



The road to financial  
freedom starts here



# The Life Income Plan<sup>SM</sup> for Business

**In today's closely held and professional services businesses, The Life Income Plan<sup>SM</sup> for Business can:**



**Assist in building contingency capital**



**Help business owners like you protect the value of their businesses**



**Support retention and succession without losing control of capital**



**Make key employees bankable should an equity opportunity arise**



**Result in tax-free income distributions**





# The Life Income Plan<sup>SM</sup> for Business blueprint

The Life Income Plan<sup>SM</sup> for Business is built on five main tenets every business owner encounters on the road to financial freedom creating a blueprint for success.

## Accumulation

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Build contingency capital for personal or corporate use, position the asset to support choices of retention, succession and future distributions of income and accumulate liquidity in the form of cash surrender values within a corporate-owned incentive life contract.

## Retention

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Retain select key people through vested financial awards, creating synthetic equity that, given the opportunity, can be swapped for real equity.

## Succession

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Create a succession plan, live or die, securing the business' value for you and your heirs.

## Deduction

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A tax deduction for the retention plan payment occurs to support the equity sale. These funds come from the policy cash surrender values.

## Distribution

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Capital contributions through the equity sale are returned as basis with/without capital gains tax and redeposited into the plan for future tax-free income potential.

# The Life Income Plan<sup>SM</sup> for Business

## Case Study

Subsequent pages make certain assumptions based on a hypothetical business with the following characteristics:

### **The business**

- \$3 million company (enterprise value/real estate value separate)
- Business owner is 50 years old
- Average age of key employees is 35

### **Objectives**

- Accumulation and retention
- Future transition and succession
- Deduction and distribution

### **Goal**

Transition from  
**owner to landlord**

# Accumulation

The Life Income Plan<sup>SM</sup> for Business is a strategy for professional practices and business owners to accumulate additional assets as contingency capital.

## Assumptions

- 7 pay premium (Fund to IRC 7702 limits)
- 7% gross return (6.34% net)
- 40% tax bracket
- Assumes personal ownership

## Life Income Plan<sup>SM</sup> (LIP)

### Participant Benefit Report\*

Owner, Business

Sample Company

Current Age: 50

Life Ins Net Rate: 6.34%

Year	Age	LIP <sup>SM</sup> Cash Flow		LIP <sup>SM</sup> Values		
		A	B	C	D	E
		LIP <sup>SM</sup> Contributions	LIP <sup>SM</sup> Distributions	NetAfter-Tax Cash Flow	Policy Net Cash Value	Net Death Benefit
1	50	150,000	0	-150,000	158,771	2,438,789
2	51	150,000	0	-150,000	311,656	2,591,674
3	52	150,000	0	-150,000	477,211	2,757,229
4	53	150,000	0	-150,000	646,783	2,926,801
5	54	150,000	0	-150,000	818,110	3,098,128
6	55	150,000	0	-150,000	999,506	3,279,524
7	56	150,000	0	-150,000	1,187,962	3,467,980
8	57	0	0	0	1,243,510	1,765,784
9	58	0	0	0	1,309,006	1,806,428
10	59	0	0	0	1,384,800	1,855,632
11	60	0	0	0	1,467,972	1,908,363
12	61	0	0	0	1,556,129	1,991,845
13	62	0	0	0	1,649,577	2,078,467
14	63	0	0	0	1,748,637	2,168,309
15	64	0	0	0	1,847,319	2,253,729

\*For complete details refer to the full illustration provided.

# Retention

Key employees are the best place to groom the succession of the business.

## Assumptions

- \$60,796 annual award
- Vesting schedule
- Years 1-4 = 0%
- Years 5-14 = 5%

### Defined Contribution Plan

#### Sample, Executive

Example Company

Age:	35	Plan Contribution:	\$59,050
Purchase Age	50	Years of Benefit:	1
		Plan Accumulation Rate:	6.34%
		Owner Tax Bracket:	40.00%

