Global Atlantic
FINANCIAL GROUP

Thinking Ahead

Simply Speaking

life insurance

Dear Reader

You may be interested in learning about life insurance because you recently experienced an event that made others financially dependent on you. Perhaps you married, added to your family, took out a loan or started a business. All of these life events have one thing in common: If you die, those who currently rely on you could experience financial hardship. The main purpose of life insurance is to provide financial support to your loved ones in the event of your death.

In addition, some life insurance policies allow for the potential to grow cash value which can be accessed for a variety of reasons.

If you're considering purchasing life insurance, it may be helpful to address some common questions:

- What is life insurance?
- Why do I need life insurance?
- How much life insurance do I need?
- What types of life insurance policies are there?
- What type of life insurance is best for me?

Simply Speaking: Life Insurance provides you with straightforward answers to these questions and more. As you read through this material and learn the fundamentals, please keep in mind there is no "one-size-fits-all" life insurance solution. It's important that you understand the basics, but it's also important to talk with a life insurance professional who can customize a plan specific to your individual goals and circumstances.

Inside

you may be wondering…

What is life insurance?

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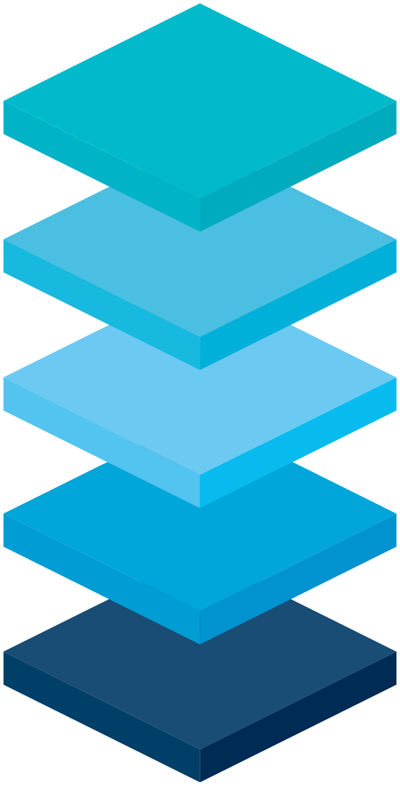
Life insurance provides a sum of money, called a death benefit, to the beneficiary of a life insurance policy upon the death of the insured.

Who's involved in the purchase of a life insurance policy?



OWNER
The owner pays the premium to the life insurance company and has ownership rights to the policy. For example, the policy owner can change the beneficiary and access the policy's cash value, among other rights.

INSURED
The insured is the person that others are depending on financially and whose life is covered by the policy. The insured and the owner are typically the same person.

BENEFICIARY
The beneficiary receives the death benefit when the insured dies.

LIFE INSURANCE AGENT
A licensed professional who represents a client in the acquisition of a life insurance policy.

INSURANCE COMPANY
The insurance company issues a life insurance policy which provides a death benefit.

Other important life insurance terms:

Premium: The amount you pay the insurance company for your life insurance policy. Premiums can be one-time payments or continuously paid throughout the life of the policy. Typically, premiums can be paid annually, quarterly or monthly.

Death Benefit: The proceeds of the policy that are paid to the beneficiary upon the death of the insured.

you may be wondering…

Why do I need life insurance?

