

ANNUITY-FUNDED LIFE INSURANCE STRATEGY

Case Study



Jesse

Jesse is a 35 year old non-smoking healthy male.



Insurance Needs

Working with his advisor, Jesse's life insurance needs will include an EstateMax 20-Pay participating plan with the Enhanced Coverage dividend option maximized for a total coverage amount of \$250,000. Jesse will be both the policy owner and the life insured.



Traditional Payment Method

Jesse could pay \$202.10 each month for the next 20 years. Based on this amount, he would pay a total of **\$48,504** over that time period and his policy would be fully paid-up.



Annuity-Funded Life Insurance Strategy

Since Jesse can pay one lump sum deposit now using non-registered funds, he instead chooses to purchase an Empire Life 20-year term certain annuity for **\$36,576.92** with guaranteed income payments of \$2,245.59 per year which will match and fund his annual life insurance premium. If he uses this strategy for 20 years, his policy would be fully paid-up. A portion of each annual annuity income payment is taxable. For Jesse, only \$416.74 of the annual income payment is taxable each year.



EstateMax 20-pay using the Enhanced Coverage dividend option for a total coverage of \$250,000

Pay Once & Pay Less

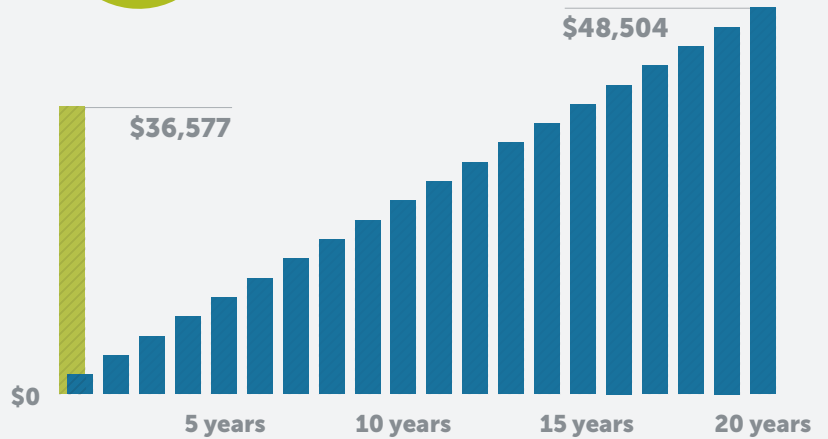
The pre-tax savings shown is the difference between the sum of all monthly premium payments for Jesse's EstateMax 20-pay plan versus the cost of purchasing an Empire Life term certain annuity that guarantees 20 years of income payments, which Jesse can use to pay the annual premium payments for his EstateMax plan.

- One-time annuity deposit
- Accumulated insurance premiums



Potential Pre-Tax Savings

\$11,927



Exit or Borrowing Options

Jesse's EstateMax 20-pay policy includes cash surrender values starting after the 4th year which Jesse can receive if he cancels his coverage or he can use as collateral to borrow against.

- Projected cash surrender values
- Guaranteed cash surrender values

After 20 Years



At Age 65



This case study is for illustration purposes only and is designed to show how pre-funding an Empire Life EstateMax 20-Pay policy using an Empire Life 20-year term certain annuity can work under certain situations. Results will vary depending on the life insured, annuitant, plan type, coverage amount, pay period, and life insurance premiums and annuity rates available at time of request. Advisors should determine whether this concept is suitable for any particular client based on the client's specific circumstances and needs.

All figures and pre-tax savings shown in this case study are based on Empire Life annuity rates and insurance premiums for the products, life insured (standard rated) and annuitant indicated as of November 17, 2016. Actual pre-tax savings will depend on the annuity rates and insurance premiums available at time of submission and on the payment period, and may be more or less than those shown. The taxable portion of each annuity payment has to be reported as income for each year an annuity payment is received.

¹ Projected cash surrender values are based on the current Empire Life dividend scale not changing, which is not guaranteed.

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