



EQUITABLE

# Life insurance

Protection and more  
No other financial product delivers all this

## Planning perspective

Life insurance isn't only about protecting the financial security of your family for the future. It's also about getting the most out of life today.

Life insurance is a smart addition to any financial plan, but we don't stop there. We're committed to improving conventional life insurance strategies with unconventional thinking that can help your money work harder for you. With the development of newer forms of life insurance, you have more flexible options for financial protection to choose from. However, what has remained constant is the unique combination of features, benefits and guarantees that can't be matched by other financial products.<sup>1</sup>



### Strategic financial benefits

In general, life insurance protection provides you and your family with strategic financial benefits, such as:

**Prudent and economical assurance** that a certain amount of cash will be paid upon the death of an insured person, regardless of how soon or unexpectedly death occurs.

**Income tax-free proceeds**, generally to the extent that death benefits are paid in a lump sum to the beneficiary.

**An estate tax-free transfer** of the policy proceeds (*when the policy is owned by a party other than the insured, and the beneficiary is a party other than the estate of the insured*).

**Probate-free wealth transfers** to the extent that death proceeds are paid to a named beneficiary (other than the estate of the insured).

**Protection from creditors** to the extent that cash values and death benefits proceeds are generally not subject to the lien of the insured's or beneficiary's creditors up to applicable state limits, with some states having no maximum limits. State laws vary. You should consult with a knowledgeable attorney in your state.



### Accessibility

Life insurance offers you accessibility when it counts, with:

**Access to policy cash surrender value** through withdrawals and policy loans — usually within 1 week of a written request.<sup>2,3</sup>

Death proceeds that are paid to the beneficiary — usually within a short time of death-claim notice and death certificate receipt (*assuming death occurs after the 2-year incontestable period*).

#### Withdrawals and loans:

- Reduce the policy's cash value and death benefit
- Increase the chance the policy may lapse
- May cause tax consequences



# Beneficial tax treatment of cash values

The primary reason to purchase life insurance is the death benefit it provides to beneficiaries; however, certain policies can also accumulate cash value. Under current tax law, if premium payments and certain policy transactions stay within IRS guidelines, permanent life insurance is the only financial product that enjoys all these key tax advantages for as long as the policy remains in effect. These key tax advantages include:

## Key tax advantages

**Tax deferral** of any policy cash value accumulation.<sup>2</sup>

**Tax-free withdrawals** until basis (cumulative premiums) is recovered, if not a Modified Endowment Contract (MEC).<sup>2,4</sup>

**Tax-deferred loans** of policy cash value for non-MEC policies — even if total policy loans exceed basis.<sup>2,4</sup>

**Tax-free stream of retirement income** using withdrawals up to basis, and then switching to loans. This assumes the policy is not a MEC and it remains in effect until the insured's death, with any loan balance being repaid from the policy's death proceeds. If a policy lapses, is surrendered or terminates, any outstanding loan will be treated as a distribution and may be taxable.<sup>2,4</sup>

**No set IRS limit** on premiums (unlike qualified plan retirement savings vehicles) or cash value limits as long as minimum death benefit amounts are met in order to satisfy IRS-prescribed ratio of premiums to death benefit.

**Life insurance can deliver a unique combination of features and benefits.  
For more information, contact your financial professional today.**

- 1 All contractual guarantees are based on the claims-paying ability of the issuing company — either Equitable Financial Life Insurance Company, New York, NY; or Equitable Financial Life Insurance Company of America, main administrative office in Jersey City, NJ.
- 2 This is not available for term policies.
- 3 This information is generic and may not apply to all permanent, cash value life insurance policies. Actual amounts available for policy loan or withdrawal may vary by policy. Please refer to your policy for information specific to your coverage.
- 4 Under current federal tax rules, you generally may take income tax-free withdrawals up to your basis (total premiums paid) in the policy or loans from a life insurance policy. Certain exemptions may apply in the first 15 policy years. If the policy is a Modified Endowment Contract (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. Withdrawals and loans reduce the policy's cash value and death benefit, and increase the chance the policy may lapse.

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• Is Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

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