

# Advantages for *Life*

*Life insurance can provide a child with a financial foundation for the future*

**P**ARENTS TAKE PRIDE IN doing things for their children. They want their children to have more advantages than they had. National Mutual Benefit has developed a portfolio of products for children that can provide advantages that will last a lifetime.

How would you like to give your child or grandchild a gift that can't be outgrown? For less than the cost of many soon-to-be-outgrown toys, clothes, or stuffed animals, NMB's Life Builder Plus, Whole Life Plus, and Universal Life policies can provide benefits for life.

Life insurance is a gift that will grow in value each and every year. It's a gift of security and the start of a solid financial foundation on which to build. Consider the following advantages of purchasing life insurance for your children or grandchildren:

## *The Advantage of* **LOW PREMIUM RATES**

NMB's Life Builder Plus is a term policy that provides affordable protection now with automatic permanent protection in the future. For as little as \$32 per year, you can give your child or grandchild \$10,000 of term life insurance until age 26. At that point, your gift becomes even more

valuable when it automatically converts to a permanent plan of insurance.

Whole Life Plus and Universal Life policies are permanent life insurance plans that, when issued at a young age, have a premium that is considerably less than what an adult 15 or 20 years older would pay. In addition, that low premium amount can be locked in for life.

## *The Advantage of* **CURRENT INSURABILITY**

Most children are insurable. That's why it's important to purchase life insurance when a child is young and healthy. With any of NMB's life insurance plans for children, the insured child receives a measure of protection that can never be taken away (unless premiums are not paid), even though a serious medical condition or hazardous occupation might affect insurability in the future.

## *The Advantage of* **LIFE INSURANCE GIFTING**

A parent or grandparent with a substantial estate might want to consider making gifts to take advantage of the annual gift tax exclusion of \$11,000 (2005) per recipient. Giving the gift of life insurance has many advantages to the donor. It can be given to a minor child outright, to a trust for his or her benefit, or in custodianship.

## *The Advantage of* **LONG-TERM ACCUMULATION**

Many plans of accumulating money

allow easy access for withdrawal. Money is put into an account one month only to be taken out a few months later. This quick turnaround doesn't leave the money much time to grow. In contrast, premiums that go into a permanent life insurance plan are more likely to stay there and accumulate cash value. This cash value growth offers a child a better opportunity for long-term financial success.

## *The Advantage of* **A FINANCIAL HEAD START**

NMB's permanent life insurance plans have the potential to accumulate cash value each year. This cash value is available for emergencies as well as opportunities. It can provide funds for a college education, for the down payment on a first home, to take advantage of a business opportunity, or even to supplement retirement income. Plus, a policy with substantial cash value is viewed as very favorable collateral by lenders.

## *The Advantage of* **TAX DEFERRED GROWTH**

Under current tax law, life insurance cash value grows on a tax-deferred basis, meaning that you pay no taxes on any earnings in the policy as long as the policy remains in force. Tax-deferred accumulation could result in substantial funds being available when the insured child reaches retirement age. Even when cash values are borrowed, there may be no tax consequences in many instances. And, as a rule, proceeds received by beneficiaries



are not taxable as income. (For more detailed information on these tax advantages, please consult your tax advisor.)

### *The Advantage of* **FUTURE INSURABILITY**

Once a policy has been issued on a child, coverage cannot be canceled as long as all required premiums are paid. When a child covered by a Life Builder Plus policy turns 26, the policy automatically converts to a permanent plan of insurance and can be increased up to two times the original face amount without proving the insured's health status.

When a guaranteed purchase option is added to a permanent (Whole Life Plus or Universal Life) policy, it gives the child the right to increase coverage at designated dates in the future, regardless of insurability. This is a valuable benefit since additional coverage is usually needed when the child reaches adulthood and has an income to protect.

### *The Advantage of* **A FINAL EXPENSE FUND**

A parent does not want to think about

the possible death of a child, but the fact remains that it can happen. If it does, the child's funeral and medical expenses could drain a family's finances. The proceeds from a child's life insurance policy can provide financial protection and help cover these unexpected expenses.

### *The Advantage of* **SPECIAL FRATERNAL BENEFITS**

When you give a child the security of life insurance coverage with National Mutual Benefit, that child becomes a member. In addition to the protection provided by the insurance policy, NMB membership offers many additional benefits.

Available to each insured member at no extra cost, National Mutual Benefit's Special Fraternal Bonus Program\* is an invaluable, unique program that provides added protection and security through the following six benefits:

1. **Family Fraternal Benefit**
  - Newborn Death Benefit
  - Newborn Guaranteed Insurability
2. **Orphan Income Benefit**
3. **Orphan Scholarship Benefit**
4. **Disaster Benefit**

### 5. **Disease Benefit**

### 6. **Loss of Sight/Limb Benefit**

### *The Advantage of* **EDUCATIONAL SCHOLARSHIPS**

National Mutual Benefit has established a National Scholarship Benefit Program to promote higher education and volunteerism. Through this program, members age 25 and under who are insured under their own NMB policy are eligible to apply for a \$1,000 scholarship grant when pursuing an undergraduate or technical degree program. An individual member may receive up to two national scholarships in different years.

Since 2002, when this new fraternal benefit was introduced, NMB has awarded 87 scholarships totaling over \$90,000! This year's program will award up to \$30,000 for the 2005–06 academic year.

### *The Advantage of* **TAKING ACTION NOW**

Our representatives often hear people say, "I wish I had purchased life insurance when I was younger." Now is your chance to do something for your children or grandchildren so they won't wish that same thing when they become adults.

There are many reasons to purchase life insurance for children. If any or all of these advantages are important to you and, ultimately, to your child, then you will want to contact your local NMB district representative or agency office. (See Directory on page 3.) You may also complete the attached postage-paid reply card and return it to the Home Office or call us at 1-800-779-1936 for answers to any questions you may have. ♦

\* The Special Fraternal Bonus Program is NON-CONTRACTUAL. For complete details, rules, and eligibility requirements, refer to the individual certificates that come with the policy.