

Whole life insurance is a versatile product that provides unique benefits which differentiate it from all other financial instruments. This guide offers a high-level overview of the top five features that make whole life such a valuable asset.

WHOLE LIFE INSURANCE PROVIDES:

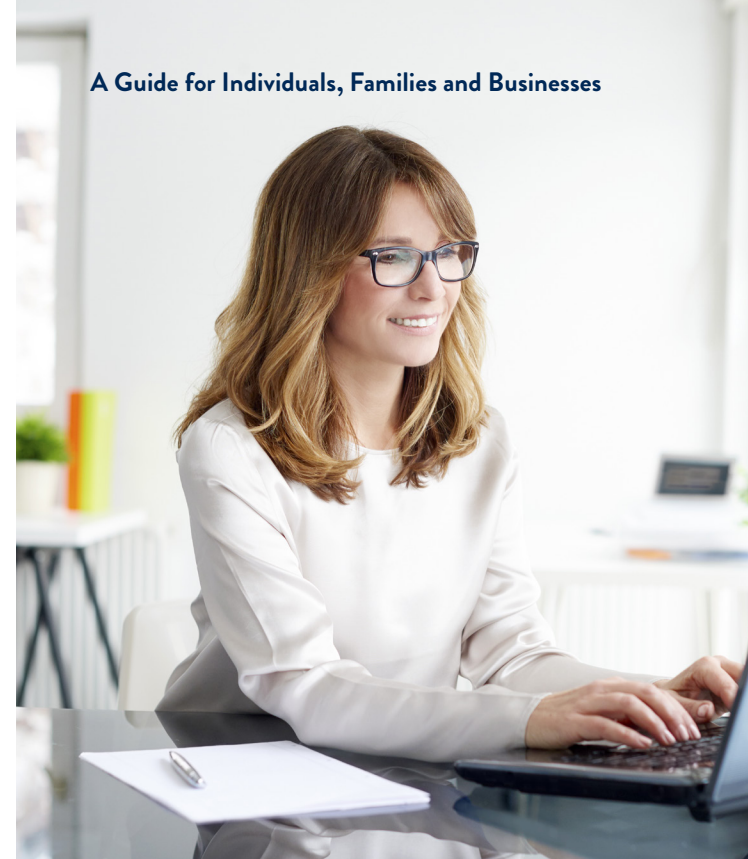
1. Guaranteed lifetime protection for those that you leave behind.
2. A comprehensive asset that won't be impacted by market fluctuations.
3. Guaranteed rates and values unlike any other financial product.¹
4. Dividend payments that can be used in a variety of ways.²
5. Protection from typical asset or estate taxation.³

¹ All whole life insurance guarantees are subject to the timely payment of all required premiums and the claims-paying ability of the issuing insurance company. Policy loans and withdrawals affect the guarantees by reducing the policy's death benefit and cash values.

² Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

³ Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation. Policy benefits are reduced by any outstanding loan or loan interest and/or withdrawals. Dividends, if any, are affected by policy loans and loan interest. Withdrawals above the cost basis may result in taxable ordinary income. If the policy lapses, or is surrendered, any outstanding loans considered gain in the policy may be subject to ordinary income taxes. If the policy is a Modified Endowment Contract (MEC), loans are treated like withdrawals, but as gain first, subject to ordinary income taxes. If the policy owner is under age 59½, any taxable withdrawal may also be subject to a 10% federal tax penalty.

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WHAT IS WHOLE LIFE INSURANCE?

The value of whole life.



The Guardian Life Insurance
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www.GuardianLife.com



1. LIFETIME INSURANCE PROTECTION

Whole life insurance provides a family or business with permanent protection against the overall long-term impact of losing a family member, business owner, or employee.

- **Family Protection:** If you pass away, whole life insurance can help your loved ones replace your income or cover expenses like tuition, loans, or mortgages.
- **Estate Planning:** Whole life helps to ensure the orderly transfer of assets after you pass away by offering:
 - liquidity to pay estate and your taxes
 - assets to generate income for spouse or children
 - estate equalization among heirs
- **Business Protection:** Whole life insurance is ideally suited to help fund business continuity plans, including buy-sell agreements, supplemental retirement programs and the payment of loans and mortgages.

2. ASSET DIVERSIFICATION

In addition to providing a death benefit, whole life has lifetime benefits that are uncorrelated to most other typical asset classes. One of the unique benefits of whole life is the way it enhances the value of other assets during retirement. The presence of a guaranteed death benefit may enable you to spend down principal and interest to supplement retirement income — knowing that the principal will be replaced for your family upon your death.

3. GUARANTEED RATES AND VALUES¹

The guarantees within a whole life policy can be viewed as either rates or values. When actuaries design a whole life policy, they begin by determining what rates are going to be guaranteed. Once the guaranteed rates have been set, they are used to determine policy premiums and values.

- A whole life policy is built upon a foundation of three guaranteed rates:
 - Mortality rate – This guarantee comes primarily from the CSO table, a table of guaranteed mortality rates that is periodically updated by the National Association of Insurance Commissioners.
 - Interest rate – This rate for Guardian policies is 4.0% or 5.0% (depending on the policy) for the entire life of the policy.
 - Expense factor – An allocation for expenses that is covered in guaranteed values.
- The above guaranteed rates are combined in an actuarial formula creating three unique guaranteed values:
 - Level Premium: the annual premium or cost for the policy is guaranteed to never change
 - Death Benefit: the amount of money that is paid if you pass away is guaranteed to never go down
 - Cash Value: the guaranteed cash value grows until it is equal to the face amount of the policy at a specified age, typically age 100 or 121

4. DIVIDENDS²

Whole life from a mutual company, such as Guardian, offers dividend payments to policyholders if declared by the Board of Directors. When dividends are declared, they have three components:

- **Investment results:** The insurance company's current investment rate in excess of the guaranteed rate promised in the policy.
- **Mortality experience:** The difference between actual mortality experienced and the guaranteed mortality rate in the policy is multiplied by the net amount at risk to determine part of the dividend.
- **Expense management:** If the company's expenses are lower than anticipated, those savings also help to support a more favorable dividend that year.

Policy owners may choose among several dividend options. The most popular option is to use dividends to purchase Paid-up Additions (PUA). This allows the policy owner to purchase additional guaranteed permanent paid-up insurance.

5. TAXATION PROTECTION³

Life insurance is viewed as a good thing for the benefit and welfare of society. Therefore, significant tax benefits have been given to it that are not found in other financial instruments.

These include:

- Income tax-free death benefits
- Tax deferred buildup of cash values inside the policy
- Access to policy values on a tax-favored basis

