Guardian®

Giving the gift of an enduring financial foundation

Juvenile life insurance — a gift that can last a lifetime, and benefit generations to come

Know that your gift can pave the way for a lifetime of protection

With a stable, dependable asset, you can help build the foundation of your children's and grandchildren's financial futures, starting today. From subsidizing future college costs to assisting with a payment for a wedding or a new home, establishing a system of long-term planning can demonstrate to your loved ones how responsible savings behaviors can help them achieve greater financial confidence.

Know that your wealth can be passed on

Life insurance can be an asset that efficiently transfers wealth within a family, and it can be structured to pay a specific death benefit at the time of the insured's death. It can also be structured so the death benefit isn't tied to financial market performance.

Families and individuals often use life insurance as part of their wealth transfer strategy because it may offer several advantages.

Top reasons to gift whole life insurance to a child

It establishes an enduring financial foundation, which can help your child with future uncertainties.

It guarantees your child's insurability regardless of his or her future medical or health conditions.[3]

It locks in lower premiums when your child is young and healthy.

With an added option, your child can increase or acquire guaranteed additional coverage when older or at certain life events as needed without proof of insurability.

It's designed to grow and accumulate in value over the long term; its value never decreases as long as premiums are paid and there are no loans or withdrawals.[1, 2]

It creates a future cash resource for life events, such as college tuition payments, seed money for a new business, or a down payment for a new home.

It leverages dollars to provide a valuable legacy for a child's future use.

It's an effective strategy in estate and other types of planning.

Case study: Strategic planning

1. Grandparents purchase a whole life insurance policy in the amount of $500,000 for a two-year-old grandchild, gifting the premium of $5,000 annually for 16 years.
2. Their grandchild, Mike, age 18, enters college and withdraws $8,000 each year for four years to supplement his college expenses in addition to offsetting premium payments.
3. At age 40, Mike uses an additional $20,000 of the cash value as a down payment on a condo.
4. Additionally, Mike is able to supplement his retirement income with a distribution of $20,000 a year for 20 years.
5. Mike's grandparents are able to help substantially during their lifetime; they've reduced the size of their taxable estate and helped to ensure that a legacy is intact for future generations.

Life insurance can be a simple solution to help cover, or settle, eventual estate taxes for you. It's also an unforgettable way to touch the life of someone you love for years to come.

Mike's age range (issue age 2)	Annual net after-tax outlay to policy	Annual net after-tax outlay from policy	Cumulative net after-tax outlay to policy	Cumulative net after-tax outlay from policy	Net cash value at end of age range	Net death benefit at end of age range
2 to 17	$5,000 x 16 years	–	$80,000	–	$96,665	$865,674
18 to 21	–	$8,000 x 4 years	–	$32,000	$80,834	$682,092
40	–	$20,000	–	$52,000	$182,441	$706,588
65 to 84	–	$20,000 x 20 years	–	$452,000	$593,181	$826,224

Outlay to policy – Premium paid   Outlay from policy – Withdrawals/loans made

Death benefit payable if Mike were to pass away at age 85: $828,792

This is a hypothetical whole life illustration and is not representative of an actual Guardian whole life insurance policy. It's intended to show, in general terms, how a typical participating whole life insurance policy might work. This illustration reflects a L99/L95, $500,000 base face amount with base premium of $2,603 and an additional Paid-Up Additions premium to equal 5,000 in all scenarios ($2,397 avg) annual 2023 dividend scale, which isn't guaranteed and is declared annually by Guardian's Board of Directors.[4, 5] If you're considering purchasing a Guardian whole life insurance policy, a full illustration with guaranteed values and other important information must be provided.

As shown in the early years, dividends are applied to purchase dividend additions, which increases both the cash value and death benefit in the policy beyond the initial amount. In later years, these dividend additions are used to pay for both the policy premium and for the examples noted above. Note: withdrawing dividend additions reduces the cash value and death benefit in the policy.

Contact your trusted financial representative today to learn more about how you can help protect your loved ones' financial future through the gift of life insurance.

[1] Some whole life polices do not have cash values in the first two years of the policy and don't pay a dividend until the policy's third year. Talk to your financial representative and refer to your individual whole life policy illustration for more information.

[2] 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.

[3] 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.

[4] 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.

[5] Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors. The total dividend calculation includes mortality experience and expense management as well as investment results.

Policy form number 21-WL.

Rider form number 21-PUA.

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.

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.

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The Guardian Life Insurance Company of America

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