The Statement You Will Want to Open

Expanding the Conversation about Whole Life Insurance — it's an asset that greatly enhances a financial portfolio.

Whole life insurance provides stability and security, with guaranteed financial protection against untimely death, plus an efficient way to pass on wealth to your heirs. It is a long-term asset, developing cash values which can grow to a significant amount over time, and can be accessed through withdrawals and loans.[1,2]

The Asset That's Not Affected by Stock Market Fluctuations

There is virtually no other financial asset like whole life insurance. Compare some of its features with other financial instruments — the benefits of whole life are exceptional:

- Guaranteed death benefit, typically income tax-free to beneficiaries.[3]
- Guaranteed cash value is not correlated to the stock market.
- Access to cash available through withdrawals and loans. Policy loans may be income tax-free as long as the policy is in force.
- Policy can be transferred or pledged as collateral for a loan.
- Cash values provide stable returns over time.
- Self-completing in the case of disability when the Waiver of Premium rider has been elected.[4]

Leveraging Your Assets — When More is More

Over and above the value provided by your whole life policy, there is also an optional feature that not everyone has, but that provides even greater benefits as a portfolio asset. The Paid-Up Additions rider (PUA) allows the purchase of additional paid-up insurance, with flexible payment options and at favorable rates to enhance the policy's value. Extra dollars can work harder here, boosting values at an accelerated pace![5]

[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] 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] 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.

[4] Waiver of Premium rider has an additional premium.

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

Money On the Sidelines?

Where are you putting your extra cash these days?

Suppose you earned a $25,000 bonus. What can you do with a one-time cash windfall? Let's see what happens to a policy's values and returns if the policyholder makes a one-time PUA payment of $25,000.[6]

This hypothetical example shows results for a 40-year-old, Best Class, with a policy of $1 million in face amount. Please note that a contribution of $100 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 3.

Policy Year	PUA Payment*	Cash Value**	Internal Rate of Return (IRR)	Pre-tax Equivalent on IRR***	Additional Death Benefit
3	$25,000	$24,797	-0.81%	-0.81%	$94,492
4	–	$25,893	1.77%	2.53%	$95,347
5	–	$27,035	2.64%	3.77%	$96,230
6	–	$28,227	3.08%	4.40%	$97,146
7	–	$29,472	3.35%	4.78%	$98,094

* The PUA payment is made at the beginning of the policy year. Please note that the required annual contributions of $100 are not included in this example.

** Cash value shown here are results only from the $25,000 extra payment, and is shown at the end of the policy year. Values are based on Guardian's 2017 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.

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 on the sidelines, be sure to include life insurance. How do these rates look to you?

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[7] on a whole life policy was created to dovetail with the 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 available. And, just as policy loans are typically available income tax-free, **withdrawals from PUA are income tax-free up to the policy basis.** Plus, the PUA is not a contractual obligation — just an annual contribution of $100 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.[8]

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

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

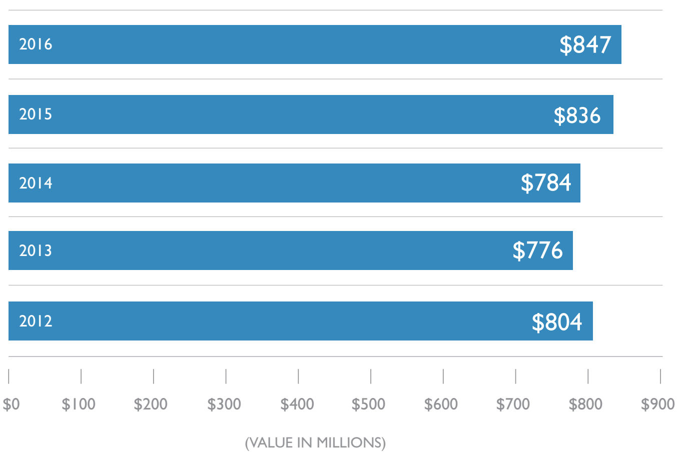
[8] Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

Why Guardian?

The company you choose is as important as the policy you purchase. Guardian is a mutual life insurance company, operating for the benefit of participating life insurance policy owners who share in the company's results, in part, through the payment of annual dividends.

Unlike stock-based companies, there are no outside shareholders, so the company is managed to maximize the long-term interests of its clients. While dividends are not guaranteed, Guardian has paid dividends to participating policyholders every year since 1868 — through good economic times and bad. In November 2016, Guardian's Board of Directors approved a dividend payout of $847 million to its individual life policyholders in 2017.

The chart below illustrates Guardian's steady dividend history from 2012–2016.



What the Ratings Agencies Say

Guardian has received excellent ratings from the four major ratings agencies, and our ratings for financial strength and stability have been reaffirmed since 2009, during a time of exceptional economic uncertainty.[9]

A.M. Best
A++ (Superior – highest of 15 ratings)

Fitch
AA+ (Very Strong – 2nd highest of 21 ratings)

Moody's Investors Service
Aa2 (Excellent – 3rd highest of 21 ratings)

Standard & Poor's
AA+ (Very Strong – 2nd highest of 22 ratings)

Comdex[10]
98 (Extremely Safe)

[9] Financial information concerning The Guardian Life Insurance Company of America as of December 31, 2015 on a statutory basis: Admitted Assets = $48.1 Billion; Liabilities = $42.0 Billion (including $37.0 Billion of Reserves); and Surplus = $6.1 Billion. Ratings as of November 2016. Ratings are subject to change.

[10] Per Vital Signs 11/16/2016. Comdex is not a rating, but a composite of all ratings that a company has received from the major rating agencies (A.M. Best, Standard & Poor's, Moody's, and Fitch). Comdex percentile ranks the companies on a scale of 1 to 100 (with 100 being the best).

The Bottom Line: How Do You Feel About Your Money?

For the wise consumer, a vital component underlying every financial strategy should be a solid foundation of life insurance. In fact, income from other assets can easily be used as a funding vehicle for a life insurance policy and its enhancements, such as the PUA. These synergies are a smart way to create, leverage, and retain wealth for the long term.

Discover why generations have come to rely on Guardian and its high-quality products for financial growth and protection.

For more information on Guardian, its products and services, contact your Guardian representative or your local Guardian agency.

Policy Form Numbers 14-L99
Rider Form Numbers 01-R2 & 14-IPUA
Pub 4237 (12/16)
2016—30985 (Exp. 12/17)

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