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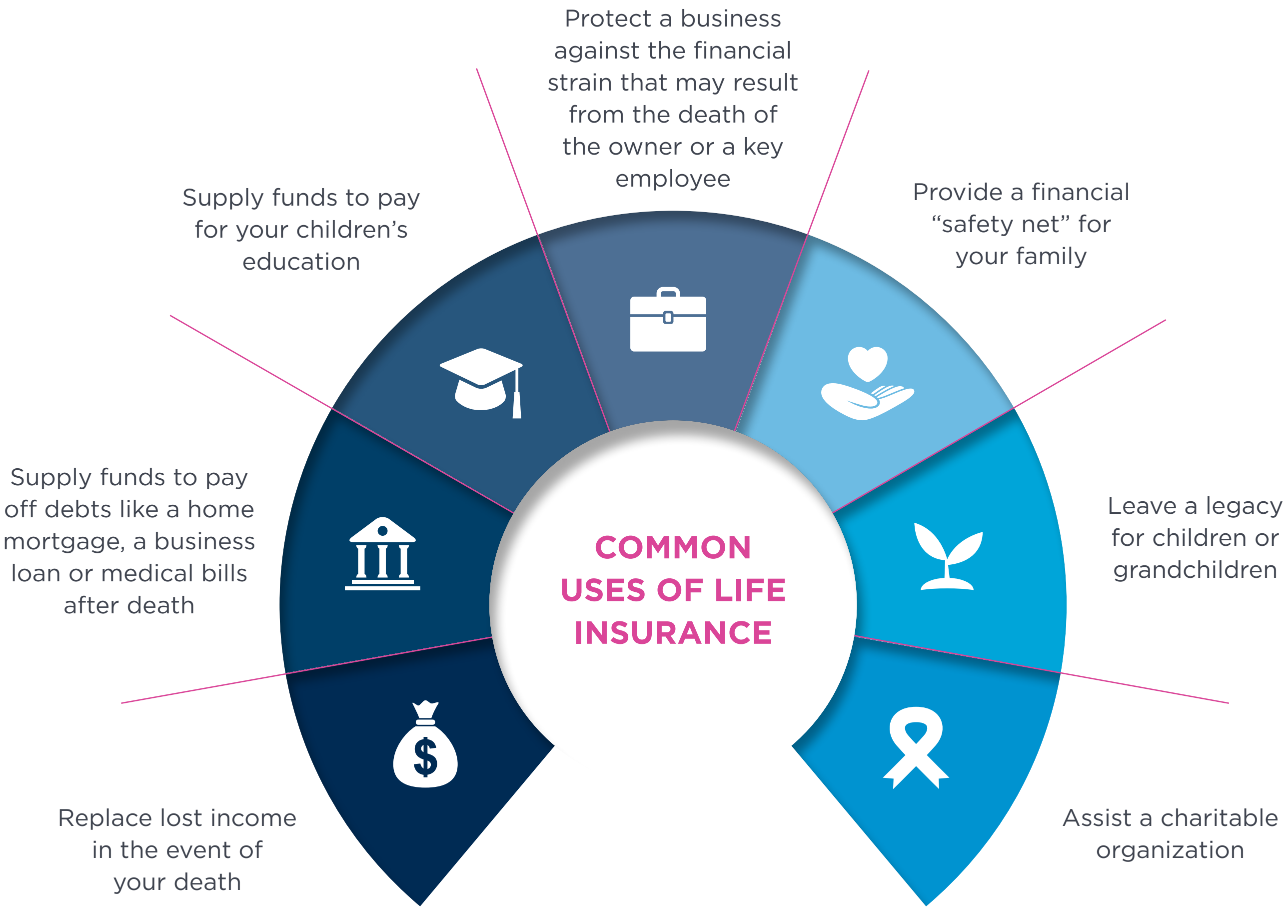
Anyone can benefit from life insurance. Life insurance allows you to be prepared for life's unexpected events.

The uses of life insurance

Life insurance can be used to accomplish many financial goals, from providing protection for those who are depending on your income to leaving behind a financial legacy.



you may be wondering...

How much life insurance do I need?

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It depends. Life insurance helps you keep your promise to always be there for your spouse, your children, and others who may be depending on you, even after you're gone. In order to decide how much life insurance to purchase, consider what your loved ones will need when you are gone.

Consider this as you decide how much life insurance you need

Let's assume you're thinking of buying life insurance to provide for your family.

Here are some factors you may want to think about:

- [x] Total annual income your family will need
- [ ] Number of years you would like your income to be replaced
- [ ] Current savings, investments and retirement accounts your family will be able to access for income
- [ ] Additional income that will become available (e.g., Social Security)
- [ ] Amount that's left on your home mortgage
- [ ] Amount of other existing debt that will need to be paid
- [ ] Number of children who may need college tuition paid
- [ ] Potential medical bills
- [ ] End of life considerations
- [ ] Impact of inflation

Lifehappens.org has a "Life Insurance Needs" calculator that's helpful in deciding how much life insurance to purchase.

you may be wondering...

What types of life insurance are there?

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There are two general categories of life insurance: “term” and “permanent.” Term life insurance offers protection for a specified *term*, or period of time, usually 10-30 years. Permanent life insurance can provide coverage over your entire life.

Let’s take a closer look at the two categories of life insurance

Term Insurance

When you purchase term life insurance, you agree to pay recurring premiums in return for the commitment by the insurance company to pay a death benefit if the insured happens to die during the term that the insurance policy is in effect.

Permanent Insurance

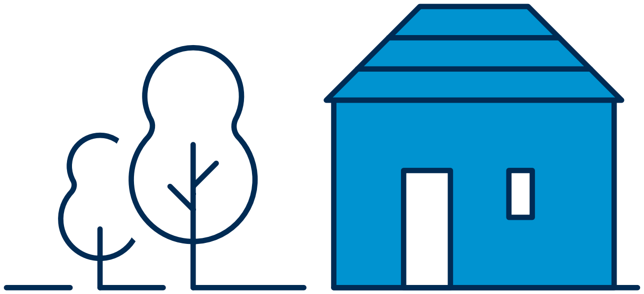
Like term insurance, permanent insurance also provides a death benefit as long as the required premiums are paid. In addition, permanent life insurance also can provide a “cash value.”

