



EQUITABLE

Guaranteed issue sales

Month 00, 2020

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1

What is guaranteed issue?

What is guaranteed issue?

- Streamlines the process for obtaining life insurance on key employees.
- Allows groups to go through underwriting based on formulas and employee classifications, instead of lengthy medical questionnaires and exams.
- Simplifies the process to set up a nonqualified benefit plan to attract, reward and retain key executives who are in good health.
- Offers the flexibility to add employees to the plan in later years.



Guaranteed issue can be an excellent tool when funding:

- Key person indemnification
- Nonqualified deferred compensation
- Supplemental Executive Retirement Plans (SERPS)
- Section 162 executive bonus plans
- Split-dollar plans
- Stock redemption plans
- Trusteed wait-and-see buy-sell plans



2

Who is guaranteed issue suitable for?

Who is guaranteed issue suitable for?

- A variety of groups from closely held businesses to large corporations
- Groups where the life insurance face amount is either a flat amount for the whole group or determined by a formula such as 3x or 5x salary
- Cases with 10 or more highly compensated key executives

Eligible key executives:

- White collar: Top management or advanced-degree professionals
- Highly compensated: \geq \$100,000 salary
- Employee
 - Employer must be able to certify “Actively at Work” status
 - Employer-sponsored plan
 - Permanent resident of the United States



Requirements for guaranteed issue

To qualify for guaranteed issue, groups will need to meet certain requirements, including:

- All members of the group must be highly compensated key executives, with salaries of \$100,000 or more, and actively working.
- There must be no known substandard or uninsurable risks in the group.
- The minimum group size is 10.
- Issues ages must be 20-70.
- A maximum average issue age of 55.

Based on the group size, employers will also need a minimum participation level (for voluntary plans) and will need to stay within the maximum face amount limits.



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Guaranteed issue with LTCSR

How does guaranteed issue with the LTCSR benefit the employer?

- Wants to be able to use life insurance and long-term care coverage as a recruiting and retention tool.
- Wants one policy per person so key executives have the flexibility to take the policies with them if they leave the company.
- Needs streamlined underwriting process, so administration and implementation is easy and simple.
- Wants to be able to add more key executives to the program as the company grows.
- Likes the convenience of a list billing process.



Guaranteed issue with the Long-Term Care ServicesSM Rider (LTCSR)

Employers can now choose to include the LTCSR to their guaranteed issue life insurance. If long-term care coverage is added to the policy, these are the requirements for the group's eligibility:

