



A life insurance resource for individuals,  
families, and business owners



# Lifetime protection. A lifetime of value.

**Explaining the money  
stages of whole life insurance**

# Whole life insurance illustration

The illustration on the next page showcases an example of the information contained in a concept illustration.

The various sections show the following:

• Insured age	Shown as age 40.
• Risk class	Shown as "Preferred Non-Smoker" (Preferred NT).
• Face amount	Shown as a benefit amount of \$500,000, which includes the basic face amount of insurance, plus any amounts covered by optional riders. <sup>1</sup>
• Policy	Hypothetical whole life not available for sale.
• Annual premium	Shown as a premium of \$8,948, which includes the basic policy premium without any riders selected, and may be paid in several ways (e.g., a single sum at the beginning of each year or quarterly installments).
• Dividend <sup>2</sup> option	<div>Shown as "Paid-Up Additions" (D) — the method selected for applying the dividends that Guardian credits. Policyholders share in the company's profits through annual dividends (if declared), which can be used to enhance coverage or reduce outlay in a number of ways, like:<ul style="list-style-type: none"><li>– Offsetting part or all of the premium</li><li>– Purchasing paid-up additional insurance</li><li>– Repaying any outstanding loan principal</li></ul></div>

## Across the columns

Across a typical illustration, from left to right, there are columns that reflect information for your consideration.

- **Policy year** — The number of years the policy is in force, starting from year one.
  - **Age at start of year** — The insured person's age at the beginning of each policy year. The insurance age is as of the nearest birthday.
  - **Base policy annual premium** — The cost of the coverage each policy year, not including any added riders. This may be paid via cash payment or by policy loans and surrendering the policy's paid-up additions,<sup>3</sup> if available.
  - **Base Guaranteed Cash Value** — If the annual premium is paid every year, this is the minimum cash value at the end of each year.
  - **Increase in Base Guaranteed Cash Value** — The year-to-year Base Guaranteed Cash Value increase.
  - **Annual dividend\*** — The annual dividend payable at the end of each year, assuming the dividend scale currently paid by Guardian never changes. Dividends tend to change every year to reflect Guardian's investment
- experience, claims paid, expenses and other factors. If you pay less premium in cash or take policy loans,<sup>4</sup> your dividends would be different than shown.

  - **Net Premium\*** — The cash payment for the annual premium for the base policy and any riders at the beginning of the year.
  - **Cumulative Net premium\*** — The sum of this year's Net Premium plus Net Premiums in all prior years.
  - **Net Cash Value\*** — The cash value payable if you surrendered the insurance at the end of any policy year, including guaranteed and non-guaranteed cash values.
  - **Increase in Net Cash Value\*** — The year-to-year Net Cash Value increase.
  - **Net death benefit\*** — The end-of-the-year guaranteed base policy death benefit plus the life insurance amount provided by dividend additions and any added riders.

\* Any column marked with an asterisk is dependent upon dividends. Values reflect the illustration's assumptions and indefinite continuation of the 2024 dividend scale. Dividends are declared annually by the Board of Directors and are not guaranteed. If the premium is paid out of pocket each year, it is guaranteed. If the premium is paid internally (premium offset), it is not guaranteed and is dependent on the non-guaranteed dividend.