While a death benefit can help beneficiaries in the event of the insured’s death, the owner can access the cash value to help address financial needs during their lifetime. The cash value has the potential to grow over time.

Another way to think about permanent insurance and term insurance is to relate them to buying a home versus renting an apartment. This analogy can be useful in helping you understand the differences.

There are three basic reasons permanent insurance is like buying a home and term insurance is like renting an apartment:

PERMANENT



Duration

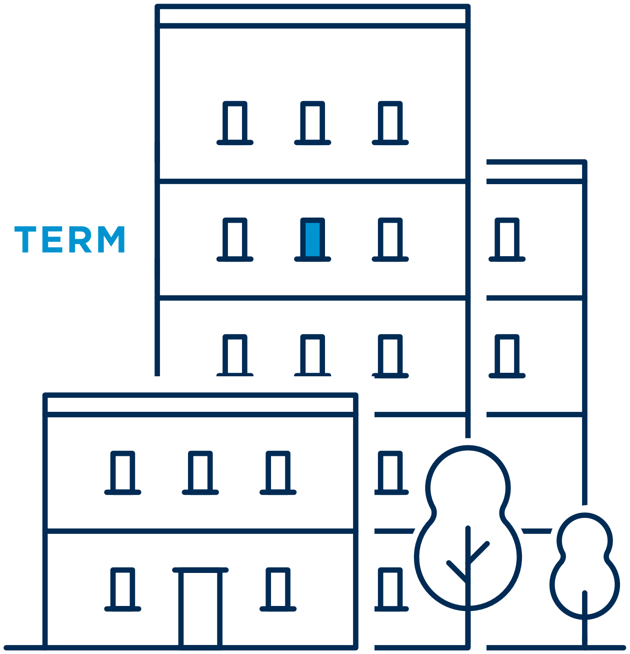
Permanent insurance can last a lifetime, similar to buying a home.

Payment

Permanent insurance premiums can be flexible or remain level, depending on the type of product you buy and not increase over time, much like selecting a mortgage on a home.

Equity

Permanent insurance has the potential to build equity in the form of cash value. Much like the equity in your home, you can take advantage of the cash value in your policy to meet unexpected expenses as well as fund potential opportunities.



Duration

Term insurance is appropriate for a temporary, short-term situation, much like renting an apartment.

Payment

Term insurance is often more affordable initially but can increase if you choose to renew your coverage at the end of the term, much like rent can increase when you renew your lease.

Equity

Term insurance, like a rented apartment, does not build equity because it has no cash value component.

As you'll see in the next section, there are different types of permanent life insurance policies, and each one offers unique features to meet specific needs.

you may be wondering…

Are there different types of permanent policies?

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There are different types of permanent life insurance policies, and they accumulate cash value in different ways.

Taking a closer look at permanent life insurance

The most common types of permanent life insurance are:

Whole Life
Whole life, also referred to as "ordinary life," usually provides a guaranteed death benefit and a guaranteed cash value as long as the scheduled premiums are paid. Additional cash value may accumulate based on a dividend or an interest rate declared by the insurance company.

Universal Life (UL)
Universal life insurance is a more flexible type of permanent life insurance policy in which the death benefit and premiums can be adjusted as the policy owner's circumstances change. The cash value of a universal life insurance policy accumulates based on the amount of premium paid and an interest rate that is declared periodically by the insurance company.

Indexed Universal Life Insurance (IUL)
Indexed universal life insurance is a type of universal life insurance that enables you to choose an index crediting strategy that allows the cash value to grow based, in part, on the positive movement of a stock market index. The policy includes a cap (maximum amount of indexed interest that can be credited to the policy) and a floor (the minimum amount of indexed interest that can be credited to the policy). The floor never goes lower than zero.

Variable Universal Life Insurance
Variable universal life insurance is a type of universal life insurance where the cash value component of the policy can be allocated into separate accounts that can fluctuate in value, similar to mutual funds. Under this type of policy, cash value accumulates based on the performance of those investments. Since it is tied to the performance of the investment options, the cash value has the potential to both gain or lose value.

Survivorship Universal Life Insurance
Survivorship life insurance insures two lives in one policy and doesn't pay the death benefit until after the death of the second insured. For example, if a husband and wife are both insured on a policy, and the husband dies first, the beneficiaries of that policy won't receive the death benefit until the wife also dies.

you may be wondering…

How can I access the cash value?

