



# Underwriting uncovered Life insurance in a qualified plan

## Processing tips

An often overlooked source of funds for life insurance premiums is a client's own qualified plan.<sup>1</sup> This can be particularly effective when a client:



Owns a business or exerts some level of control over the benefits.



Has more funds in a qualified plan than they believe they will need in retirement.<sup>2</sup>



Has seasoned money in a plan;<sup>3</sup> often these funds may be lying dormant for years before a client is ready to retire, yet the client may have a current insurance need.

In all instances, a qualified plan's provisions should authorize the purchase of life insurance. Equitable can work with you and a client's third-party administrator (TPA) to help them with the process of amending a plan; in most instances a TPA will know what steps to take. Where a plan trustee indicates that a qualified plan allows for the purchase of life insurance or is amended to allow the plan to purchase life insurance, we make the most of the products in our life insurance portfolio and many of its policy riders available for purchase by the trustee for the plan.<sup>1</sup>

### Life insurance products available in qualified plans:

BrightLife <sup>®</sup> Grow	VUL Legacy <sup>SM</sup>
IUL Protect	VUL Optimizer <sup>SM</sup>
Term Series	

### Life insurance policy riders:<sup>\*</sup> (can be added to a policy purchased inside in a qualifying plan)

Cash Value Plus Rider	Disability Waiver
Charitable Legacy Rider <sup>®</sup>	Living Benefits Rider

### Profit-sharing plans only:

VUL Survivorship
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<sup>\*</sup>All riders have restrictions and limitations, and some have an additional cost. Please review the product specifications for details.

# Application steps for purchasing life insurance in a qualified plan

Completing an application for Equitable Financial Life Insurance Company (Equitable Financial) or Equitable Financial Life Insurance Company of America (Equitable America), when a qualified retirement plan will own the insurance policy, **is as simple as 1, 2, 3.**

## Step

1

Order the application kit and related forms on iPipeline or through eForms for Life on Equitable's website and include the following forms along with the application and related materials.

- The basic installation form for qualified retirement plans.
- The disclosure statement for purchase of life insurance by qualified plans.
- The plan fee disclosure — this is a product-specific form. When requesting application forms, enter the product name and the appropriate fee disclosure form will be generated when you select this option.

2

Complete the application and related forms.

### **On the application, pay special attention to:**

- Owner section (the pension trust).
- Beneficiary section (the pension trust).
- Trust section (provide the name of the plan trustee).
- Signature section (the trustee should sign the application on behalf of the trust).
- Remarks section (indicate that this policy is being purchased by a qualified retirement plan and that unisex rates apply).

### **Form details to know:**

- **Basic installation form for qualified retirement.**  
This form is used to register the policy with our new business area as owned by a qualified plan so the future communication, as well as appropriate year-end data, 5500 Schedule A, will be provided to the plan trustee.
- **Disclosure statement for purchase of life insurance by qualified plans.**  
This disclosure form acknowledges Equitable Financial or Equitable America is only a product provider and not involved in establishing qualified plans or providing advice on the client's qualified plan. In addition, it acknowledges receipt of the plan fee disclosure.
- **Plan fee disclosure.**  
This disclosure should be delivered to the plan trustee at the time the application is completed and executed.

In addition, as you submit your application package, send an email to the manager of the Business Strategies Unit, EquitableAdvancedMarkets@equitable.com), indicating that the case involves a qualified plan and identifying the insured or insureds you are submitting applications for.

### **Special note regarding survivorship life and profit-sharing plans:**

Where a profit-sharing plan allows, a plan trustee may apply for a survivorship life policy involving a plan participant and another life. A special disclosure form will be required with these cases. If needed, contact the sales desk for this form.

## Step

### 3

Attach the related life product illustration and submit the application package for processing.

We require that policies purchased by qualified plans use a unisex rate. Please make certain the ledger created for the case and submitted with the application uses a unisex rate. This policy illustration page must be signed and submitted with the application, not on delivery.

The case design in purchasing life insurance in a qualified plan will vary widely from client to client. In some instances, it may make sense to fund a policy within a qualified plan and then distribute the policy to either the policyowner, a spouse or to a trust. We offer considerable support in valuing policies, including offering PERC values in its proprietary Aegis illustration software.<sup>4</sup>

Each year a plan is in place, a client will recognize an economic benefit based on the pure death benefit offered by the plan (the face amount less the cash surrender value). This is typically based on IRS Table 2001. However, where a carrier offers alternative term rates that meet certain criteria, these alternative rates can be offered. Equitable Financial offers alternative term rates based on our TermOne<sup>®</sup> product.

**Note:** A qualified plan purchasing life insurance is different than life insurance being purchased by an employer on the life of an employee. It is being purchased as a benefit via a qualified plan trust and not by the employer. As such, the employer-owned life insurance (EOLI) notice and consent forms required under Tax Code Section 101 (j) are not required by the IRS.

For more information, please contact the  
Advanced Markets team or visit [equitableLIFT.com](https://equitableLIFT.com).

- 1 A client must always have a need for life insurance and must qualify for life insurance both medically and financially.
- 2 If a client needs the funds in retirement, then the purchase of life insurance using qualified plan dollars may not always be advisable.
- 3 These are funds where contributions have been in a plan for more than 2 years and the traditional limitations on new money will not necessarily apply.
- 4 Premiums Plus Earnings Less Reasonable Charges (PERC).

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