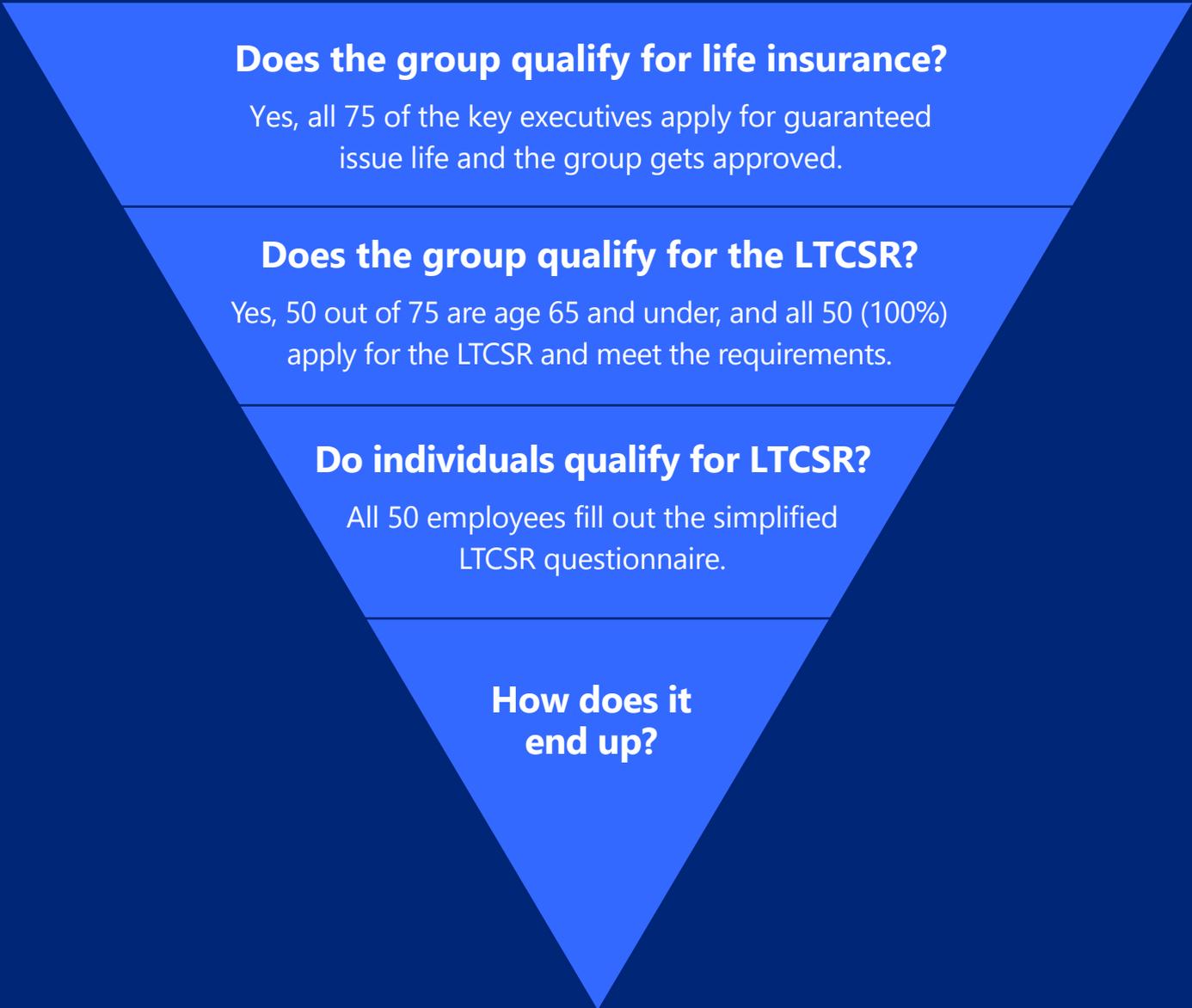
- Issue ages must be 20-65.
- 100% participation of those age 65 and under.
- A maximum average issue age of 50.
- Long-term care monthly benefit of 1% or 2% (same for whole group).
- Long-term care acceleration percentage of 20%-100% of the death benefit (same for whole group, with maximum of \$1,000,000).
- 85% approval based on simplified underwriting.
- Minimum of 20 lives with LTCSR.



Is Company ABC eligible for the LTCSR?

Company ABC wants Equitable’s guaranteed issue life insurance and the LTCSR.

- Group size: 75 highly compensated key executives



Guaranteed issue with the Long-Term Care ServicesSM Rider (LTCSR) in action

How does it end up?

A

Scenario A:

- 47 employees pass, based on the LTCSR questionnaire (3 fail).
- The group passes because more than 85% are approved.
- The subgroup of 47 employees receive the LTCSR while all 75 employees receive life insurance coverage.

B

Scenario B:

- 40 employees pass, based on the LTCSR questionnaire (10 fail).
- The group does not obtain LTCSR eligibility because it does not meet the 85% approval requirement.
- **The group can still get life insurance, even though it does not qualify for the LTCSR.**

How does guaranteed issue with the LTCSR benefit the employees?

Life insurance plus long-term care coverage offers protection and flexibility for employees and their families, without the typical trade-offs. In an employer-sponsored plan where the employee owns the policy, they get:

- Life insurance protection for their families, if they pass away prematurely.
- Additional ways to save for and help preserve retirement income, with the cash value of permanent life insurance.
- Tax-deferred growth and a tax-free life insurance benefit.
- Protection and a way to help pay for long-term care expenses, without having to use their own savings.



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Guaranteed issue multi-life cases

Case design – LTCSR with guaranteed issue?

- Acme, Inc. would like to set up a Section 162 bonus plan for each of their highly compensated employees.
- Each employee is to receive a \$1,000,000 death benefit.
- Employer wants to max fund the policy for each employee for 20 years.
- Employer wants a streamlined underwriting process with minimal paperwork.
- Employer would like to offer their employees an additional long-term care benefit as well.