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There are two ways to access the cash value in your permanent life insurance policy: withdrawals and loans.

Accessing cash value

Withdrawals

Withdrawals are partial surrenders of the policy's cash value. When you choose to make a withdrawal, you're accessing value that has accumulated into the policy. Withdrawals, over the life of the policy, up to the amount of premiums that have been paid into the policy are tax-free. Withdrawals that exceed the amount of premiums that have been paid into your policy can be subject to taxes. Withdrawals will reduce the cash value of the policy and also result in a reduction of the policy's death benefit. Surrender charges may apply.

Loans

Loans allow you to borrow against the cash value of your life insurance policy. Unlike withdrawals, loans will not reduce the policy's cash value. The cash value will instead be used as collateral for the loan. If you pass away without having repaid the loan, the death benefit will be reduced by the amount of the unpaid loan balance. This means the beneficiary will receive less. Loans from your policy may be tax-advantaged as long as your policy remains in force.[1]

Accessing the cash value in your permanent life insurance policy offers flexibility. How you choose to access the cash value depends on your specific situation. Consult your life insurance professional about which option is right for you.

[1] Withdrawals and loans will reduce the death benefit. If the policy is classified as a Modified Endowment Contract (MEC), loans and withdrawals will be taxed as income to the extent that there is a gain in the contract.

you may be wondering…

What can I use the cash value for?

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You can use the cash value of a permanent life insurance policy for many purposes.

Uses of cash value

The cash value of a permanent life policy can be used for many purposes, including:

- To pay your cost of insurance charges and policy expenses
- To help you cover expected or unexpected expenses
- To supplement your retirement income

Some pros and cons to think about when considering whether to access cash value:

- Unlike a bank loan, you don't need to qualify to take out a loan on a life insurance policy, and it is typically quick and easy.
- You are not required to repay a loan from your life insurance policy.
- Partial cash withdrawals are usually tax-free.
- You may only borrow up to the amount of cash value in the policy.
- You are typically charged interest on the loan.
- Withdrawals and any outstanding policy loan amount plus interest will reduce the amount of death benefit your beneficiary will receive.

you may be wondering…

What type of life insurance is best for me?

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In order to decide on the best type of life insurance for you, it's important to look at certain factors, including how long a period of time you want the insurance to cover, how much you can afford, and what risks you're willing to accept.

Things to think about when choosing a type of life insurance

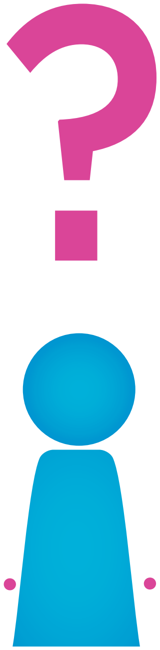
Once you've decided that a life insurance policy is right for you, here are some things to think about before meeting with an agent who can take a close look at your complete picture and make specific recommendations.

Do you have a financial cushion, or is it likely you may need to access this money?

Do you want to ensure that your spouse and children can maintain their current lifestyle?

Do you have special legacy objectives for family or charity?

Are you planning to provide a financial "safety net" for your family?



Are you planning to supply funds to pay for your children's education?

Do you want fixed premiums or are you comfortable with a policy where the premiums could go up? *("Fixed premiums" means the amount you pay each year will not change.)*

With certain permanent policies, like universal life, fees and expenses are drawn from the cash value. The cash value could decrease, impacting the length of time your policy remains in force. Are you willing to accept the risk if the cash value falls to a point where it can't cover policy expenses?

To learn more

Hopefully this brochure helped simplify many of the key life insurance terms and concepts for you. If you would like to learn more, here are some additional resources:

www.globalatlantic.com

Click on our “Life” tab to find information about life insurance options.

www.lifehappens.org

Here you can find clear explanations and helpful tools, including instructional videos, calculators, and a product selector questionnaire.

A local agent

There are knowledgeable life insurance professionals in every community. Make an appointment with one and ask them to help you decide what option is best for you.

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Global Atlantic Financial Group, through its subsidiaries, offers a broad range of retirement, life and reinsurance products designed to help our customers address financial challenges with confidence. A variety of options help Americans customize a strategy to fulfill their protection, accumulation, income, wealth transfer and end-of-life needs.

Global Atlantic was founded at Goldman Sachs in 2004 and separated as an independent company in 2013. Its success is driven by a unique heritage that combines deep product and distribution knowledge with leading investment and risk management, alongside a strong financial foundation.

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