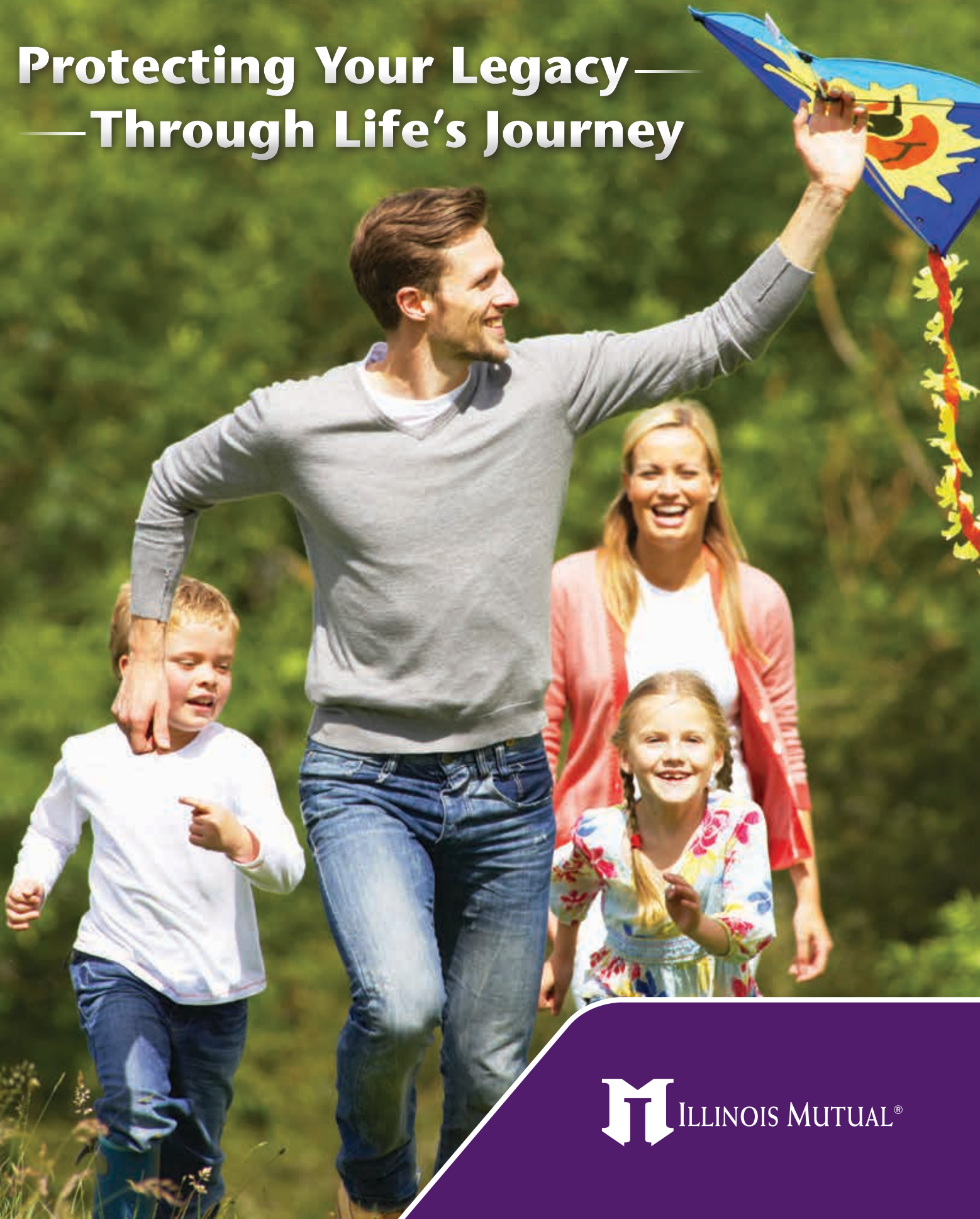


# Protecting Your Legacy — — Through Life's Journey



## Live Life on Your Terms

Having a plan in place can give you the freedom to enjoy life and focus on the things you can control. Part of this is taking steps to help protect your family's financial future.

Consider your long-range financial goals. Without your contribution to the household, would your family have enough money to meet the goals you've set for your family's future? The truth is, it's always a struggle when you lose someone you love, but emotional struggles don't need to be compounded by financial difficulties.

Life insurance can be the foundation of a strong financial plan, and can help you accomplish many planning objectives. It is important to have the right amount of life insurance coverage to protect your loved ones and to fulfill financial obligations after you're gone.

