Life Insurance as an Asset

MetLife

A New Look on Life
Life insurance is for living. Wouldn’t you live better if you had more confidence in your ability to:

• Create financial protection for your family now

• Grow equity with which to preserve your lifestyle

• Leave a legacy to the ones you love

You work hard and likely have a plan in place to build and protect your financial future and that of your family. Life insurance should be an integral part of that plan.

Many are more focused on building their assets and have traditionally viewed life insurance as just a necessary expense to protect a family’s future. Yet cash value life insurance has the potential to offer far more when you consider its advantages as an asset.

Please note: This document is designed to provide introductory information on the subject matter. MetLife does not provide tax and legal advice. You should consult with your attorney and/or tax advisor before making financial investment or planning decisions.
Cash value life insurance can:

- Leverage a limited number of premium payments into a sizable death benefit to protect your family in the event you die prematurely.
- Provide a smart way to save through its cash value. This is money that can be used for college, emergencies or during retirement without tax implications.  
- Transfer wealth created over a lifetime with an income tax-free death benefit. The life insurance death benefit even has the potential to be estate tax-free if properly owned and structured.

For these reasons, life insurance is more than just a necessary expense — it is an important asset to own within your portfolio.

The benefits of a cash value life insurance policy include:

- Income tax free death benefit paid to beneficiary
- Potential for accumulation of wealth through tax-deferred growth of policy cash values
- No funding limits based on income
- Potential for income tax-free withdrawals and policy loans
- No 10% penalty tax on cash value distributions prior to age 59½

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1 Loans and withdrawals will decrease the cash value and death benefit.
2 For a MEC policy, income taxes are due upon withdrawal, and, if withdrawn before age 59½, a 10% federal income tax penalty may apply.
Taxes can have a significant impact on how much of your savings you ultimately get to use to enhance your lifestyle.

Taxes can also have an impact on how much of any remaining assets are received by your beneficiaries. In the last thirty years, U.S. income taxes have been comparatively low. The top Marginal Tax Rate for the highest income earners is currently 35%, but the average top rate over the last one hundred years has been nearly 60%.

Even though the future of income taxes is unpredictable, it would be reasonable to assume they will continue to evolve over time, experiencing high and low periods. With cash value life insurance, you can protect your loved ones and as an added benefit, you can help minimize exposure to adverse tax impact by allocating savings to an asset with tax advantages. This action has the potential to enhance your financial goals.
Evaluating Your Options

In general, qualified plans, including 401(k) plans and traditional IRAs, are the backbone of any successful retirement savings plan. Qualified plans frequently provide some level of matching contributions by the employer, and both qualified plans and traditional IRAs offer the potential of pre-tax contributions.

Some may find the funding limits of qualified plans and traditional IRAs create the need to evaluate additional retirement savings opportunities. Others may find the potential tax advantages of cash value life insurance appealing in creating a balanced financial portfolio while offering death benefit protection.

Although life insurance is not intended to be an alternative to traditional retirement accounts, for families who need life insurance’s death benefit protection, cash value policies provide the ability to protect one’s family now as well as the potential to supplement income in the future.\(^3\)

This table shows different types of products that can be used and a general overview of each product’s federal tax features and insurance charges.\(^4\)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Life Insurance(^1)</th>
<th>Qualified Plan/Traditional IRA</th>
<th>Deferred Annuities</th>
<th>Roth IRA/Roth 401(k)</th>
<th>Municipal Bonds</th>
<th>Individually Owned Mutual Funds/Equities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding/Contribution Limits</td>
<td>NO(^5)</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Potential Income Tax-Deferred Accumulations</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>TAX EXEMPT(^2)</td>
<td>YES</td>
</tr>
<tr>
<td>Income Tax-Advantaged Withdrawals/Loans</td>
<td>YES(^6)</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
<td>TAX EXEMPT(^2)</td>
<td>N/A</td>
</tr>
<tr>
<td>Income Tax-Free Insurance Death Benefit</td>
<td>YES(^7)</td>
<td>N/A</td>
<td>NO</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Penalty Tax for Early Withdrawal</td>
<td>Only if MEC(^2)</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Insurance Contract Charges(^4)</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
<td>NO</td>
<td>N/A</td>
</tr>
<tr>
<td>Pre-tax/tax-deductible funding/contributions</td>
<td>NO</td>
<td>YES(^8)</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
</tbody>
</table>

The table above provides a general overview of certain federal tax features of the listed asset options. These highlighted features do not present a complete picture of applicable federal tax rules. Federal tax law is highly specific and depends on individual facts and circumstances. This table is not intended to make life insurance appear to be an alternative to traditional retirement vehicles. Life insurance may be a valuable source for supplemental retirement income. Please make sure to consult your personal tax and legal professionals in your particular situation before purchasing any financial product.

