Laddering may meet multiple term insurance needs

For many middle-aged clients, there is an inverse relationship between their ages and the amount of life insurance protection they need — as mortgages are paid off and kids graduate from college, the need for life insurance protection may decrease.

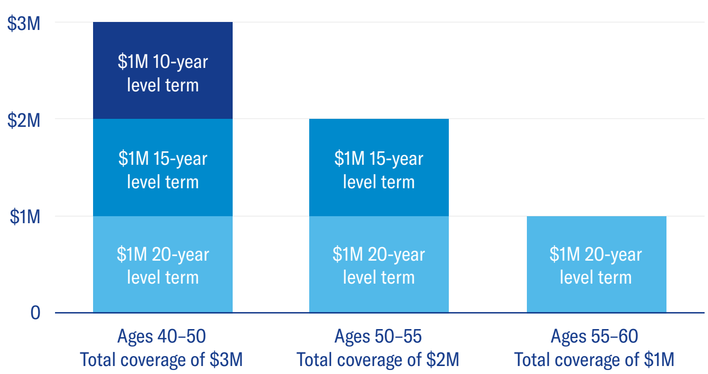
To accommodate their changing needs, one possible strategy is to purchase separate term policies with different coverage periods, potentially providing your clients with the right amount of coverage in the most cost-effective manner. The following is an example to show how laddering different term policies can be an effective strategy.

Assume the following:

40-year-old, healthy male client has 10 years left to pay on a mortgage. Based on this, you determine the client's life insurance needs are:

- Ages 40–50, $3 million covering mortgage, college costs, lost income and final expenses.
- Ages 50–55, $2 million covering college costs, lost income and final expenses.
- Ages 55–60, $1 million covering lost income (pension) and final expenses.

Laddering 10-, 15- and 20-year term coverage



M = Millions

To provide coverage, your client could purchase a:

- $3 million permanent life insurance policy to ensure lifelong protection, but the cost may be significantly higher than other options.
- $3 million 20-year level term policy to ensure coverage through age 60, but again, the cost may be significantly higher than other options.
- $3 million 10-year term policy today and plan to purchase additional coverage in 10 years, but the client could become uninsurable and the rates will be higher.
- $1 million 20-year term policy, but the client would be underinsured from ages 40 to 55.

Another strategy is for the client to ladder term coverage by purchasing separate term policies, thereby providing the desired amount of coverage at the desired time.

Let’s take a further look into the potential costs, advantages and disadvantages of the different strategies.

Laddering strategy	Cost per year	Advantages	Disadvantages
$1 million 10-year term **$1 million 15-year term** **$1 million 20-year term**	$535 for 10 years $665 for 15 years $775 for 20 years	Right amount of coverage at the right time. Less expensive compared to the permanent or 20-year term strategy.	Coverage ends at age 60. No cash value or other advantages of a permanent policy.
Totals	$1,975 for 10 years $1,440 in years 11–15 $775 in years 16–20		
$3 million IUL policy*	$24,374.75, to age 105	Additional benefits of permanent life insurance, including building cash value and lifelong protection.	More expensive than the laddering strategy.
$3 million 20-year level term policy	$2,175 for 20 years	$3 million coverage for 20 years.	More expensive than laddering strategy. No cash value or other advantages of a permanent policy.
$3 million 10-year term and purchase additional insurance in 10 years	$1,455 for 10 years; Unknown cost in years 11–20	In the first 10 years, lower cost than either the IUL or 20-year term strategy with the same amount of coverage.	Unknown cost after the first 10 years. Client could become uninsurable. No cash value or other advantages of a permanent policy.
$1 million 20-year term	$775 for 20 years	Least expensive option.	Client is underinsured for the first 15 years. No cash value or other advantages of a payment policy.

*IUL Policy is based on a 40-year-old male, non-smoker, preferred. IUL quotes are BrightLife® Grow. All other quotes are from Term Series 160 policy based on 40-year-old male, non-smoker, with a preferred rating. This is a favorable term insurance rate class. Other rate classes (e.g., Standard Non-Tobacco User) are also available. Clients should be informed that applications for life insurance coverage are subject to underwriting, and that no insurance coverage exists unless a policy is issued and the required premium to put it inforce is paid.

The basic illustration contains values using the same underwriting assumptions as this supplemental at both guaranteed charges and guaranteed interest rates and contains other important information. The values represented here are for a $3 million BrightLife® Grow policy on a 40-year-old male preferred non-smoker. The values reflect the cost of 66 years of premiums. The values represented here are non-guaranteed, and assume current charges and a current interest rate of 4.61%. If guaranteed rates and charges are used, the policy would continue until age 65 as long as required premium payments were made.

The effect of inflation has not been factored into this presentation.

Please note that this approach may be more or less costly over the long term, but the insured would be losing life insurance protection they may not be able to qualify for in the future.

There is no guarantee that your clients will still qualify for life insurance coverage in the future. Some of these strategies implement insurance purchased at a future date.

No one strategy is the best for all clients. By laddering different term coverages, you may be able to provide your clients with the right coverage at the right time for the right cost.

For more information, call the Life Insurance Sales Desk or visit equitable.com/termseries.

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.

Term Series products are issued by Equitable Financial Life Insurance Company (Equitable Financial) and 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 through Equitable Distributors, LLC. Equitable Financial, Equitable Network, LLC and Equitable Distributors are affiliated companies.

Not all products, features and riders are available in all jurisdictions. Refer to the product guides for complete details.

Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc., including Equitable Financial Life Insurance Company (NY, NY); Equitable Financial Life Insurance Company of America, an AZ stock company with main administrative headquarters in Jersey City, NJ, 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.

For financial professional use only. Not for use with, or distribution to, the general public.

EQUITABLE