A recent study conducted by Life Happens, a non-profit organization dedicated to educating the public on important insurance planning topics, showed that four of the more common reasons people decide to purchase life insurance are:

1. To cover burial and other final expenses
2. To help replace lost income
3. To help pay off the mortgage
4. To transfer wealth or leave an inheritance

*Life Happens and LIMRA, 2015 Insurance Barometer Study, ©2015, LL Global Inc. and Life Happens  
Provided for educational purposes only courtesy of Life Happens. [www.lifehappens.org](http://www.lifehappens.org) (2015)*



## Whole Life Provides Guarantees

Path Protector® Whole Life offers lifetime coverage with premiums, death benefit and cash values guaranteed for the life of the policy as long as premiums are paid in a timely manner. Whole life insurance can be a valuable asset within your overall portfolio that builds value over time to protect your financial goals in the event of your premature death.

### Guarantees

- 1** **Guaranteed premium rates**  
 Protecting your risk – Your premium rate will not increase during the life of your contract regardless of changes in your health or age.
- 2** **Guaranteed cash value accumulation**  
 Generate cash value accumulation – The cash value is contractually guaranteed to grow in your policy every year until age 121.
- 3** **Guaranteed death benefit**  
 Provide for your family after you're gone – Don't wonder what would happen to the ones you care about most; know they are protected with a guaranteed death benefit.

**Ask about  
Living Benefits!**

## Get Covered, Save Time

In today's fast-paced world where many things are just a click away, one thing that hasn't changed is the need for life insurance protection.

With the Fast, Simple, Seamless® sales process of Path Protector® Whole Life, you can obtain up to \$250,000 of whole life insurance by simply providing an application with basic personal information. If your personal, health and prescription histories are acceptable, that's all you need to do!

- **Fast** = Fewer steps, faster decisions
- **Simple** = No exams required at time of application\*
- **Seamless** = No paper forms, electronic signature

*\*Additional underwriting requirements apply: (i) to applicants aged 66 or older; (ii) to applicants with total coverage in force and applied for exceeding \$250,000; or (iii) if indicated by MIB, Rx data check, or other information developed during underwriting. Contact your agent or Illinois Mutual for further details.*

### Cash Accumulation

Path Protector® Whole Life offers a cash accumulation feature that grows tax deferred<sup>1</sup> under current tax laws over the life of the policy. While life insurance's primary purpose is financial protection for your beneficiaries, the cash value can be accessed through a loan to help provide funds for emergency purposes, such as medical expenses or educational needs. Loans reduce the death benefit and cash value and accrue interest at the rate established in the policy, payable in advance (See About Policy Loans on page 7).

<sup>1</sup>Life insurance benefits are generally includible in one's estate and, as such, may be subject to estate taxes. An accountant or attorney should be consulted regarding taxation (personal and estate) of benefits.



## Financial Considerations with a Whole Life Policy

### Tax Considerations

It is important to consider the tax implications of any financial product, including a whole life policy. As you plan for the future, keep in mind that taxes can play a significant role in the amount of assets actually transferred to your beneficiaries. Under current federal tax laws, whole life usually has favorable tax advantages.

#### Tax Considerations

- Income tax-free death benefit paid to beneficiary<sup>1</sup>
- Tax-deferred growth of policy cash values
- Potential income tax-free policy loans

<sup>1</sup>Life insurance benefits are generally includible in one's estate and, as such, may be subject to estate taxes. An accountant or attorney should be consulted regarding taxation (personal and estate) of benefits.

### Policy Loans

It can sometimes be difficult to get approved for financing for major purchases. With a whole life policy, you have the ability to use your cash accumulation as collateral in a tax-free loan against your policy. If something were to happen, and you needed money now, with Path Protector® Whole Life, you could take out a policy loan. This option can help ensure that you have financial stability throughout life's stages.

### ABOUT POLICY LOANS

Policy loans up to the sum of the cash value (policy and any paid-up additions) and any dividend accumulations, less any outstanding prior unpaid loans and interest, are allowed. Generally there is insufficient loan value during the early policy years unless there is a 1035 exchange with sufficient transfer of funds. Loans reduce the policy's death benefit and are repaid with interest, which accrues at the rate established in the policy and is payable in advance. Any unpaid interest is added to the outstanding loan balance and bears interest on the same terms as the loan.

If the policy is a modified endowment contract (MEC), then the loan proceeds may be immediately taxable and subject to a 10% penalty tax if the policyowner is not 59-1/2 or disabled. (See MEC sidebar on page 9.)