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\(^3\) Life insurance may require ongoing contributions or a certain amount of cash value to stay in force. Life insurance has the potential for tax consequences if the value is reduced to zero. For more information, please refer to, “A note about life insurance distributions” on page 1.

\(^4\) Life insurance and annuities have ongoing policy and contract charges, as well as surrender charges, that do not apply to other products. Each of the financial vehicles listed above will have various fees and charges.

\(^5\) Life insurance premiums are not limited above certain income guidelines. Generally, there is not a specific limit on dollars allocated to purchase life insurance, however, there are maximum premium limits determined by a specified policy face amount according to the Internal Revenue Code. The face amount of coverage each carrier will underwrite will also differ.

\(^6\) For federal income tax purposes, life insurance death benefits generally pay income tax-free to beneficiaries. In certain situations, however, life insurance death benefits may be partially or wholly taxable. Please consult your professional tax advisor for information regarding your particular facts and circumstances.

\(^7\) AMT may apply.

\(^8\) Subject to applicable Internal Revenue Code limitations on pre-tax/tax-deductible contributions to qualified plans and IRAs.
MEET JACK

Jack Martin is 35 and owns his own landscaping company. He has recently divorced and needs to make sure his two children are provided for financially, should he suffer an untimely death. He has decided to purchase life insurance to meet this need.

Jack has always reinvested almost all of his profits back into the company and now he feels the need to catch up on preparing for retirement. He has a SIMPLE IRA in which he invests the allowable maximum each year and feels comfortable he has an additional $10,000 per year that he can devote to insurance premiums and added savings.

Jack’s financial professional shows him an illustration for a MetLife Promise Whole Life™ policy. Assuming Jack qualifies for a preferred, non-smoker rating and pays $10,000 premium each year until age 100, the guaranteed death benefit on the policy would be $869,755. The death benefit has the potential to increase with higher crediting rates or dividend payments that are non-guaranteed features of the policy.

Jack’s financial professional explains that the cash value grows slowly in the early years of the policy, but can grow into a significant source of funds for supplemental income by the time he retires. Then he shows Jack what the policy’s cash value may mean to him at age 55, 65, 75 or 85 depending on his future income needs.

Based on the policy’s non-guaranteed dividends, Jack would earn slightly more than a 4% rate of return on premiums paid if he waits until retirement age to take any loans or withdrawals from the policy. However, If Jack initiated a moderate supplemental income stream from the cash value using withdrawals and loans — being careful not to lapse the policy — he may realize this income on a tax-free basis. If Jack does not need additional income during his retirement, he can either continue paying premiums, allowing the cash value and death benefit to increase, or he could allow future dividend payments to reduce his premium outlay and keep the death benefit relatively stable.

Jack really likes the flexibility of this life insurance product and moves forward with his application for the policy.

<table>
<thead>
<tr>
<th>AGE</th>
<th>Guaranteed Cash Value</th>
<th>Assuming Current Dividend Crediting Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cash Value</td>
</tr>
<tr>
<td>55</td>
<td>$201,783</td>
<td>$290,480</td>
</tr>
<tr>
<td>65</td>
<td>$353,990</td>
<td>$600,929</td>
</tr>
<tr>
<td>75</td>
<td>$518,374</td>
<td>$1,069,959</td>
</tr>
<tr>
<td>85</td>
<td>$667,102</td>
<td>$1,719,760</td>
</tr>
</tbody>
</table>

For illustrative purposes only. Please request a full product illustration from your financial representative for more details.

Assumptions: Male, age 35, preferred, non-smoker, $10,000 premium paid annually through age 100, federal income tax rate = 35% Current dividend crediting rate of 5.5% is not guaranteed and is likely to be changed over time. Your policy’s actual non-guaranteed values and benefits will be more or less favorable than those shown.

Guarantees are subject to the claims-paying ability and financial strength of the issuing company.

Life insurance may require ongoing contributions or a certain amount of cash value to stay in force. Life insurance has the potential for tax consequences if the value is reduced to zero. For more information, please refer to “A note about life insurance distributions” on page 1.
While the policy's death benefit proceeds are the primary reason for purchasing life insurance, it is important to know that the policy you choose can provide additional value to your family.