Case design – What have we accomplished?

- Giving the employees' beneficiaries a tax-free death benefit should they happen to die prior to retirement.
- Allows the employees to potentially draw from the policy's cash value on a tax-free basis to help supplement their income.
- Protects the employees against a disability whereby they would need long-term care as the LTCSR will provide them with an acceleration of their death benefit to pay for their care.
- By providing this fringe benefit, the employer helps retain their key employees.
- Employer is provided the benefit of a tax deduction since it was set up as a Section 162 bonus plan.
- Guaranteed issue underwriting helped streamline the process and made it easier for the employer to issue multiple policies.



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Why Equitable?

Why Equitable?

- Equitable Financial offers individual ownership.
 - Fully portable, not a group certificate.
- Choices of IUL, VUL and institutionally priced VUL.
- Pricing equal to standard rates.
- Smokers: Cigarette use in the last 12 months.
- Group UL carrier price increases – Permanent may be a suitable option.
- COLI producers looking down market and want to diversify carrier options.
- No commission haircuts. (Check with your firm for details.)



Equitable Financial's competitive offering

- **Maximum face amounts for level funded, death benefit-oriented plans:**

Number of eligible	Maximum face amount ¹	Minimum participation %
10-14	\$30,000 x # of lives	100%
15-19	\$40,000 x # of lives	100%
20-25	\$50,000 x # of lives	100%
26-49	\$50,000 x # of lives	85% ²
50	\$50,000 x # of lives	75% ²
51 or more	\$60,000 x # of lives	75% ²

- **Examples:**

- 10 employees × \$30,000 = \$300,000 maximum face amount
- 20 employees × \$50,000 = \$1,000,000 maximum face amount
- 84 employees × \$60,000 = \$5,000,000 maximum face amount

1 Up to a maximum face amount of \$5,000,000.

2 At 100% participation, maximum face amounts are \$55,000, \$60,000 & \$65,000 per participant, respectively.

Equitable Financial's competitive offering

- **Enhanced maximum face amounts for maximum funded, accumulation-oriented plans:**

Number of eligible	Maximum face amount ¹	Minimum participation %
10-14	\$50,000 x # of lives	100%
15-19	\$50,000 x # of lives	100%
20-25	\$60,000 x # of lives	100%
26-49	\$65,000 x # of lives	75% ²
50	\$65,000 x # of lives	70% ²
51 or more	\$70,000 x # of lives	70% ²

- **Examples:**

- 10 employees × \$50,000 = \$500,000 maximum face amount
- 20 employees × \$60,000 = \$1,200,000 maximum face amount
- 72 employees × \$70,000 = \$5,000,000 maximum face amount

1 Up to a maximum face amount of \$5,000,000.

2 At 100% participation, maximum face amounts are \$70,000, \$70,000 & \$75,000 per participant, respectively.

Why our LTCSR?

The LTCSR is one of the most competitive and flexible long-term care riders in the industry today.³ Here's why:

- No receipts are required.
- The employee's condition can be temporary.⁴
- We let employers choose Death Benefit Option B, which may help their employees keep pace with rising long-term care costs.
- The policy can't lapse while on a long-term care claim until the benefit amount is exhausted.

³ The Long-Term Care ServicesSM Rider has an additional cost, and is subject to restrictions and limitations. Employees may qualify for life insurance, but not for the Long-Term Care ServicesSM Rider.

⁴ Not applicable in CT and NY.



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Marketing and case support

Business strategies overview

- Business-focused underwriting
- Business strategies support unit
- Business strategies service website
 - Accessible by client-authorized intermediaries
 - Customizable reports
 - Automatic notifications

Types of plans recognized and supported

Business protection and preservation

- Buy-sell arrangements
- Stock/entity redemptions
- Key person indemnity & retention

Executive benefits

(includes all annual tax reporting)

- Split-dollar plans
- Executive bonus arrangements
- Nonqualified deferred compensation plans

Qualified pension

- All plan design types except 412(e) and 419

Employer-sponsored supplements

- Retirement
- Life insurance

Estate planning specific to business owners

- Section 303 pre-funding
- Section 6166 arbitrage
- Estate equalization

Business strategies report features and options

- Customizable columns and features
- Downloadable reports for direct import to Excel, Access and other accounting, tax and administrative software
- All reports can be viewed by authorized advisors

