21,731,875	$17,853,547	$20,222,711	-$1,509,165

At Average 5% Growth				
Year-End	Portfolio without Insurance Planning	Portfolio Reduced by Life Insurance Premiums	Reduced Portfolio Plus Life Insurance Death Benefit	Difference with Life Insurance
5	$3,584,627	$3,417,504	$5,786,668	$2,202,041
10	$4,283,184	$3,916,370	$6,285,534	$2,002,350
15	$5,117,872	$4,512,453	$6,881,617	$1,763,745
20	$6,115,221	$5,224,697	$7,593,861	$1,478,641
25	$7,306,928	$6,075,741	$8,444,905	$1,137,977
28[6]	**$8,130,710**	**$6,664,035**	**$9,033,199**	**$902,489**
40	$12,465,308	$9,759,535	$12,128,699	-$336,608

6 This year indicates life expectancy based on the 2008 VBT Mortality Table.

If Helen received a lower rate of return, using life insurance could help offset the risk of loss or underperformance. Through the purchase of life insurance, Helen has, at least in part, shifted the risk of underperformance from her to the insurance company.

Make a difference with life insurance

Ultimately, at her life expectancy, Helen's purchase of life insurance increases the amount passing to her beneficiaries.

- If Helen continues to receive the expected pre-tax return of 7% average annual growth, her beneficiaries would gain an additional $506,204.
- If Helen receives a lower pre-tax return of 5% on her assets, the gain to beneficiaries would be $902,489. **In fact, if Helen had invested the $30,000 annual premium at a 5% return, she would have to wait until she was age 97 before the funds would grow to a level greater than the $2,300,000 life insurance death benefit.**

Other considerations

Although using life insurance as a part of your wealth transfer strategy may make sense, you should weigh this against other considerations relative to your long-term financial strategy. Points to consider are:

- By purchasing a life insurance policy, you will consume a portion of assets that might otherwise grow in your investment portfolio. Although life insurance has the potential to offer leverage in the early years, leaving the premium dollars in your portfolio might provide more to your beneficiaries over time. This is particularly true if you live beyond your life expectancy. You should not dedicate excessive amounts of assets to life insurance. Instead, consider life insurance as only one aspect of your overall financial picture.
- The effectiveness of this technique depends on the underlying pricing assumptions in the life insurance policy. Should the life insurance fail to meet the pricing assumptions, or should you live significantly beyond your life expectancy, the anticipated death benefit may not provide your beneficiaries with the anticipated leverage.
- Your ability to purchase life insurance is conditioned by financial and medical underwriting. Based on your overall medical and financial profile, the total amount of life insurance protection you might be able to purchase could be limited or cost prohibitive.
- The ability of the life insurance carrier to pay its obligations will also affect your planning. You should be certain that you are working with a sound carrier and monitor the carrier's overall financial ratings on a periodic basis.

You have choices

Life insurance is one of those choices. When used properly, it can not only protect your family from the unexpected loss of a breadwinner, it can help ensure your beneficiaries a predetermined death benefit. In turn, you will have other choices for the balance of your portfolio.

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Advanced Markets

A life insurance private reserve

- Do you need life insurance protection?
- Have you maxed out your retirement plan and still consistently have more money you'd like to save?
- Are you concerned about being able to access cash without penalty before age 59½?
- Are you under age 50?

If this sounds like you, you may want to consider using cash value life insurance as a "private reserve" of cash for your future needs.

See the "Private Reserve" in action

Meet Tom, successful businessman

- Age 35, married, with a new baby
- Needs $500,000 in life insurance protection
- Earns $100,000 in income per year
- Has maximized his retirement plan contributions
- Has an extra $10,000 per year he'd like to set aside to pay for major life events and purchases

After talking things over with his financial professional, Tom decides to employ the life insurance private reserve strategy from AXA Equitable. He purchases a life insurance policy and pays $10,000 premiums per year for 30 years.

By age 65, Tom has built up significant cash value in the policy based on current non-guaranteed rates. Enough, in fact, to allow him to take $49,000 per year from age 66 to 85. If he's in a 24% tax bracket, that is equivalent to more than $64,000 taxable income per year.

In 20 years, Tom borrows $45,000 for a vacation home.

In 10 years, Tom has enough cash value built up in the policy to borrow $35,000 (tax-free) to start a business.

