Case Study

Creating a Larger 'Self Completing' Juvenile Savings Pool

You probably already realize the benefit of giving the gift of Whole Life insurance to a child or young adult. But how do you maximize that policy as a savings vehicle? Here's one way — design your policy with a special combination of options to create a larger tax-advantaged savings pool in addition to valuable death benefit protection.[1]

Case: Parents want to give a meaningful and memorable gift to their son and maximize the gift's 'living benefits.'

Planning Objectives:

- Provide a long-term asset for their child that will lay a solid financial foundation for his future.
- Set aside a financial resource that may be used for their son's future goals, such as education expenses, on a tax-favored basis.

Planning Strategy:

- The parents purchase a Guardian 20 Pay Whole Life policy with a $1 million face amount on the life of their son.
- The policy is purchased with an important "option" and two important riders:
  - Dividend Option Q, an option that blends Term insurance in your same Whole Life policy and ***now available on Guardian juvenile policies***, can create additional funding opportunities that would otherwise not be possible due to MEC considerations.[2, 3] Option Q allows the payer to contribute more premiums on a juvenile policy than one without the rider, which in turn, creates greater tax-advantaged cash accumulation in the policy — improving long-term savings goals.
  - The Guaranteed Insurability Option rider allows for the purchase of additional life insurance on the child's life at designated dates in the future without providing evidence of insurability.
  - The Applicant Waiver of Premium rider waives premiums coming due after the death or disability of the parent who applied for the insurance.[4] This rider ensures that premiums will be paid by Guardian until the policy becomes paid-up. On any policy anniversary after the insured's age five, but prior to age 25, this rider may be exchanged without evidence for a Waiver rider on the insured.
- The parents' thoughtful gift has accomplished the following:
  - Gave their son a paid-up life insurance policy in 20 years.
  - Locked in future insurability of a child.
  - Created a significant, tax-advantaged savings pool for education — and beyond.

Top Reasons to Gift Life Insurance to a Child

- Life insurance is designed to grow and accumulate in value over the long term; its value will never decrease, as long as premiums are paid and the policy remains in force.[5]
- Leverages dollars to provide a significant legacy for a child's future use.
- Gifting life insurance is an intelligent strategy in estate planning.
- Establishes a financial foundation that will endure.
- Creates a future cash resource for things such as college tuition payments, seed money for a new business, or a deposit for a new home.

[1] Some riders are available at an additional cost.

[2] MEC stands for a "Modified Endowment Contract." When a policy becomes a MEC, it can lose some of the tax advantages that life insurance offers.

[3] Guardian, its subsidiaries, agents and employees do not give tax or legal advice.

[4] Rider available only with 10 Pay and 20 Pay Whole Life policies at issue ages 0 – 5 for insured and 15-55 for applicant.

[5] Policy benefits will be reduced by withdrawals, outstanding loans and loan interest.

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Why 20 Pay Whole Life insurance?

- Tax-deferred cash accumulation and income tax-free death benefit[6]
- Level, predictable premiums
- Fully paid-up in 20 years
- Not affected by market fluctuations[7]

And Guardian's suite of policy riders and options lets you design a financial strategy that can add value and flexibility for the long term.

Interested in giving a gift of a lifetime? Discuss the possibilities with your trusted Guardian representative.

[6] Include dividends. Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

[7] Existing cash value is not affected.

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