# Guardian whole life

## Hypothetical life insurance illustration

### Male/female blend age 40, Preferred Non-Smoker class

#### Custom planning concept based on the 2024 Dividend Scale

Policy year	Age at Start of Year	Guaranteed Premium #	Base Guar. Cash Value ##	Increase in base Guar. Cash Value ##	End of yr. Dividend #*	Net Premium	Cumulative Net Premium #*	Net Cash Value ###	Increase in Net Cash Value ###	Net Death Benefit
1	40	8,948	163	163	0	8,948	8,948	163	163	500,000
2	41	8,948	4,275	4,113	689	8,948	17,895	4,964	4,801	500,689
3	42	8,948	10,254	5,979	842	8,948	26,843	11,802	6,839	502,965
4	43	8,948	16,976	6,723	974	8,948	35,790	19,539	7,737	505,628
5	44	8,948	23,885	6,909	1,146	8,948	44,738	27,661	8,122	508,658
6	45	8,948	31,120	7,235	1,307	8,948	53,685	36,301	8,640	512,100
7	46	8,948	38,541	7,421	1,507	8,948	62,633	45,364	9,063	515,949
8	47	8,948	46,164	7,623	1,871	8,948	71,580	55,036	9,672	520,418
9	48	8,948	53,986	7,823	2,272	8,948	80,528	65,362	10,326	525,791
10	49	8,948	62,015	8,029	2,678	8,948	89,475	76,366	11,005	532,085
11	50	8,948	69,546	7,531	3,089	8,948	98,423	87,361	10,995	539,263
12	51	8,948	77,253	7,706	3,522	8,948	107,370	99,053	11,692	547,303
13	52	8,948	85,129	7,876	3,968	8,948	116,318	111,463	12,410	556,203
14	53	8,948	93,175	8,046	4,430	8,948	125,265	124,619	13,157	565,951
15	54	8,948	101,390	8,215	5,179	8,948	134,213	138,821	14,202	576,807
16	55	8,948	109,766	8,376	5,734	0	134,213	144,711	5,891	568,967
17	56	8,948	118,301	8,535	6,309	0	134,213	151,268	6,557	562,563
18	57	8,948	126,991	8,690	6,911	0	134,213	158,528	7,259	557,579
19	58	8,948	135,826	8,835	7,553	0	134,213	166,533	8,005	554,017
20	59	8,948	144,800	8,974	8,058	0	134,213	175,156	8,623	551,713
21	60	8,948	153,851	9,051	8,325	0	134,213	184,109	8,953	550,232
22	61	8,948	163,014	9,163	8,609	0	134,213	193,448	9,339	549,323
23	62	8,948	172,281	9,268	8,893	0	134,213	203,174	9,726	548,974
24	63	8,948	181,638	9,356	9,202	0	134,213	213,300	10,127	549,185
25	64	8,948	191,073	9,435	9,535	0	134,213	223,849	10,549	549,976
26	65	8,948	200,585	9,513	9,881	0	134,213	234,839	10,990	551,352
27	66	8,948	210,171	9,586	10,250	0	134,213	246,298	11,458	553,320
28	67	8,948	219,830	9,659	10,638	0	134,213	258,250	11,952	555,890
29	68	8,948	229,554	9,724	11,045	0	134,213	270,715	12,465	559,065
30	69	8,948	239,338	9,784	11,479	0	134,213	283,722	13,008	562,859
31	70	8,948	249,158	9,820	11,931	0	134,213	297,275	13,552	567,280
32	71	8,948	258,999	9,841	12,411	0	134,213	311,392	14,117	572,340
33	72	8,948	268,838	9,839	12,889	0	134,213	326,055	14,663	578,026
34	73	8,948	278,650	9,813	13,415	0	134,213	341,294	15,239	584,360
35	74	8,948	288,424	9,774	13,979	0	134,213	357,140	15,846	591,376
36	75	8,948	298,141	9,718	14,570	0	134,213	373,610	16,470	599,094
37	76	8,948	307,805	9,664	15,163	0	134,213	390,716	17,106	607,504
38	77	8,948	317,403	9,598	15,766	0	134,213	408,462	17,746	616,588
39	78	8,948	326,934	9,531	16,372	0	134,213	426,856	18,395	626,334
40	79	8,948	336,380	9,446	17,001	0	134,213	445,909	19,053	636,744

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, 40, Preferred NT, L95 and L99 and Guardian's 2024 dividend scale. A full illustration, showing both guaranteed\*\* and non-guaranteed values, must be provided by a Guardian Financial Representative 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.

\*\*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.

# This symbol indicates values shown are beginning-of-year.

## This symbol indicates values shown are end-of-year.

# The money stages of whole life insurance

**Six ways a whole life insurance policy can change for the better, the longer you own it.**

- 1. Guaranteed Cash Value generated:** Stage begins when a premium payment triggers an increase in the Guaranteed Cash Value. Depending on the policy design, this can occur during the first, second, or third year.  
**Example:** In year<sup>1</sup>, the policy generated \$163 of Guaranteed Cash Value.
- 2. First policy dividend\*:** Dividends are credited at policy anniversaries. If dividends aren't withdrawn in cash, they compound along with other cash values, accelerating cash value growth in your policy.<sup>5</sup>  
**Example:** In the sample illustration, the first annual dividend is \$689, credited at the end of year 2.
- 3. Positive net cash flow:** In early years, premium payments will exceed cash value growth. Stage 3 begins in year 7, when that the policy turns "net cash positive" — meaning the increase in Net Cash Value (including dividends) exceeds the Net Premium. \$9,063 exceeds the premium by \$116.
- 4. Net cash value exceeds cumulative premium\*:** Stage 4 is a critical year. That's when the policy has more cash value than what you've paid in premiums.  
**Example:** In the illustration, the Net Cash Value at the start of year 15 is \$138,821, in comparison to the Cumulative Net Premium of \$134,213. Under current tax law, this annual growth is tax-deferred.
- 5. Self-supporting policy\*:** At Stage 5, there may be enough dividend value built up for the policy to become self-supporting. At this time, future premiums can be paid as they fall due with annual dividends and previously earned dividends.  
**Example:** Starting in year 16, the illustration shows no further cash payments, but the policy continues to grow.
- 6. Positive guaranteed cash flow:** Even if Guardian never credits a dividend, in most policies, the Guaranteed Cash Value increase will grow to exceed the guaranteed premium. Stage 6 represents the year in which the annual increase in Guaranteed Cash Value exceeds the Net Premium.  
**Example:** In year 20, the increase in Base Guaranteed Cash Value of \$8,974 exceeds the Net Premium by \$26.

