



Preparing to meet changing needs with 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
35, married with newborn



- Earns \$100,000 in income per year
- Needs \$500,000 in life insurance protection
- 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 Equitable Financial. He purchases a life insurance policy and pays \$10,000 premiums per year for 30 years.

A variable universal life insurance contract is a contract with the primary purpose of providing a death benefit. It is also a long-term financial investment that can also allow potential accumulation of assets through customized, professionally managed investment portfolios. These portfolios are closely managed in order to satisfy stated investment objectives. There are fees and charges associated with variable life insurance contracts, including mortality and risk charges, administrative fees, investment management fees, front-end load, surrender charges and charges for optional riders. Additionally, VUL Optimizer® and its riders have restrictions and limitations.

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	\$500,000
45	\$100,000	\$80,000	\$40,000	\$0	\$468,000
55	\$200,000	\$244,000	\$50,000	\$0	\$930,000
65	\$300,000	\$627,000	\$0	\$0	\$1,492,000
66	\$0	\$618,000	\$0	\$48,000	\$1,428,000
85	\$0	\$147,000	\$0	\$48,000	\$442,000

In 10 years, Tom has enough cash value built up in the policy to borrow \$40,000 (tax-free) to start a business.

By age 65, Tom has built up significant cash value in the policy based on current nonguaranteed rates. Enough, in fact, to allow him to take \$48,000 per year from age 66 to 85. If he's in a 24% tax bracket, that's equivalent to more than \$63,000 taxable income per year.

This is a supplemental illustration and must be read in conjunction with the basic illustration. The basic illustration contains values using the same underwriting assumptions as this supplemental illustration at both guaranteed charges and 0% interest rates and contains other important information. The values represented here are for a \$500,000 VUL Optimizer® flexible premium policy on a 35-year-old male preferred nonsmoker. The values reflect the cost of 30 years of premiums. The values represented here are nonguaranteed and assume current charges and a hypothetical gross rate return of 8%. If guaranteed rates and charges are used, the policy would fail in year 33.

Alternative scenario

In the previous example, the values reflected 30 years of premiums illustrated at an 8% gross rate of return. Below, we've also included the values that reflect a gross rate return of 0% and guaranteed charges.

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	\$500,000
45	\$100,000	\$31,000	\$40,000	\$0	\$459,000
55	\$200,000	\$49,000	\$50,000	\$0	\$401,000
65	\$300,000	\$109,000	\$0	\$0	\$385,000
66	\$0	\$58,000	\$0	\$48,000	\$336,000
85	\$0	\$0	\$0	\$0	\$0

In 10 years, Tom has enough cash value built up in the policy to borrow \$40,000 (tax-free) to start a business.

At age 66, assuming maximum guaranteed charges and a 0% return, Tom has enough cash value to take out 2 years of income at \$48,000 per year before the policy fails in year 33.

The chart above shows the performance of the contract if maximum guaranteed charges were imposed and the life insurance contract receive a 0% crediting rate in all years. It is illustrated at the same face amount of \$500,000 and has the same premium requirements of \$10,000 per year for 30 years on a VUL Optimizer® flexible premium policy on a 35-year-old male preferred nonsmoker. The policy will fail in year 33, at which point \$300,000 in premium would have been paid. If the client were to still take the same income withdrawals and loans, cumulative income of \$96,000 would have been paid out. See the notes accompanying the chart at nonguaranteed rates for other important information.

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:



- 1 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.



- 2 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.



- 3 Performing.** Your own cash value will potentially grow based on the performance of your policy, which is not guaranteed.

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.
- Under current federal tax rules, you may generally take federal income tax-free withdrawals up to your basis (total premiums paid) in the policy or loans from a life insurance policy that is not a Modified Endowment Contract (MEC). Certain exceptions may apply for partial withdrawals during the policy's first 15 years. If the policy is a MEC, all distributions (withdrawals or loans) are taxed as ordinary income to the extent of gain in the policy, and may also be subject to an additional 10% premature distribution penalty prior to age 59½, unless certain exceptions are applicable. Loans and partial withdrawals will decrease the death benefit and cash value of your life insurance policy, and may be subject to policy limitations and income tax. In addition, loans and partial withdrawals may cause certain policy benefits or riders to become unavailable, and may increase the chance your policy may lapse. If the policy lapses, is surrendered or becomes a MEC, the loan balance at such time would generally be viewed as distributed and taxable under the general rules for distribution of policy cash values.



Count on Equitable Financial for strategies designed to meet your changing needs

As your needs change over time, your life insurance should evolve as well. We offer a portfolio of life insurance products built to meet your needs at every stage of life to help you secure your financial well-being. You can choose from various types of life policies, each offering different ways to potentially grow your cash value. Work with your financial professional to find the best fit for you. They can help you break down your decisions into small, manageable steps.

To learn more, contact your financial professional or visit equitable.com today.

VUL Optimizer® is sold by prospectus only. Be sure to read your prospectus, which contains complete information on investment objective, fees, charges and expenses. Be sure to read the prospectus carefully before investing or sending money. Your financial professional can provide you a copy of the current prospectus.

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