



# The statement you'll want to open



Whole life insurance can provide stability and reassurance — through guaranteed<sup>1</sup> financial protection during life and untimely upon death. And, it's an efficient way to pass wealth to your heirs.

## Protection that's insulated from stock market fluctuations

Whole life is a long-term financial vehicle that develops cash value that can grow to a significant amount over time,<sup>2</sup> it can be accessed through policy loans and withdrawals.<sup>3,4</sup>

There aren't many products like whole life insurance. Compare some of its features with other financial instruments — and you'll see that whole life offers many important and undeniable benefits, like:

- Guaranteed death benefit, typically income tax-free to beneficiaries<sup>5</sup>
- Guaranteed cash value that's not correlated to the stock market and can provide stable returns over time
- Access to cash, available through policy withdrawals and loans. Policy withdrawals can be tax-free up to the policy basis and loans may be income tax free as long as the policy is in force
- A policy that can be transferred or pledged as collateral for a loan
- A policy that can provide additional protection in the event of disability when the Waiver of Premium rider has been elected<sup>6</sup>

## Leveraging your assets — when more is more

Over and above the foundational value provided by your whole life policy, there's an optional feature not offered by every life insurance carrier, that can provide even greater incremental benefit. The Paid-Up Additions (PUA) rider allows for the purchase of additional paid-up insurance, with flexible payment options and at favorable rates, to enhance the policy's value. With this feature, extra dollars now have the potential to work harder, potentially boosting your policy's cash value at an accelerated pace!<sup>7</sup>

### Do you have extra money on the sidelines?

Suppose you've earned a \$25,000 bonus. What can you do with such a rare, one-time cash windfall? One option may be to deposit it into your whole life policy. Let's explore what happens to a policy's values and returns when the policyholder makes a one-time PUA payment of \$25,000.

Policy year	PUA payment*	Cash value**	Internal Rate of Return (IRR)	Pre-tax equivalent on IRR***	Additional death benefit
3	-\$25,000	\$23,637	-5.45%	-5.45%	\$80,551
4	0	\$24,832	-0.34%	-0.34%	\$82,430
5	0	\$26,089	1.43%	2.04%	\$84,370
6	0	\$27,409	2.33%	3.32%	\$86,369
7	0	\$28,798	2.87%	4.10%	\$88,429
8	0	\$30,257	3.23%	4.62%	\$90,547
9	0	\$31,791	3.49%	4.99%	\$92,719
10	0	\$33,402	3.69%	5.27%	\$94,941
11	0	\$35,093	3.84%	5.49%	\$97,211
12	0	\$36,869	3.96%	5.66%	\$99,533

\* The PUA payment is made at the beginning of the policy year. Please note: a contribution of \$250 is required each year the policy is in force to maintain the PUA option, but that amount isn't included in the following chart, as it's highlighting the effect of the \$25,000 one-time contribution in policy year 3.

\*\* Cash values shown here result only from the \$25,000 extra payment, and reflect values at the end of the policy year. Values are based on Guardian's 2024 dividend scale and are subject to change. Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

\*\*\*This rate is the pre-tax earned rate that is needed to replicate the IRR, assuming a 30% tax bracket.

All scenarios and names mentioned herein are purely fictional and have been created solely for educational purposes. Any resemblance to existing situations, persons or fictional characters is coincidental. The information presented should not be used as the basis for any specific investment advice.

The example shown here is based on a hypothetical policy not available for sale from Guardian. This hypothetical illustration is intended to show, in general terms, how a typical participating whole life insurance policy might work. This illustration reflects a Male/Female Blend, 35, Preferred Plus Non-tobacco, Whole Life L99 / Whole Life L95 blend and Guardian's 2024 dividend scale. A full illustration, showing both guaranteed<sup>†</sup> and non-guaranteed values, must be provided by a Guardian Financial Professional to an individual applying for a Guardian whole life insurance policy. For any illustration of a Guardian Whole Life product, the values depending on dividends can be more or less than those shown.

<sup>†</sup> All whole life insurance policy guarantees are subject to the timely payment of all required premiums and the claims paying ability of the issuing insurance company. Policy loans and withdrawals affect the guarantees by reducing the policy's death benefit and cash values.

## Flexible features built for change

Since whole life is a long-term financial instrument designed to fit your financial profile during your lifetime, the Paid-Up Additions rider on a whole life policy was created to enhance your policy by providing you more control and flexibility.

The PUA allows you to:

- Schedule an amount that you wish to pay with your policy premium each year
- Make unscheduled payments, within policy limits, at any time, assuming that the rider is selected and funded at issue
- Alter payment amounts from year to year, which will affect the cash value growth
- Earn dividends on the additional paid-up insurance purchased. The timing of the payment relative to the policy anniversary will affect policy values

Moreover, as values build, the policy can become a source of liquid accessible cash. **And, just as policy loans are typically available income tax-favored, withdrawals from the PUA are typically income tax-favored as well, up to the policy basis.** Plus, the PUA is not a contractual obligation — a minimum annual contribution of \$250 keeps this option open. In the event of disability, a Waiver of Specified Amount rider purchased when the policy is issued will cover specified PUA payments in addition to the policy's premium.

