# 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.

Empire Life

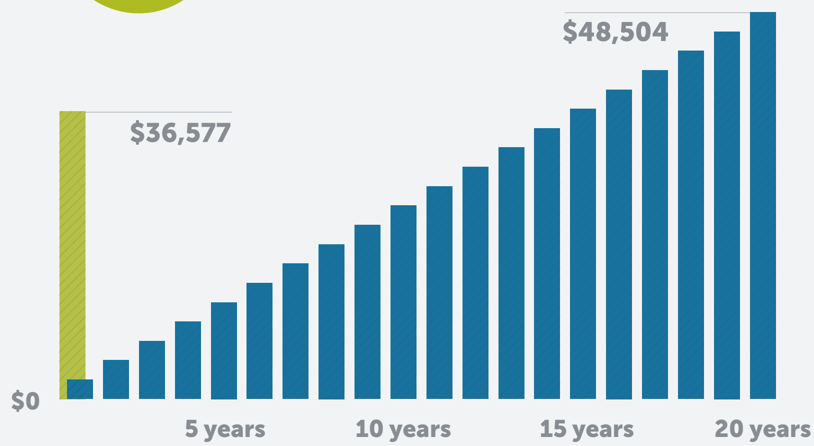
EstateMax 20-pay using the Enhanced Coverage dividend option for a total coverage of $250,000

## 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.


**Potential Pre-Tax Savings**

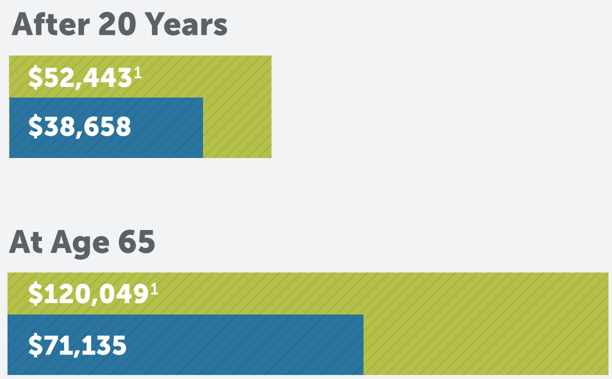
**$11,927**




- One-time annuity deposit
- Accumulated insurance premiums

## 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

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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INS-1172-EN-12/16

# ANNUITY-FUNDED LIFE INSURANCE STRATEGY

## Case Study

### Stephanie

Stephanie is a 27 year old non-smoking healthy female.

### Insurance Needs

Working with her advisor, Stephanie's insurance needs will include an EstateMax 20-Pay plan with the Enhanced Coverage dividend option maximized for a total coverage amount of $70,000. Stephanie will be both the policy owner and the life insured.

### Traditional Payment Method

Stephanie could pay $60.01 each month for the next 20 years. Based on this amount, she would pay a total of **$15,842.40** over that time period and her policy would be fully paid-up.

### Annuity-Funded Life Insurance Strategy

Since Stephanie can pay one lump sum deposit now using non-registered funds, she instead chooses to purchase an Empire Life 20-year term certain annuity for **$10,861.55** with guaranteed income payments of $666.83 per year which will match and fund her annual life insurance premium. If she uses this strategy for 20 years, her policy will be fully paid-up. For Stephanie, only $123.75 of the annual income payment is taxable each year.

Empire Life

**EstateMax 20-pay using the Enhanced Coverage dividend option for a total coverage of $70,000**

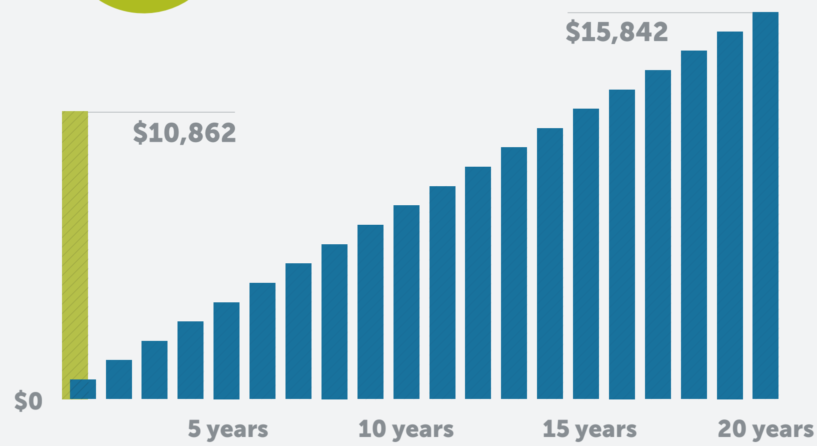
## Pay Once & Pay Less

Assuming Stephanie lives at least 20 years, the pre-tax savings shown is the difference between the sum of all monthly premium payments for Stephanie's EstateMax plan over 20 years versus the cost of purchasing an Empire Life term certain annuity that guarantees 20 years of income payments, which Stephanie can use to pay the annual premiums for her policy.

- **One-time annuity deposit**
- **Accumulated insurance premiums**


**Potential Pre-Tax Savings**

**$4,980**

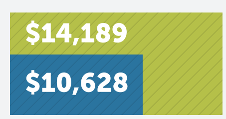



## Exit or Borrowing Options

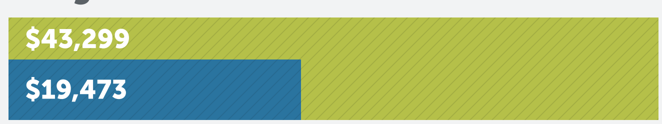
Stephanie's EstateMax 20-pay policy includes cash surrender values starting after the 4th year which Stephanie can receivee if she cancels her coverage or she can use as collateral to borrow against.