This notice is a general explanation of policy loans and is not intended to cover all situations. The terms of the policy will control. Illinois Mutual and its agents do not provide tax advice.

We always recommend that policyowners consult an accountant or attorney regarding their specific situation.



## A Plan for Life

### Meet David

David, 30, and his wife, Robin, have one child. David wants to ensure they are financially secure should he suffer an untimely death. He has decided to purchase life insurance to help accomplish this objective.

David's agent explained the different forms of life insurance and analyzed in detail the amount of insurance needed to meet the financial obligations of David's family. David likes the idea of permanent lifetime protection which offers a guaranteed level premium and death benefit. He also likes knowing that, in later policy years, if sufficient cash value has accumulated, policy loans may be available to help provide funds for emergency purposes, such as educational needs, retirement income supplements or medical expenses.

David's agent provided an illustration for a Path Protector® Whole Life 20-pay policy for \$250,000 with an annual premium of \$3,690, assuming David would qualify at a preferred non-tobacco rate. The \$250,000 death benefit will increase over the years if dividend payments are used to purchase additional amounts of paid-up insurance.

Impressed with the flexibility of Path Protector® Whole Life, David decides to purchase this coverage. First and foremost, David wants the death benefit protection for his family. Second and equally important, David likes having a permanent asset with tax-deferred cash value accumulation that grows over his lifetime as long as premiums are paid.

With David paying an annual premium of \$3,690 for 20 years, here are the cash values and death benefit on David's Path Protector® Whole Life plan\*:

Age	Cumulative Premium	Guaranteed Cash Value	Guaranteed Death Benefit	Non-Guaranteed Cash Value	Non-Guaranteed Death Benefit
50	\$73,800	\$75,600	\$250,000	\$81,755	\$270,353
65	\$73,800	\$124,658	\$250,000	\$150,792	\$302,413
80	\$73,800	\$180,830	\$250,000	\$244,684	\$338,279

**\*For illustration purposes only. Non-guaranteed cash values and death benefits shown assume dividends are paid annually at current rates as of 12/31/2014. Face amounts of less than \$100,000 have a lower dividend interest rate. Actual results will be more or less favorable. The amount paid is subject to the claims-paying ability and overall financial strength of the Company. Illinois Mutual reserves the right to change dividend interest rates at any time and for any reason. You should always request a formal product illustration for a more complete description of the guaranteed and non-guaranteed values.**



### Money When You Need It

#### 20 Years Later...

Twenty years into the plan, David's son is going to college and needs an additional \$15,000 to apply toward educational expenses. David can take a \$15,000 policy loan. There are no credit checks or long waits, and David can provide much-needed funds for his son's educational expenses.

#### 35 Years Later...

David is now 65 and has repaid his prior loan. He is ready to retire, and the loan value in his policy can provide funds for emergencies and unexpected expenses when his primary income sources are not sufficient. David may access policy funds using loans but must be careful not to lapse the policy. Currently, policy loans may be realized tax-free so long as the policy is not a MEC.

#### 50 Years Later...

David's primary goal was to provide for his loved ones after he is gone. Even if David's policy has an outstanding loan at the time of his death, any remaining death proceeds (minus the amount of the unpaid loan and accumulated unpaid interest) generally would be distributed income tax-free to his beneficiaries at his passing at age 80.<sup>1</sup> With life insurance, David was able to leave a legacy for his family.

<sup>1</sup>Life insurance benefits are generally includible in one's estate and, as such, may be subject to estate taxes. An accountant or attorney should be consulted regarding taxation (personal and estate) of benefits.

### A WORD ABOUT MODIFIED ENDOWMENT CONTRACTS (MECs)

Statements regarding tax-free loans and distributions apply to non-MEC policies. Loans and distributions from MECs are taxed on a last-in first-out (LIFO) basis; i.e., earnings are deemed distributed before premiums, and are subject to a 10% tax penalty if the policyowner is not 59-1/2, disabled or receiving payments in substantially equal installments over his/her life expectancy. Loans and distributions from non-MECs are not subject to the penalty tax and are generally tax-free since the proceeds are taxed on a first-in first-out (FIFO) basis (premiums deemed distributed before earnings).

Taxation of death benefits, however, is the same for MECs and non-MECs. With both, the beneficiary generally receives the death benefit tax-free while the estate may have some taxation. If policy loans or distributions are not anticipated, a MEC may offer more opportunity for increase in cash value while still providing the tax advantages of the death proceeds. This is an important decision in choosing coverage since once a MEC, always a MEC. In limited situations, MEC status may be removed if the policyowner requests and receives a refund of the excess premium within IRS time frames.