Age	Cumulative premiums	Cash surrender value	Loans taken out of policy before retirement	Distributions during retirement	Net death benefit
35	$10,000	$0	$0	$0	$508,000
45	$100,000	$71,000	$35,000	$0	$575,000
55	$200,000	$230,000	$45,000	$0	$730,000
65	$300,000	$587,000	$0	$0	$1,087,000
66	$0	$575,000	$0	$49,000	$1,029,000
85	$0	$75,000	$0	$49,000	$152,000

The policy premium and death benefit amounts used for this case are intended only to help demonstrate the planning concept discussed and not to promote a specific product. The values are broadly representative of rates that would apply for a policy of this type and size for the insured's health and the ages noted in the example and are not guaranteed. To determine how this approach might work for you, individual illustrations based on your own individual age and underwriting class, containing both guaranteed charges and guaranteed interest rates, as well as other important information, should be prepared or requested from your financial professional. If guaranteed rates and charges are used in this example, the policy would fail in year 28.

Taking tax-free loans from a life insurance policy

In this example, we showed Tom taking loans from his policy. Before you do this with your own "Private Reserve," you may want to keep these things in mind:

- **Flexibility —** You have the flexibility to repay the loans if you want, when you want. In this example, Tom didn't repay his loans; if he repaid the first two loans, he would have had even more cash value available later in life.
- **Timing —** You need to wait a few years before taking loans. This gives your policy the time to accumulate enough cash value to keep the policy in effect and give you some "cash" to pay for your personal needs. Loans and withdrawals reduce the death benefit and cash values. If you take too much, you may have to pay additional premiums to keep the policy from lapsing and triggering taxes.
- **Performance —** Your own cash value will potentially grow based on the performance of your policy, which is not guaranteed.

Count on AXA for strategies to fit your needs

At AXA, we know that your needs are unique. That's why we offer a portfolio of life insurance products designed to work with you and adjust as your needs change. You can choose from variable universal life or an indexed universal life policy, each offering different ways to invest and potentially grow your cash value. Work with your financial professional to find the best fit for you. He or she can help you break down your decisions into small, manageable steps.

Other considerations with a Private Reserve strategy

- Cash value in life insurance generally takes years to build. You will generally have limited access to the cash surrender values during the first several years of your contract.
- There is usually a surrender charge that will vary by type of policy. These charges usually run 15 years or longer, and will affect the available amount you have to withdraw or borrow from your policy at any given time. There are also cost of insurance and other policy charges that will impact your cash value. Work with your financial professional to understand the timing and limitations based on your overall goals and objectives.
- Your own cash value build up will be determined, in part, by the performance of your policy, which is not guaranteed. When you purchase your policy, you will not know how much cash value you will have to access at any given time.
- Loans and withdrawals will reduce the death benefit and cash values associated with your policy. Excessive loans and withdrawals may require future premium payments in later years to keep the policy from lapsing and triggering income taxation on any unpaid loans.

Throughout this brochure "AXA Equitable" is referenced. In some cases, this is representative of both AXA Equitable Life Insurance Company (AXA Equitable) and MONY Life Insurance Company of America (MONY America), which are affiliated companies.

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Life insurance as an asset

An overlooked way to help improve your financial future

BB11600-02

Discover your policy's financial perks

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

That's why we're here. We'll walk you through 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.

About **80%** of older adults have one chronic disease; nearly **70%** of Medicare beneficiaries 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?

$280,000 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] NCOA Healthy Aging Fact Sheet, July 10, 2018

[6] Fidelity 2018 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 45-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 $9,750 per year for 33 years in another asset, that asset would need to earn 8.0% per year to equal the $1 million death benefit.

Age	Annual premium	Death benefit	IRR on death benefit	Before-tax IRR equivalent
50	$9,750	$1,000,000	125.3%	167.0%
70	$9,750	$1,000,000	9.7%	12.9%
78LE[9]	$9,750	$1,000,000	6.0%	8.0%
90	$9,750	$1,000,000	3.3%	4.3%

This example is based on a Principal Universal Life Protector V℠ policy for a male, age 45, Standard non-tobacco, 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 25%. 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 45 using the 2017 Valuation Basic Table is age 78.

How to get started

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

- Financial security preparation 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.