- **Projected cash surrender values[1]**
- **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 current life insurance premiums and annuity rates for the products indicated that with a 27 year old, non-smoking, standard rated female life insured/annuitant as of November 18, 2016. Actual pre-tax savings will depend on the payment period, annuity rates and insurance premiums available at time of submission, and may be more or less than those indicated shown. The taxable portion of each annuity payment has to be reported as income each year an annuity payment is received.

[1] Projected cash surrender values assumes the current dividend scale does not change, which is not guaranteed.



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INS-1173-EN-12/16

# ANNUITY-FUNDED LIFE INSURANCE STRATEGY

## Case Study

### Martin

Martin is a 67 year old male with 3 grandchildren, a boy and two girls ages 6, 4 and 1 respectively.

### Insurance Needs

Working with his advisor, Martin will purchase an EstateMax 20-Pay participating plan with the Enhanced Coverage dividend option maximized for a total coverage amount of $100,000 on each grandchild. Martin will be the policy owner and name his son as contingent owner for each plan.

### Traditional Payment Method

Martin could pay a total of $134.05 each month for all three plans over the next 20 years. Based on this amount, he would pay a total of **$32,172** over that time period and all three policies would be fully paid-up.

### Annuity-Funded Life Insurance Strategy

Since Martin 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 **$24,260.18** with guaranteed income payments of $1,489.42 per year, which will match and fund the annual life insurance premiums on all three policies. If he uses this strategy for 20 years, all three policies would be fully paid-up. A portion of each annual annuity income payment is taxable. For Martin, only $276.41 of the annual income payment is taxable each year. As Martin is the annuitant, should he die before all annuity payments are made, his son will need to make alternative funding arrangements to pay the remaining EstateMax insurance premiums.

Empire Life®

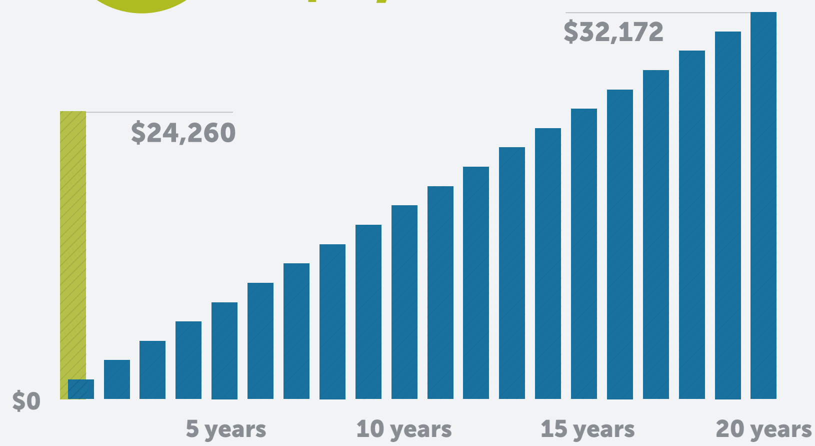
EstateMax 20-pay using the Enhanced Coverage dividend option for a total coverage of $100,000 on each life

## Pay Once & Pay Less

Assuming Martin lives at least 20 years, the pre-tax savings shown is the difference between the sum of all monthly premium payments for Martin's three EstateMax plans over 20 years versus the cost of purchasing an Empire Life term certain annuity that guarantees 20 years of income payments, which Martin can use to pay the annual premium payments for his grandchildren's policies.


**Total Potential Pre-Tax Savings**

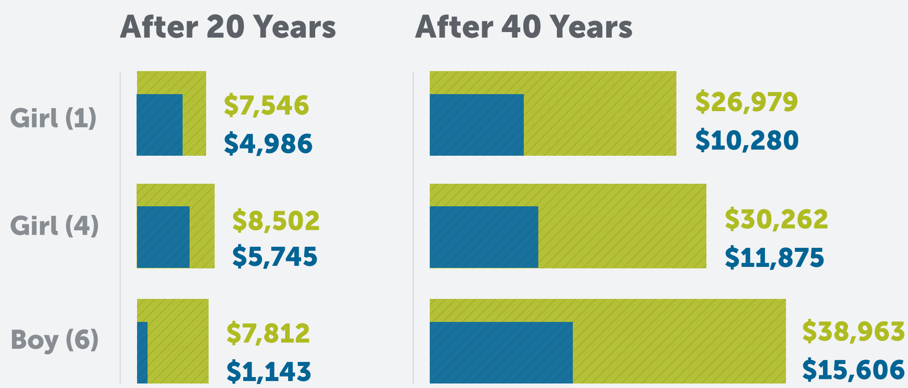
**$7,912**




- One-time annuity deposit
- Total accumulated insurance premiums

## Exit or Borrowing Options

Martin can eventually transfer ownership of the policies to his grandchildren. Each policy includes cash surrender values starting after the 4th year, which each grandchild could surrender or use as collateral to borrow against in the future.




- Projected cash surrender values[1]
- Guaranteed cash surrender values

This case study is for illustration purposes only and is designed to show how pre-funding three Empire Life EstateMax 20-Pay policies 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 premiums available for the three EstateMax products indicated insuring a male (age 6) and two females (ages 4 & 1), rated standard, and on annuity rates for a 20 year term certain for a 67 year old male as of November 18, 2016. Actual pre-tax savings will depend on the payment period, annuity rates and insurance premiums available at time of submission, and may be more or less than those shown. The taxable portion of each annuity payment has to be reported as income for the annuitant for each year an annuity payment is received. [1] Projected cash surrender values assumes the current dividend scale does not change, which is not guaranteed.



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