At Illinois Mutual, we are here to answer your questions. The best practice, however, is to consult a tax advisor.

*This notice is a general explanation of MECs and is not intended to cover all situations regarding MECs. In reading this notice, please be advised that neither Illinois Mutual nor its agents provide tax advice. We recommend consulting an accountant or attorney regarding each situation.*

# Path Protector® Whole Life

## Dividends

Path Protector® Whole Life is a participating policy, which means that Illinois Mutual pays dividends to policyowners when a divisible surplus is allocated to the policy. Dividends are not guaranteed and are payable at the discretion of Illinois Mutual, and the amount paid is subject to the claims-paying ability and overall financial strength of the Company. Dividends typically are paid each year beginning on the second policy anniversary and can be applied in several ways depending on your objectives.\*

\*MEC testing applies to all options except offset of premiums. If the policy is or becomes a MEC, it is recommended that dividends be used to offset premium payments to avoid taxation. (See MEC sidebar on page 9.)

### Select the option which is right for you:

- Purchase additional paid-up insurance
- Offset your premium payments
- Allow the dividends to grow with interest
- Collect as cash income

## Flexible Payment Options

Path Protector® Whole Life provides five payment plans. Once the policy is paid up and all premium payments have been made, your death benefit and cash value continue to grow over the life of the policy. Some of these flexible payment options may create a modified endowment contract (MEC). (See MEC sidebar on page 9.)

Single Pay	Your policy is fully paid up after the first single payment
10-Pay	Your policy is fully paid up after 10 years of premium payments
20-Pay	Your policy is fully paid up after 20 years of premium payments
To Age 65 Pay	Your policy is fully paid up at age 65 of the insured
Continuous Pay	Your policy is fully paid up at age 121 of the insured

## Personalize Your Policy

When you talk with your agent, it is important to discuss your long-term financial goals. This can help your agent tailor your policy to your specific requirements. Illinois Mutual has several Optional Riders that allow you to personalize your policy. They can provide additional protection depending on your family's needs.

For example:

- A **Level Term Insurance Rider** provides affordable life insurance protection and can be included on the primary insured, the insured's spouse or partner in a legally sanctioned civil union or domestic partnership, as well as children.
- The **Paid-Up Insurance (PUI) Rider** allows purchase of additional paid-up life insurance beyond the coverage acquired under the base policy, which can enhance the cash value and death benefit growth beyond the base policy.<sup>2</sup>

### Make the Decision Today

The right life insurance coverage can help give your family protection for the future. The sooner you purchase, the more time your policy has to accumulate growth through dividends and cash value. Talk with your agent today to find out how to get started.

For more information, visit:  
**WholeLife.IllinoisMutual.com**

<sup>2</sup>PUI Rider Specifics: Issue Ages 18-75. PUI Rider available on Continuous pay, To age 65 pay and 20-pay plans. Maximum premium paying period is 15 years (not to exceed age 80). The PUI payment is fixed for the life of the policy and cannot be changed. Minimum payment is \$50 annually (monthly minimum = \$4.17). Maximum payment is one times base premium; however, additional limitations may apply. Not available on rated cases.





## Strength

A strong capital position backed by \$1.44 billion in assets.  
As of 06/30/18



## Stability

In business for over 100 years.



## Values

Family-operated business for five generations.



## Support

A mutual insurance company focused on the interests of our policyowners.

Policy Form 617, Whole Life Insurance To Age 121 Policy  
Policy Form 5585, Term Insurance Rider  
Policy Form 5586, Other Insured Term Insurance Rider  
Policy Form 5614, Option to Purchase Annual Paid-Up Insurance Rider  
Policy Form 5738, Chronic and Terminal Illness Accelerated Death Benefit Rider  
Policy Form 5739WL, Terminal Illness Accelerated Death Benefit Rider

Not available in AK, DC, HI, MT or NY. Coverage and availability may vary in other states.

Life insurance products are not bank products, are not a deposit, are not insured by the FDIC, or any other federal entity, have no bank guarantee, and may lose value.

For costs and details of coverage, limitations, exclusions and terms, contact your Illinois Mutual agent or Illinois Mutual.

Illinois Mutual, its agents and representatives may not give legal or tax advice. An accountant or attorney should be consulted regarding individual circumstances.

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