Guardian®

The Statement You Will Want to Open

Whole life insurance provides stability and confidence. It offers guaranteed[1] financial protection against untimely death, plus an efficient way to pass wealth to your heirs.

The asset that's not affected by stock market fluctuations

Whole life is a long-term asset that develops cash value that can grow to a significant amount over time[2], and can be accessed through policy loans and withdrawals.[3,4]

There is virtually no other financial asset like whole life . Compare some of its features with other financial instruments — and you'll see that the benefits of whole life are exceptional:

- Guaranteed death benefit, typically income tax-free to beneficiaries[5]
- Guaranteed cash value that is not correlated to the stock market and provides stable returns over time
- Access to cash available through policy loans and withdrawals. Policy loans may be income tax-free as long as the policy is in force
- The policy can be transferred or pledged as collateral for a loan
- The policy is self-completing in the event of disability when the Waiver of Premium rider has been elected[6]

Leveraging your assets — when more is *more*

Over and above the foundational value provided by your whole life policy, there is 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. Extra dollars have the potential to work harder here, potentially boosting your policy's cash value at an accelerated pace![7]

Do you have money on the sidelines?

Suppose you earned a $25,000 bonus. What can you do with such a one-time cash windfall? One option is to deposit it into your whole life policy. Let's see what happens to a policy's values and returns when the policyholder makes a one-time PUA payment of $25,000.[8]

This hypothetical example is a policy that is not for sale. It shows results for a 40-year-old, Best Class insured, with a $1 million whole life policy. Please note that a contribution of $250 is required each year the policy is in force to maintain the PUA option, but that amount is not included in the following chart in order to highlight the effect of the $25,000 one-time contribution in policy year.

Policy Year	PUA Payment*	Cash Value**	Internal Rate of Return (IRR)	Pre-Tax Equivalent on IRR***	Additional Death Benefit†
3	$25,000	$24,538	-1.85%	-1.85%	$103,387
4	-	$25,607	1.21%	1.72%	$104,347
5	-	$26,724	2.25%	3.21%	$105,310
6	-	$27,887	2.77%	3.96%	$106,274
7	-	$29,102	3.09%	4.41%	$107,239

* The PUA payment is made at the beginning of the policy year. Please note that the required annual contributions of $250 are not included in this example.

** Cash values shown here are results only from the $25,000 extra payment, and are shown at the end of the policy year. Values are based on Guardian's 2019 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.

In this example, the policyholder used the $25,000 bonus as a PUA contribution in policy year 3 — an ideal strategy for cash received from a bonus or from the sale of an asset. When considering alternatives for money you have on the sidelines, it can be beneficial to consider life insurance.

Flexible features built for change

Since life insurance is a long-term asset designed to fit your financial profile during your lifetime, the Paid-Up Additions rider on a whole life policy was created to dovetail with your policy to provide more control. 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 becomes a source of ready, liquid cash. **And, just as policy loans are typically available income tax-free, withdrawals from the PUA are income tax-free 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 was issued would cover specified PUA payments in addition to the policy's premium.

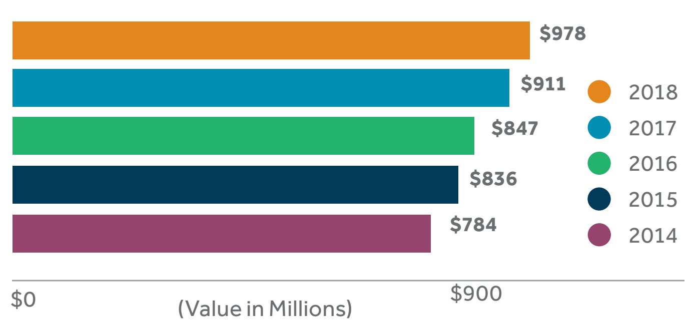
How Guardian's strength benefits you[9]

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

Guardian® has been keeping the promises we've made to our clients for over 150 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 Wall Street or pay dividends to stockholders, because we don't have stockholders. Our policyholders are the real owners of our company and one way they 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 November 2018, Guardian's Board of Directors approved a dividend payout of $978 million to its individual life policyholders in 2019.

The chart below illustrates Guardian's steady dividend history from 2014-2018.



The bottom line

Whole life can provide a solid foundation to a well-thought-out financial strategy. Whole life is an asset that's not affected by stock market fluctuations. And through Guardian's Paid-Up Additions rider, you can purchase additional paid-up insurance to further enhance 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 smart way for you to create, leverage and retain wealth for the long term.

Expanding the conversation about whole life insurance — it's an asset that can greatly enhance a financial portfolio.

[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 polices 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 policymay 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. 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. Whole life riders may incur an additional premium or cost. Rider benefits may not be available in all states. 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.

[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.

[7] Policyholders can purchase paid-up additional insurance on the insured's life, within policy limits, over and above the base premium amount. A 5% load is deducted from each PUA payment.

[8] Example shown is based on a hypothetical policy not available for sale, using Guardian's Whole Life Paid-Up at age 99 and averaging male and female valuesfor issue age 40. A full illustration showing both guaranteed and non-guaranteed values must be provided by a Guardian representative to individualsapplying for any Guardian whole life insurance policy.

[9] Financial information concerning Guardian as of December 31, 2018, on a statutory basis: Admitted Assets = $58.5 Billion; Liabilities = $51.3 Billion (including $44.3 Billion of Reserves); and Surplus = $7.2 Billion.

Policy Form Numbers 18-L99 Rider Form Numbers 18-WP WL and 18-PUA

Guardian

The Guardian Life Insurance Company of America
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guardianlife.com

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