Protecting income for your loved ones is valuable in itself, but cash value life insurance offers the additional flexibility to provide a way for you to accumulate money inside the policy in addition to providing a death benefit to your beneficiaries. The funds that accumulate in the policy may grow on a tax-favored basis and can also be used during your lifetime to help meet many financial needs, including money for a down payment on a home, a child's education or to provide supplemental income during retirement.

Finally, it can transfer any remaining death benefit to your beneficiaries in the form of an income tax-free legacy.

Cash value life insurance can be the right option to help you accomplish many financial goals. Take a new look at cash value life insurance as an asset for your portfolio. It's an attractive way to accumulate, protect and transfer wealth. Both now and in the future. And that's worth considering.

**why life insurance?**

Many people who buy life insurance do so because they know it can add value to their financial portfolio as a means of supplementing a number of different financial goals in addition to providing death benefit protection.

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11 Not all products provide guaranteed cash value accumulation. Investments in variable life insurance are subject to market risk including loss of principal.

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For more information about MetLife's life insurance products, please contact your financial professional.

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LIMRA, How and Why People Buy High Face Life, August 2008.
Prospectuses for Equity Advantage Variable Universal Life, and for the investment portfolios offered thereunder, are available from MetLife. The policy prospectus contains information about the policy’s features, risks, charges and expenses. Investors should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The investment objectives, risks and policies of the investment options, as well as other information about the investment options, are described in their respective prospectuses. Clients should read the prospectuses and consider this information carefully before investing. Product availability and features may vary by state.

MetLife life insurance policies have limitations, exclusions, charges, termination provisions and terms for keeping them in force. There is no guarantee that any of the variable investment options in a variable life policy will meet their stated goals or objectives. The account value is subject to market fluctuations so that, when withdrawn, it may be worth more or less than its original value. Guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company.

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Life insurance is medically underwritten. Clients should not cancel their current coverage until their new coverage is in force. Surrender charges may be due on an exchange of one contract for another. A change in policy may require a medical examination. Surrenders may be taxable. Clients should consult their own tax advisors regarding tax liability on surrenders.

Guarantee Advantage Universal Life is issued by MetLife Investors USA Insurance Company on Policy Form Series SE-34-07 and in New York, only by Metropolitan Life Insurance Company on Policy Form Series 1E-34-07-NY. Legacy Advantage Survivorship Universal Life is issued by MetLife Investors USA Insurance Company on Policy Form Series SE-32-05 and in New York, only by Metropolitan Life Insurance Company on Policy Form Series 1E-32-05-NY. Equity Advantage Variable Universal Life is issued by MetLife Investors USA Insurance Company on Policy Form Series SE-46-06 and in New York only by Metropolitan Life Insurance Company, Policy Form Series 1E-46-06-NY-1. MetLife Promise Whole Life is issued by MetLife Investors USA Insurance Company on Policy Form SE-12-10 and in New York only by Metropolitan Life Insurance Company on Policy Form 1E-12-10-NY. Guaranteed Level Term is issued by MetLife Investors USA Insurance Company on Policy Form Series SE-21-04 and in New York, only by First MetLife Investors Insurance Company on Policy Form Series SE-21-04-NY. All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company. All products are distributed by MetLife Investors Distribution Company (MetLife Investors), 5 Park Plaza, Suite 1900, Irvine, CA 92614. April 2012

Life Insurance Products:
- Not A Deposit
- Not FDIC-Insured
- Not Insured By Any Federal Government Agency
- Not Guaranteed By Any Bank Or Credit Union
- May Go Down In Value

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Guaranteed Level Term

MetLife

Protection. Flexibility. Value.
Preserve your lifestyle. Strive to live your dream in life. Discover the flexibility of life insurance — protect and transfer wealth now and in the future.

Be free to live life, your way.

Being able to protect your loved ones, even after your death, is one reason so many people turn to life insurance. The comfort this assurance gives can be immeasurable.

Life insurance provides a death benefit that can help:
- Replace lost income
- Pay off a mortgage
- Pay for funeral and estate settlement costs
- Provide for a child’s college education
- Create a financial legacy for the next generation
- Help transition a business
Guaranteed Level Term offers a simple solution with **PROTECTION, FLEXIBILITY** and **VALUE**.

**PROTECTION.** With guarantees including level premium, death benefit and conversion you can feel confident knowing your life insurance protection is secure.