Sample Reports:

Taxation: By Plan

Life Insurance Policy: Performance

Resources on guaranteed issue cases

- Funding and illustration questions:
 - Advanced Markets case design
 - Wholesale/BGA Channel: (800) 316-9981, Option 2
 - Retail/Equitable Advisors Channel: (800) 289-1101, Option 2 then 2
 - EPG: (800) 833-3027>Option 1>Option 1>Option 2>Option 2
- Underwriting
 - Cecilia Celebran: (Chief Underwriter for GI and COIL IS) (860) 409-1443
 - John Silva: (Fully Underwritten COIL IS) (704) 341-6300
 - Nancy White: (GI COIL IS and Non-COIL IS) (860) 409-1313
- Web
 - Visit equitable.com/GI



Marketing materials

Advanced Markets

Guaranteed issue (GI) checklist

Financial professional information

Date: _____

Name: _____ Email: _____

Phone: _____ Office/BGA: _____

Client information

Name: _____ Address: _____

City: _____ State: _____ Zip: _____

Phone: _____ Website: _____

Organization type: C-corp S-corp LLC/partnership Nonprofit Sole prop

Industry/line of business: _____

Number of employees: _____ Age of business: _____

Person(s) authorized to transact business for corporation:

Name: _____ Title: _____

Email: _____ Phone: _____

Name: _____ Title: _____

Email: _____ Phone: _____

Guaranteed Issue Program

Help your business clients set up life and long-term care benefits – quickly and easily



case study

Using our Guaranteed Issue Program, your business can help your clients quickly and easily establish benefits for their key executives: specifically, permanent life insurance and our Long-Term Care Services™ Rider (LTCSR).

- Do you have business clients who want to attract and retain key executives by offering key benefits like permanent life insurance and long-term care coverage?
- Is the thought of taking all those applications overwhelming?

Here's how one financial professional handled a similar situation.

THE EMPLOYER PROFILE



- ✓ Has a total of 30 key executives
- ✓ Wants to be able to use life insurance and long-term care coverage as a recruiting and retention tool
- ✓ Wants one policy per person so key executives have the flexibility to take the policies with them if they leave the company
- ✓ Needs an underwriting process that is streamlined, so administration and implementation is easy and simple
- ✓ Wants to be able to add more key executives to the program as the company grows
- ✓ Likes the convenience of a list billing process

THE STRATEGY: AXA'S GUARANTEED ISSUE PROGRAM

Our Guaranteed Issue Program allowed the financial professional to streamline the underwriting process, cutting weeks (possibly months) off the timing and reducing the contact to the client. In addition, it lets key executives apply for life insurance without having to go through full underwriting or provide medical information, and potentially apply for a long-term care rider too, through a simplified process that doesn't require full underwriting.



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Guaranteed Issue Program



guidelines

Our Guaranteed Issue Program streamlines the process for obtaining life insurance for a group of highly compensated key executives. Guaranteed Issue is available with all of AXA Equitable's and MLOA's permanent, single life products. Employers also have the flexibility to apply to add our Industry-leading Long-Term Care Services™ Rider (LTCSR).

Which groups are a good fit for Guaranteed Issue?

- While collar businesses with highly compensated key executives who are permanent U.S. residents
- Businesses with ten or more executives, all or nearly all of which will participate in the program

Requirements for Guaranteed Issue

To qualify for Guaranteed Issue, groups will need to meet certain requirements, including:

- All members of the group must be highly compensated key executives, with salaries of \$100,000 or more, and actively working
- There must be no known substantial or uninsurable risks in the group
- The minimum group size is 10
- Issues ages must be 20 - 70
- A maximum average issue age of 55

Based on the group size, employers will also need a minimum participation level and will need to stay within the maximum face amount limits, as shown on the following page.

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The Long-Term Care ServicesSM Rider is available for an additional fee, and does contain restrictions and limitations. A client may qualify for the insurance, but not the rider. Be sure to review the product specifications for details. Policy loans and withdrawals will reduce the face amount of coverage and the cash value of a contract. Clients may need to fund higher premiums in later years to keep the policy from lapsing.

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Thank you.



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