EQUITABLE

Professional athlete life insurance

Athlete-owned life insurance providing coverage and retirement benefits

The scenario

Jerome Taylor is a star rookie power forward who was recently drafted in the first round of the NBA draft. Jerome has been playing basketball his entire life, and he's finally ready to start getting paid to do what he loves most!

However, Jerome has never had this much money, and after watching a recent documentary about a retired basketball star who had to play ball in Spain after spending all of his money, Jerome knows he needs to save money for himself and his family. Unfortunately, Jerome doesn't know where to begin, so he contacts his agent, who refers him to a certified financial planner (CFP®) who can help solve his problem. But what financial vehicle is best-suited to solve Jerome's problem?

Meet Jerome Taylor

Age: 20

NBA rookie power forward:

- First round draft pick
- Large contract and new source of wealth
- Looking for protection and stability

Illustration:

- VUL Optimizer®
- Male, preferred, non-tobacco
- $8,918,540 initial face amount
- $150,000 7-pay annual premium

Strategy

Jerome's financial planner knows that, as a young professional athlete, Jerome is about to start earning more money than he's ever had. He also knows Jerome needs a place to store some of that money for safekeeping, and provide income for when Jerome retires, as well as a benefit for his family. Luckily for Jerome, he also knows our life insurance policies can provide a high cash accumulation, as well as a death benefit for Jerome's family. Equitable's VUL Optimizer® product offers long-term protection with the death benefit, combined with the potential to build significant cash value with a wide variety of investment options of Jerome's choosing. Using the VUL Optimizer® product, a 20-year-old athlete with a preferred underwriting class can pay a fraction of their income for 7 years, which allows their money to grow in the policy based on the annual returns and current charges of Jerome's selection of the nearly 70 available investment options and also provides a significant death benefit.

In this case, Jerome can pay $150,000 per year for 7 years, and with a hypothetical 7% rate of return and current charges, have over $1.75 million in net cash value with a $10.6 million net death benefit by the time he retires at age 35. (See tabular values on the following page.)

VUL Optimizer® — values and benefits

Prepared for Jerome Taylor

Basic illustration — variable universal life policy

			Assuming hypothetical annual investment return of 0.00% gross (-0.64% net)			Assuming hypothetical annual investment return of 3.5% gross (2.84% net)			Assuming hypothetical annual investment return of 7% gross (6.32% net)		
Policy year	Age	Annualized premium outlay	Net policy account value	Net cash surrender value	Net death benefit	Net policy account value	Net cash surrender value	Net death benefit	Net policy account value	Net cash surrender value	Net death benefit
1	**21**	$150,000	$125,536	$19,494	$9,044,076	$130,168	$24,126	$9,048,708	$134,803	$28,761	$9,053,343
2	**22**	$150,000	$251,738	$149,888	$9,170,278	$265,524	$163,675	$9,184,064	$279,637	$177,787	$9,198,177
3	**23**	$150,000	$376,382	$286,037	$9,294,922	$403,892	$313,547	$9,322,432	$432,703	$342,358	$9,351,243
4	**24**	$150,000	$499,399	$420,470	$9,417,939	$545,248	$466,318	$9,463,788	$594,377	$515,448	$9,512,917
5	**25**	$150,000	$620,898	$555,703	$9,539,438	$689,748	$624,554	$9,608,288	$765,241	$700,047	$9,683,781
6	**26**	$150,000	$740,896	$691,577	$9,659,436	$837,463	$788,144	$9,756,003	$945,816	$896,498	$9,864,356
7	**27**	$150,000	$859,236	$825,793	$9,777,776	$988,283	$954,840	$9,906,823	$1,136,471	$1,103,028	$10,055,011
10	**30**	$0	$793,159	$793,159	$9,711,699	$1,021,392	$1,021,392	$9,939,932	$1,308,081	$1,308,081	$10,226,621
15	**35**	$0	$749,251	$749,251	$9,667,791	$1,154,371	$1,154,371	$10,072,911	$1,754,734	$1,754,734	$10,673,274
20	**40**	$0	$702,603	$702,603	$9,621,143	$1,302,839	$1,302,839	$10,221,379	$2,356,496	$2,356,496	$11,721,213
25	**45**	$0	$655,467	$655,467	$9,574,007	$1,474,902	$1,474,902	$10,393,442	$3,180,452	$3,180,452	$13,361,081
30	**50**	$0	$603,235	$603,235	$9,521,775	$1,685,244	$1,685,244	$10,603,784	$4,356,060	$4,356,060	$15,459,659
Total		**$1,050,000**									

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 at both guaranteed charges and guaranteed interest rates and contains other important information. The values represented here are for a $8,918,540 VUL Optimizer® policy on a 20-year-old male preferred non-smoker. The values reflect the cost of 7 years of premiums. The values represented here are non-guaranteed and assume current charges and a hypothetical gross return of 7%. If guaranteed rates and charges are used and assuming a 0% rate of return, the policy would fail in year 34 (age 54).

This strategy would allow Jerome to put away a small portion of his contract salary for safekeeping, as well as provide a large amount of cash value to use in retirement for anything he needs, including medical benefits for injuries incurred during his playing days, while also providing a large death benefit for his family. This financial strategy solves several of Jerome's needs.

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. Variable life insurance contains investment risk, including the possible loss of principal invested.

Conclusion

Jerome and his financial planner were able to come up with the right strategy using Equitable insurance products to meet Jerome's financial needs. Jerome was so impressed with how easy the strategy was to understand, as well as the simplicity of the money-saving technique, the high level of service provided by Equitable and the financial planner, that he made sure all his friends in the league called his planner to do the same thing.

Team-owned life insurance for players covering contract guarantees

The scenario

Paul Brown is a star wide receiver for his college football team and is entering the NFL draft. The Alabama Swordfish, needing a good weapon on offense this season, select Paul in the first round. In compliance with the collective bargaining agreement, the Swordfish offer Paul a contract with $10 million guaranteed over 4 years. Paul is excited to play for the Swordfish and the fans can't wait for the new season! But how can the Swordfish protect their investment in Paul in case of a catastrophic event?

Strategy

The Swordfish need a strategy to their guaranteed contract problem, and Equitable life insurance products and services may be the answer. We offer a suite of very competitive term life insurance products that can cover the guaranteed money in a contract from a catastrophic event in a player's life for a fraction of the cost. For example, the Equitable 10-year term product issued on a 21-year-old at preferred underwriting class is priced at $3,475 per year for $10 million of coverage for 10 years. This is an easy strategy for the problem.

Conclusion

The Swordfish were able to easily use Equitable term life insurance to solve their problem. They were completely satisfied with the level of service, expertise, speed and ease of process that they were provided by both the staff at Equitable and their insurance agent. They were so impressed with the process that they have decided to continue using Equitable and their insurance agent for all their team insurance needs.

Meet Paul Brown

Age: 21

NFL wide receiver:

- First round draft pick
- Rookie contract — $10,000,000
- Contract guaranteed over 4 years

Illustration:

- Equitable 10-year term
- Male, preferred, non-tobacco
- $10,000,000 initial face amount
- $3,475 initial annual premium

Contact your Equitable Life Distributors wholesaler or the Life Sales Desk for more information.

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