**FLEXIBILITY.** Choose the appropriate length of coverage for your specific needs and have the added flexibility to convert the policy to permanent coverage or add an optional rider to enhance the coverage for future needs.

**VALUE.** Premiums are typically affordable at all available ages; particularly when compared to other term life insurance policies.

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2 Pricing will vary based on age and health insurance rating. There are limitations on the availability of rating classes based on age, amount of coverage and issue state.
Term insurance offers death benefit protection for your beneficiaries for the specified coverage term you select. Once the term is over, coverage will expire unless it is renewed.¹

All term insurance policies are not created equal. While it may be tempting to focus solely on price when comparing policies, look deeper to ensure that your policy provides value for your premium dollars.

Does the policy offer conversion to a complete portfolio of permanent products including whole life? This could be an important factor should your health change during the course of the original term period.

Term insurance is generally the most economical type of life insurance.

Does the policy feature a Convertible Disability Waiver of Premium rider that will automatically include a waiver of premium benefit on converted policies without further evidence of insurability?

Another important question is, does the company backing the policy offer strength, stability and a history of delivering on their promises for over 140 years?

MetLife's Guaranteed Level Term offers contractual and optional riders designed to help enhance the value of the coverage — making it more flexible for many of life's changing circumstances.

For more information on MetLife's Guaranteed Level Term, contact your financial professional today.

¹ Significantly increased premiums are necessary to renew the policy after the end of the level period. Premiums will increase on an annual basis after the level period. The policy is renewable up to age 95, age 80 in NY.
Guaranteed Level Term is designed to deliver financial protection when it’s needed most.

Choose from one of four duration periods for your coverage — 10, 15, 20 or 30 years. Your premiums and death benefit are guaranteed to remain level for the entire period. Guaranteed Level Term currently offers guaranteed convertibility to a wide range of permanent product solutions offered by MetLife and affiliated companies. Circumstances are likely to change throughout your life, and the guaranteed convertibility allows your term coverage to be converted to a permanent product at your original health rating, without any medical examination or questions. Conversions are available during the entire level period chosen up to age 70.

The conversion privilege can help you in a number of ways. You should consider converting and maintaining permanent coverage should you:

- Experience health changes or become uninsurable.
- Want to buy a permanent policy that will allow you to build cash value to supplement your retirement income.
- Inherit or build significant wealth and need to plan for the possibility of transfer taxes and estate settlement costs.
- Take on debt later in life to pay for a child’s or grandchild’s college education or buy a vacation home.

Optional Riders

Disability Waiver of Premium Rider  Policy premiums will be waived if you become disabled as defined in the policy.

Convertible Disability Waiver of Premium Rider  In addition to waiving premiums, this rider allows a converted permanent plan to include a disability waiver with no additional underwriting.

Acceleration of Death Benefit Rider  Provides a benefit if the insured is certified as terminally ill with a life expectancy of 12 months or less. The rider gives the policy owner the right to request all or part of the eligible proceeds.

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3 Not all durations are available in all states.

4 Tax-free distribution assumes that the life insurance policy is properly structured and not classified as a Modified Endowment Contract (MEC). Withdrawals are made up to the cost basis and policy loans therefor. If the policy is a MEC, cash value is taxable upon withdrawal and if withdrawn before age 59%, a 10% federal income tax penalty may apply. If a policy should lapse or be surrendered prior to the death of the insured, there may be significant tax consequences. Loans and withdrawals will decrease the cash value and death benefit. Investments in variable life insurance are subject to market risk including loss of principal.

5 Rider descriptions are only partial. Please request a rider specification page for further details. There may be an additional charge for optional riders. Certain age, state availability and other restrictions and limitations may apply.

6 If receiving benefits under this rider, the policy can only be converted to a whole life plan issued by Metropolitan Life Insurance Company, MetLife Investors USA Insurance Company or an affiliate.
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Like most insurance policies, MetLife’s policies contain charges, limitations, exclusions, termination provisions and terms for keeping them in force. Contact your financial professional for costs and complete details.

Guaranteed Level Term is issued by MetLife Investors USA Insurance Company, Irvine, CA on Policy Form Series 5E-21-04 and in New York only by First MetLife Investors Insurance Company, New York, NY on Policy Form Series 5E-21-04-NY. Both are MetLife companies. All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company. December 2012

Term Insurance Products:

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- Not FDIC-Insured
- Not Insured By Any Federal Government Agency
- Not Guaranteed By Any Bank Or Credit Union

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