Principal®

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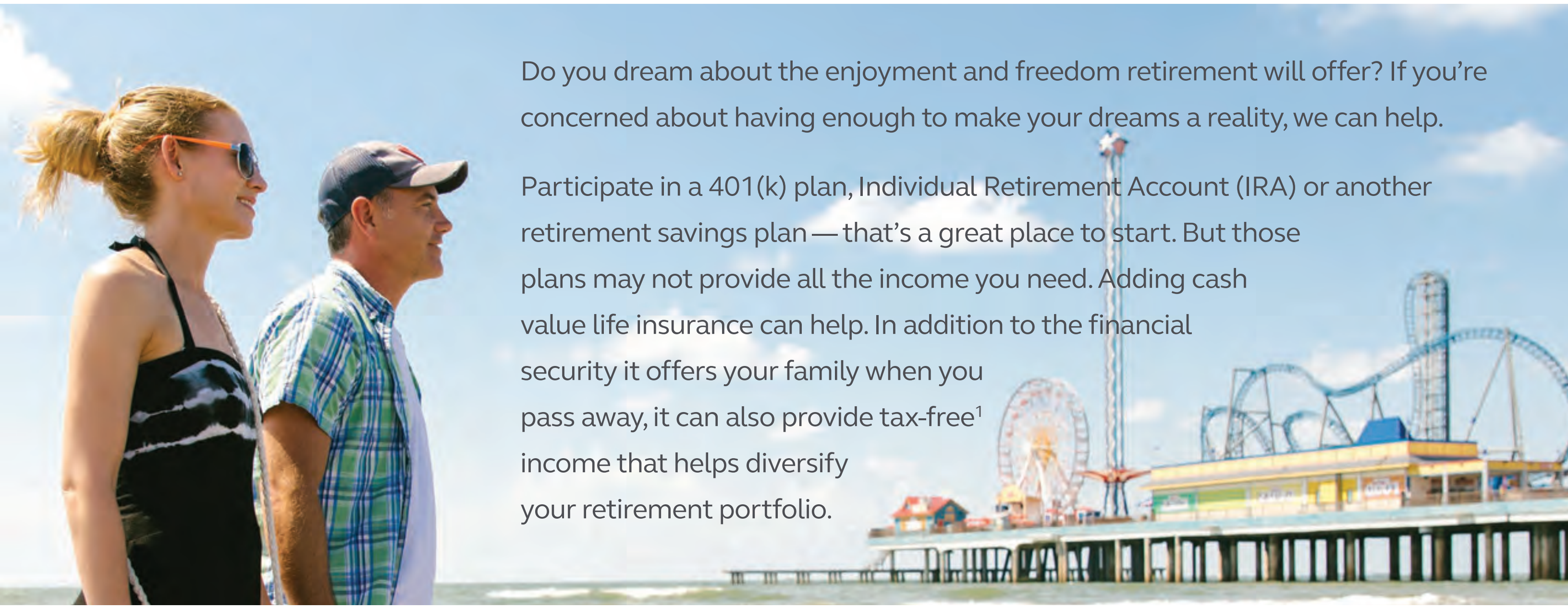
Individual retirement with life insurance

More power now, and in retirement



Do you dream about the enjoyment and freedom retirement will offer? If you're concerned about having enough to make your dreams a reality, we can help.

Participate in a 401(k) plan, Individual Retirement Account (IRA) or another retirement savings plan — that's a great place to start. But those plans may not provide all the income you need. Adding cash value life insurance can help. In addition to the financial security it offers your family when you pass away, it can also provide tax-free[1] income that helps diversify your retirement portfolio.

Here's how it works | Our simple, three-step solution is designed for busy people like you.

1 Get fast and easy coverage

If you think buying life insurance should be easier, we agree. Principal Accelerated Underwriting℠ can eliminate the inconvenient appointments and medical exams of the traditional purchase process. There are a few requirements — you must be in good health, age 18 to 60, and applying for qualifying coverage.[2] But it's OK if you don't qualify. You can still apply for coverage through the traditional underwriting process.

2 Set up your policy for protection and saving

Your cash value life insurance from Principal® protects your financial future in two ways:

- The income tax-free death benefit[3] can help your loved ones stay in their home, meet living expenses, cover college costs and pay off debt after you're gone.
- Cash value can provide long-term savings that grows without being taxed.

3 Schedule retirement income when you need it

- When it's time to start enjoying retirement, you may want to consider using your cash value as a source of income.[4]
- Control when you want to start payments — even prior to age 59½. There's no 10 percent penalty for early withdrawals like some retirement plans have.
- Sit back and enjoy tax-free income. We'll make sure your distributions happen on time and they stay tax-free.[1] That's a big deal. And many life insurance policies don't offer a service like this.
- Help protect your savings from a chronic illness. If diagnosed, you may be able to use some of the death benefit[5] for medical expenses rather than dipping into other retirement assets.

Take the next step

- Talk to your financial professional to find the type of policy that best fits your specific needs.
- Together, review how a policy might perform over time, based on certain assumptions. These projections are intended to provide you a range of potential outcomes, because actual performance will vary.
- Complete and submit an application with your financial professional. You may qualify for Principal Accelerated Underwriting or you may go through the traditional underwriting process.
- Get your application results from your financial professional and discuss your plan of action

Let's connect | Contact your financial professional or go to **principal.com.**

[1] Distributions from a life insurance policy are generally received income tax-free. If the policy is a Modified Endowment Contract (MEC), however, distributions may be subject to current income tax and if taken prior to age 59½ may also be subject to a 10% IRS penalty.

[2] Applicants may qualify based on age, product, face amount and personal history.

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

[4] The death benefit paid to your beneficiary is reduced by any policy loans and withdrawals taken.

[5] Availability varies by life insurance product and by state where the policy is issued.

