CREATING A LEGACY IN MEMORIAM

Several years ago, you and your spouse began preparing for retirement. You both looked forward to retiring in a few more years. You worked with your financial advisor and determined what you would need to live comfortably on given the amount of savings, investments, and your pension from your employer. The pension you were counting on is based upon a "joint and survivor" benefit amount. You hoped to spend your retirement years relaxing, pursuing your passions, and spending more time with your children or grandchildren. You also wanted to continue planning for the financial security of your children and grandchildren. Tragically, your spouse passed away before you could share those retirement years together and before you could finish your plan.

Despite the tragic circumstances, you can still plan for the financial security of your children and grandchildren, using the same resources that you had relied upon. Here's how.

The Solution: The Legacy Created in Memoriam

The "joint and survivor" pension benefit provides a certain benefit amount as long as either spouse is living. It is the form of pension benefit required by federal law unless you opt out, or your spouse dies before you retire. As a result of your spouse's death, you will receive a higher pension amount. Given the very typical ages we use below in the example, the difference is approximately 20% or higher. The extra money you will receive from your pension, that you never intended to spend on yourself but on your spouse, can be used to establish a life insurance program for your children and grandchildren.

How Does It Work?

Let's take a hypothetical couple, Paul (65) and Carol (63), who had assumed part of their retirement nest egg would be a $150,000 a year pension from Paul's employer. They have three adult children: Mike (age 30) Barry (age 29) and Jane (age 28). After Carol passed away last year, Paul was told that the $150,000 that was originally expected is now going to be closer to $180,000.

The average 65 year old has a 20 year life expectancy. If Paul only pays $10,000 a year for 20 years on whole life insurance policies on the life of each child, and owned by each child, when Paul reaches age 85, Mike's policy may have a death benefit of over $1.3 million, and cash value of over $320,000. Barry's policy would have a death benefit of approximately $1.4 million and cash values of $360,000. Jane's policy would have a death benefit of approximately $1.7 million and cash values of over $340,000.*

That's Carol's legacy to her children. It could also be Carol's legacy to her grandchildren, particularly if irrevocable life insurance trusts are used to hold the insurance.

Benefits

1. The policies would produce what is called paid-up coverage (no more premiums ever) of over $800,000 for Mike, over $850,000 for Barry, and over $1 million for Jane, around the time when they're all celebrating Paul's 85th birthday.

2. If Paul wants to continue paying the premiums, or if the children do, after Paul's 85th birthday, the death benefits and cash values will continue to grow even larger going forward.

3. If any of the children were to die before Paul, that child's beneficiaries, presumably Paul's grandchildren, would receive the death benefits directly, unless a trust is used. In that case, the

trust would be the beneficiary holding the proceeds for the benefit of the grandchildren.

4. There are no estate, gift or generation-skipping transfer tax consequences because the insurance premiums of $10,000 per year are lower than the annual gift tax exclusion amounts currently in effect, and the policies are not on Paul's life nor owned by him.

Most importantly, Mike, Barry and Jane know that Paul saw this extra money as coming to him "just for safekeeping," so that (in addition to what Carol left the children directly) this is Carol's legacy to them and their own children long after she has passed on.

(*Example based upon approximate values using Guardian's Gold Series L99 whole life insurance policy. Outstanding loans and partial withdrawals will reduce cash values and the amount of the policy's death benefit. Dividends may be declared annually by the Board of Directors and are not guaranteed.)

Please consult with your Guardian Financial Representative if you have any questions concerning this document.

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GEAR # 2008-7522 Expiration: 12/31/2016

Guardian Financial Representatives may call the Business Resource Center for Advanced Markets, at 1.800.871.7780, Option 3, for additional information.