



VANTAGEPOINTSM TERM LIFE INSURANCE WITH A RETURN OF PREMIUM FEATURE

Key Person Business Needs

Your Client: Business with key employee who is important to its success.

Situation: Death of key employee would create serious financial hardship for business.

Strategy:

- The business estimates its financial loss if the key employee dies.
- The business buys a VantagePoint term life insurance policy with Return of Premium feature on the life of the key employee equal to the amount of the projected loss. The business is sole owner and beneficiary.
- VantagePoint is a term life insurance policy with guaranteed level premiums for 15, 20 or 30 years with annual increases thereafter. Unlike traditional term life insurance, it will return the premiums if the insured survives to the end of the term.

Example:

- Alex Muck, age 35, is the top sales rep at Gooch Gadgets, earning over \$100,000 per year. He is a non-smoker and in excellent health and is underwritten as Preferred Best No Nicotine Use.
- The company buys a \$1,000,000 VantagePoint 30-year term life insurance policy on Alex. This policy costs the business about \$131 per month. The premiums are not tax deductible to the business.
- If Alex dies during the term period, the death benefit will be paid income tax free to the business, assuming that certain requirements are met under IRC Code §101(j)¹.
- If Alex survives to the end of the 30-year period, the company receives a return of all premiums paid - \$46,872. If he leaves before the term period ends, partial cash value benefits are available beginning after policy year four under the Cash Value Rider².
- If the policy is held until the end of its term, the amount paid for coverage would equal the time value of the premium – what the company might have earned had it invested the same money instead of purchasing the policy.

*Underwritten by
Genworth Life and
Annuity Insurance
Company
Genworth
Life Insurance
Company
Lynchburg, VA*

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This partial product description does not completely present all features, benefits and limitations as explained in the policy, which is controlling. See the latest Rates and Features Guide for more information. Any premium returned is net of the loan balance. Products with a return of premium feature generally cost more than those without the feature.

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¹ The death benefits paid from employer-owned life insurance policies issued after August 17, 2006, may be taxed as ordinary income to the extent that they exceed premiums paid, unless certain requirements and exceptions are met as provided in IRC §101(j), added by the Pension Protection Act of 2006.

² The rider provides a benefit at the end of the initial premium period equal to all premiums due and paid, less any flat extra premium and outstanding loan amounts. After the fourth policy year and before the end of the initial premium period, the rider provides cash value benefits that are less than the amount of premiums paid. No cash value benefit is paid at the insured's death, only the policy face amount. Policies with a return of premium feature usually cost more than policies without this feature. The Basic Cash Value Rider provides typical intermediate values, while the Enhanced Cash Value Rider provides higher intermediate values for a higher cost.