**More great things about whole life insurance in general**

- **Death benefits**

- Life insurance proceeds payable to a named beneficiary won't be included in the estate probate process.
- The services of a lawyer aren't typically necessary to collect or distribute life insurance proceeds.
- Interest is paid on life insurance proceeds from the date of the insured's death until the date payment is made. — subject to current income tax.<sup>6</sup>
- The entire death benefit can be paid in as little as one week following the life insurance company's receipt of proof of the insured's death.
- Life insurance proceeds can also be paid out with interest over a specified period, helping to ensure that financial obligations may be fulfilled over the long term.

- **Living benefits**

- Every whole life policy can be converted into an annuity.
- The optional Enhanced Accelerated Benefits Rider (EABR)<sup>7</sup> allows the policyholder to receive a portion of the death benefit if the insured is diagnosed with a terminal illness.
- The optional EABR may also pay part of the death benefit while the insured is still living, if the insured becomes chronically ill and needs permanent assistance with two or more "activities of daily living."
- The optional Waiver of Premium rider,<sup>8</sup> when applied, stipulates that Guardian will pay premiums on the insured's behalf should they become disabled.

Note: the accompanying summary illustration is designed to explain basic contract mechanics and isn't a complete illustration. A complete illustration must be reviewed before purchasing any life insurance contract. Values are based on the 2024 dividend scale. The stages described don't take into account the time value of money. The cash value increases are a result of both the premium payments and dividends on the existing cash value.

# Whole life insurance

**Whole life insurance is designed to protect, grow and accumulate value throughout your lifetime.**

**It can be an asset that helps you achieve financial independence while affording you valuable guarantees.**

Lifetime protection is a special advantage of whole life insurance. But it isn't the only benefit. In fact, the longer it stays in force, a whole life insurance policy can keep changing for the better, with more benefits built into its structure.

## **A personal illustration can provide a long-term view**

Your Guardian financial professional will prepare and deliver a customized illustration based on your goals. We urge you to evaluate all six money stages of whole life insurance within the context of your personal illustration, and with financial professional's help.

Owning life insurance means much more than paying premiums and receiving a death benefit — it's a flexible financial tool that develops value and usefulness over time. Because life insurance policies aren't static, illustrations are helpful in explaining key features and benefits of a policy over many years.

Over time, Guardian's policies develop both guaranteed and non-guaranteed cash values and features, and an illustration can help you understand the important differences between these.<sup>9</sup> Guaranteed values are stated in the contract, and due to careful expense management, claims experience and investment performance, Guardian can provide extra benefits through dividends. Non-guaranteed values, such as dividends, will likely change over time — going both up and down — once the policy is in force. Because no company can accurately predict the future, illustrations shouldn't be relied on to estimate future costs or benefits.

However, illustrations can help show how Guardian's policies may work over a lifetime, assuming a scenario in which Guardian continues to charge and credit the way it currently does for hundreds of thousands of actual policies.



- 1 Riders may incur either an additional premium or cost. Rider benefits may not be available in all states.
- 2 Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.
- 3 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.
- 4 Policy benefits are reduced by any outstanding loans and loan interest. Dividends, if any, are affected by policy loans and loan interest. 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 distribution from the policy is also subject to a 10% tax penalty.
- 5 Some whole life policies 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.
- 6 Interest is subject to taxes. 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.
- 7 The cash surrender value, loan value, and death proceeds payable will be reduced by any lien outstanding due to the repayment of an accelerated benefit under this rider. The accelerated benefits in the first year reflect deduction of a one-time \$250 administrative fee, indexed at an inflation rate of 3% per year to the rate of acceleration. Please see state-specific EABR Disclosure form (01-ABR-1) for complete details about the rider.
- 8 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.
- 9 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.

Rider Form Nos. 01-R111, 18-WP WL. Policy Form No. 21-WL.

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