

# Planning for Life

Understanding  
The Idea

December 2006



## The Perfect Gift

Birthdays, graduations, weddings, new babies, special milestones... there are so many occasions for gift-giving. If you've run out of ideas for the youngsters in your life, inspiration may come from an unexpected source. Have you considered life insurance?

Giving a gift of life insurance to a young person will provide them with a key to many opportunities in the future. Beyond the guarantees inherent in the policy, whole life insurance values can continue to grow and accumulate for a broad range of uses. Add the flexibility of riders and other options, and it is one of the most adaptable and enduring financial vehicles ever created.

### The Big, Red Fire Truck

It's tempting to spend money on a gift that will be a sure hit. Why do children need life insurance, anyway? Doesn't it provide a death benefit to replace income in case a breadwinner dies, or cover the cost of funeral expenses? Certainly, but the *living benefits* of life insurance provide an equally important and valuable resource. With today's rising costs on everything from fuel to

health care, no one can predict what the future will hold.

Add to that the slim but very real chance that someone may become uninsurable at a startlingly young age, or that a grief-stricken family may face financial crises upon the loss of a child, and you have numerous reasons to look into life insurance. Gifting life insurance will ensure that you are:

- Anticipating family obligations that outlive you;
- Locking in the future insurability of a loved one;
- Fostering a value system of planning for the long-term.

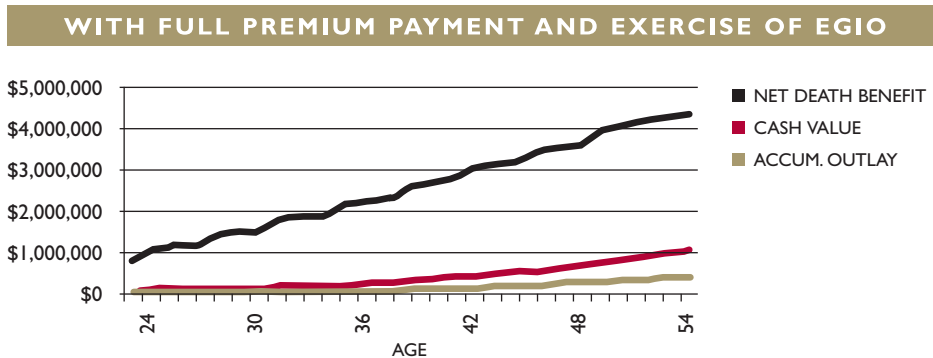
And last but not least, life insurance safeguards assets, builds wealth, and can provide a substantial source of tax-free cash, when needed.<sup>1</sup>

### Leveraging the Power of Life Insurance

Time is the catalyst for many life experiences. Over time, the value of a whole life insurance policy will continue to grow – it will never decrease.<sup>2</sup> And for virtually pennies on the dollar, you can compound the potential value of your gift of life insurance in a number of ways. For example, at a modest additional cost, Guardian's Enhanced Guaranteed Insurability Option Rider<sup>3</sup> on a Whole Life policy guarantees that the insured can increase coverage on up to 8 specific dates – *without having to prove good health in the future*. Add an Enhanced Paid-Up Additions Rider and you have the ability to increase your payments or make unscheduled payments from year to year, increasing all of the policy's values over time.

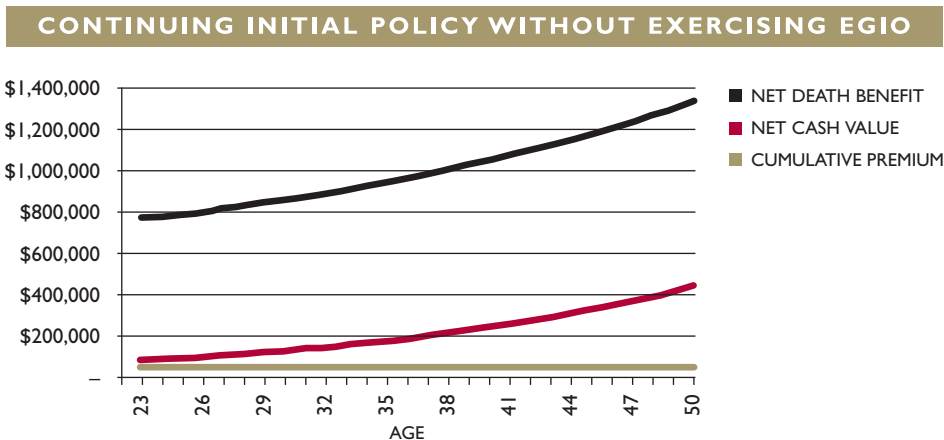
## Here are two hypothetical examples of the values an individual could realize:<sup>4</sup>

The first chart below shows how your gift to a child could increase exponentially over a lifetime. By purchasing a policy for a grandchild, age 1, for a face amount of \$250,000, with Guardian's Enhanced Guaranteed Insurability Option rider (EGIO), and by exercising the options to purchase additional insurance at the designated dates, you can help him lay a foundation that builds to a death benefit of \$4 million and accessible cash values of \$1 million by age 50, based on Guardian's 2006 dividend scale.<sup>5</sup>



After exercising 8 options by age 46, the annual premium on the 9 policies would be about \$29,000. Had the child waited until he had reached age 46 and then decided to purchase a new policy with the equivalent death benefit at the same age and rating class, the annual premium would have been *more than double that amount*, even if the client were still in good health!

The chart below shows the values of the policy in future years if the policyowner chooses *not* to increase coverage by exercising the options available with the Enhanced Guaranteed Insurability Option, but continues the original policy with no further cash outlay.<sup>4</sup> The accessible cash values reach over \$400,000, and the death benefit would exceed \$1.2 million.



If the Combined Waiver of Premium Rider is added at the time of purchase<sup>3</sup>, this ensures that premiums will be waived until the child reaches age 25 should the adult applicant die or become disabled. At age 25, the rider automatically changes to the Waiver of Premium option on the insured's life, and the cost for the rider benefit will drop significantly, since it is based on the age. In addition, if the insured is disabled at the time that an EGIO option could be exercised, he or she may still opt to purchase additional coverage – *and the premium will be waived.*

## One-Stop Shopping

Video games, teddy bears, ice skates, dolls and, of course, fire trucks – all the collateral “stuff” of childhood may raise fond memories, but the gift of life insurance endures for generations. Call your Financial Representative and get your gift list in order today.

- <sup>1</sup> Guardian, its subsidiaries, agents or employees do not give tax or legal advice.
- <sup>2</sup> Policy benefits are reduced by any outstanding loans or withdrawals and loan interest. Policy loans also affect dividends payable.
- <sup>3</sup> Riders may incur an additional cost to a policy.
- <sup>4</sup> The examples shown here are based on hypothetical policy, not available for sale, using Guardian's Whole Life Paid Up at Age 99 with a blend of male and female age 1 values. The annual premium illustrated is \$2,500 per year including an EPUA Rider, Combined Waiver Rider and an Enhanced GIO Rider. A full illustration, showing both guaranteed and non-guaranteed values, must be provided by a Guardian representative to individuals applying for any Guardian whole life insurance policy. These examples show cash values and death benefits based on future dividends, which are not guaranteed (see footnote 5) and are subject to change.
- <sup>5</sup> Dividends are not guaranteed and may be declared annually by the Board of Directors.



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