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Individual retirement with life insurance

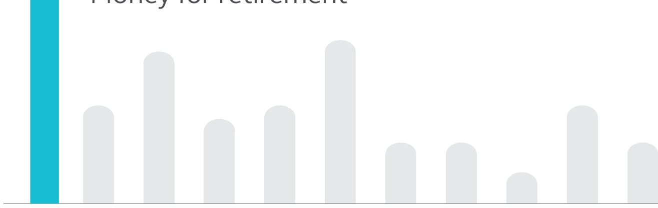
Protect more. Prepare more. And save more for retirement.

Now, it's more important than ever to take charge of your own plan to help ensure you have the retirement lifestyle you've dreamed of. Life insurance is often used to help provide financial security and protection for your family. But it can also help you get to retirement.

Today, your retirement is up to you

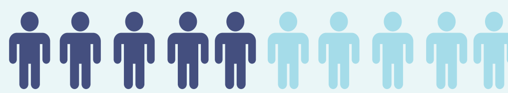
The landscape is changing. Uncertainty in Social Security, pension plans and tax legislation can make it difficult to know what, or who, you can count on. If you're concerned, you're not alone.

#1 **Financial concern of Americans**[1]
Money for retirement



Life insurance can help diversify your retirement savings.

Nearly half of life insurance owners say saving for retirement is a reason to own it[2].



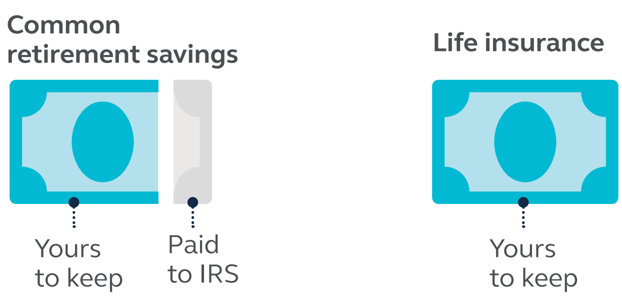
Save more | So you can live more comfortably in retirement

Are the things you have in place today enough?

Experts suggest **85%** of pre-retirement income may be needed during retirement

And savings may need to last 20 years or more[3]

How do taxes impact your retirement income? Common sources like 401(k) accounts are taxed when you take money out. Life insurance provides tax-free[4] income and helps you keep more of each dollar.



Bolster your retirement savings with life insurance.

Its cash value grows tax-deferred and can provide income in retirement. Plus, you're not restricted by income level in how much you can pay to your policy, so you may be able to save more.

Protect more | So your spouse's retirement plan stays on track

Should you die before retirement, will your spouse still be able to retire as planned?

More than 1⁄3 of households would feel financial impact within 1 month after losing primary earner[2]

Continue contributing to the retirement dream.

Life insurance pays an income tax-free death benefit that can cover living expenses and help contribute to the retirement plan for the one you leave behind.

Prepare more | So you can handle those "what if" moments in life

Chronic illness is more common than you think, and can cost a lot, too. If something happens to your health, would the added expenses reduce your retirement savings?

About **80%** of older adults have chronic illness[5]

$280,000 paid in medical expenses during average couple's retirement[6]

Contingency plan keeps savings in tact.

Some life insurance policies allow you to access cash if you're diagnosed with a chronic illness. That way, you don't have to dip into your other retirement accounts.

Learn more | Take charge of your retirement plan today. Contact your financial professional and they'll help you get started.

[1] 2019 Insurance Barometer Study, LIMRA

[2] 2018 Insurance Barometer Study, LIMRA

[3] A man who turned 65 in 2014 can expect to live about another 19.3 years. A woman who turned 65 the same year can expect to live about another 21.6 years. Source: https://www.ssa.gov/planners/retire/otherthings, July 2019

[4] Distributions from your policy are generally received income tax-free. If the policy is a Modified Endowment Contract (MEC), however, distributions may be subject to current income taxes.

[5] NCOA Healthy Aging Fact Sheet· July 10, 2018

[6] Genworth Cost of Care Survey 2018

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PINNEY INSURANCE

Providing All the Tools for Your Success[sm]

Pinney Insurance

Founded in 1972 as a Transamerica branch office and later incorporated as Pinney Insurance Center, Inc., we are headquartered in our own building in Roseville, California. We provide a small local agency feel with the power of a major national firm.

Pinney has expanded into a national distributor with thousands of contracted agents and offices in California, Illinois, Maryland, North Carolina, Oklahoma, Pennsylvania, Texas, Washington, and Mississippi. Pinney represents over 100 life, annuity, disability, and long-term care companies with the intent of providing our clients & partners with the best possible product solutions at the lowest possible costs. Email Brokerage Sales Support or contact one of our Brokerage Directors today at 800-823-4852.

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