## How Guardian's strength can benefit you<sup>8</sup>

Now that you understand some of the features of whole life and how it can help you meet your goals, it's important to understand the staying power of Guardian which stands behind your policy guarantees.

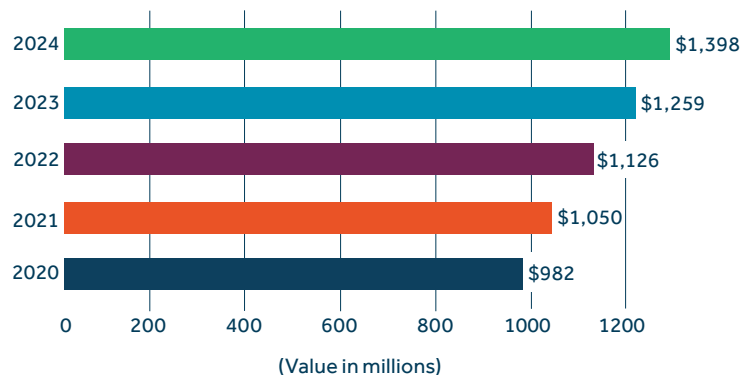


**Be sure to consider the numerous benefits of whole life — which can be an asset that can enhance your financial portfolio.**

Guardian has been keeping the promises we've made to our clients for over 160 years. Our financial strength and stability have helped us weather volatile markets, pandemics, and world wars.

As a mutual company, we don't answer to stockholders, because we don't have stockholders. Our policyholders are the owners of our company, and one way they can benefit directly from our success is through the receipt of dividends. While dividends are not guaranteed, Guardian has paid dividends to participating policyholders every year since 1868. In December 2023, Guardian's Board of Directors approved a dividend payout of \$1.398 billion to its individual life policyholders in 2024.

## The chart below illustrates Guardian's steady dividend history from 2020-2024



## The bottom line

Whole life can provide a solid foundation to a well-thought-out financial strategy. Whole life is a financial vehicle that's insulated from stock market fluctuations — which can be an asset. And, through Guardian's Paid-Up Additions rider, you can purchase additional paid-up insurance to further your policy's value. This strategy, along with the opportunity to share in the company's success through the payment of dividends, can be a way for you to build, leverage, and retain wealth for the long term — all while providing valuable financial protection for those you love.

- 1 All whole life insurance policy guarantees are subject to the timely payment of all required premiums and the claims-paying ability of the issuing insurance company. Policy loans and withdrawals affect the guarantees by reducing the policy's death benefit and cash values.
- 2 Some whole life policies do not have cash values in the first two years. Talk to your financial representative and refer to your individual whole life policy illustration for more information.
- 3 Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.
- 4 Policy benefits are reduced by any outstanding loan or loan interest and/or withdrawals. Dividends, if any, are affected by policy loans and loan interest. Withdrawals above the cost basis may result in taxable ordinary income. If the policy lapses, or is surrendered, any loans considered gain in the policy may be subject to ordinary income taxes. If the policy is a Modified Endowment Contract (MEC), loans are treated like withdrawals, but as gain first, subject to ordinary income taxes. If the policy owner is under age 59½, any taxable withdrawal is also subject to a 10% tax penalty.
- 5 Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.
- 6 A Waiver of Premium rider waives the obligation for the policyholder to pay further premiums should he or she become totally disabled continuously for at least six months. This rider will incur an additional cost. See policy contract for additional details and requirements. Whole life riders may incur an additional premium or cost. Rider benefits may not be available in all states.
- 7 Paid-up Additions (PUA) are purchases of additional insurance (death benefit) that have a cash value. These purchases are made with dividends and/or a rider that allows the policyholder to pay an additional premium over and above the base premium. This creates the growth of death benefit and cash values in a participating whole life policy. Adding large amounts of paid-up additions may create a Modified Endowment Contract (MEC). A MEC is a type of life insurance contract that is subject to last-in-first-out (LIFO) ordinary income tax treatment, similar to distributions from an annuity. The distribution may also be subject to a 10% federal tax penalty on the gain portion of the policy if the owner is under age 59½. The death benefit is generally income tax free.
- 8 Financial information concerning Guardian as of December 31, 2023, on a statutory basis: Admitted assets = \$80.3 billion; liabilities = \$71.2 billion (including \$58.0 billion of reserves); and surplus = \$9.1 billion.

Policy Form Number 21-WL. Rider Form Numbers 18-WP WL and 21-PUA.

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