Plan Contributions, Valuation and Informal Funding Cash Flow								
		A	B	C	D	E	F	G=A-E+F
		Plan	Participant	Total	After-tax	Retirement	Company	Projected
Year	Age	Contribution	Account Value	Vested Account Value	Total Vested Account Value	Benefit	Tax Savings	Informal Funding Cash Flow
1	35	59,050	62,793	0	0	0	0	59,050
2	36	59,050	129,568	0	0	0	0	59,050
3	37	59,050	200,576	0	0	0	0	59,050
4	38	59,050	276,086	0	0	0	0	59,050
5	39	59,050	356,383	17,819	10,691	0	0	59,050
6	40	59,050	441,771	44,177	26,506	0	0	59,050
7	41	59,050	532,573	79,886	47,932	0	0	59,050
8	42	59,050	629,132	125,826	75,496	0	0	59,050
9	43	59,050	731,812	182,953	109,772	0	0	59,050
10	44	59,050	841,002	252,301	151,380	0	0	59,050
11	45	59,050	957,115	334,990	200,994	0	0	59,050
12	46	59,050	1,080,590	432,236	259,342	0	0	59,050
13	47	59,050	1,211,893	545,352	327,211	0	0	59,050
14	48	59,050	1,351,520	675,760	405,456	0	0	59,050
15	49	59,050	1,500,000	1,500,000	900,000	0	0	59,050

\*For complete details refer to the full illustration provided.

# Succession

## Death

Every business owner must consider succession planning to ensure the long-term success of their business and protect their families and the value of the business, live or die.

Business Owner Male, Age 50			Employer				Employee			
Policy Year	Age	Policy Premium	Net Cash Value	Net Death Benefit	Economic Benefit	Premium Paid	Net Outlay	Net Cash Value	Net Death Benefit	
1	50	150,000	158,771	938,789	1,380	0	483	0	1,500,000	
2	51	150,000	311,656	1,091,674	1,500	0	525	0	1,500,000	
3	52	150,000	477,211	1,257,229	1,620	0	567	0	1,500,000	
4	53	150,000	646,783	1,426,801	1,680	0	588	0	1,500,000	
5	54	150,000	818,110	1,598,128	1,740	0	609	0	1,500,000	
6	55	150,000	999,506	1,779,524	1,815	0	635	0	1,500,000	
7	56	150,000	1,187,962	1,967,980	1,905	0	667	0	1,500,000	
8	57	0	1,243,510	265,784	2,070	0	725	0	1,500,000	
9	58	0	1,309,006	306,428	2,235	0	782	0	1,500,000	
10	59	0	1,384,800	355,632	2,385	0	835	0	1,500,000	
11	60	0	1,467,972	408,363	2,550	0	893	0	1,500,000	
12	61	0	1,556,129	491,845	2,775	0	971	0	1,500,000	
13	62	0	1,649,577	578,467	3,000	0	1,050	0	1,500,000	
14	63	0	1,748,637	668,309	3,195	0	1,118	0	1,500,000	
15	64	0	1,847,319	753,729	3,405	0	1,192	0	1,500,000	

\*For complete details refer to the full illustration provided.

# Succession

## Living

### Assumptions

- Accelerate vesting due to an equity opportunity
- Retention plan net proceeds purchases equity position
- Key employees bankable to finance the balance of the sale price

### Defined Contribution Plan

#### Sample, Executive

Example Company

Age:	35	Plan Contribution:	\$59,050
Purchase Age	50	Years of Benefit:	1
		Plan Accumulation Rate:	6.34%
		Owner Tax Bracket:	40.00%

Plan Contributions, Valuation and Informal Funding Cash Flow								
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		Plan	Participant	Total	After-tax	Retirement	Company	Projected
Year	Age	Contribution	Account Value	Vested Account Value	Total Vested Account Value	Benefit	Tax Savings	Informal Funding Cash Flow
1	35	59,050	62,793	0	0	0	0	59,050
2	36	59,050	129,568	0	0	0	0	59,050
3	37	59,050	200,576	0	0	0	0	59,050
4	38	59,050	276,086	0	0	0	0	59,050
5	39	59,050	356,383	17,819	10,691	0	0	59,050
6	40	59,050	441,771	44,177	26,506	0	0	59,050
7	41	59,050	532,573	79,886	47,932	0	0	59,050
8	42	59,050	629,132	125,826	75,496	0	0	59,050
9	43	59,050	731,812	182,953	109,772	0	0	59,050
10	44	59,050	841,002	252,301	151,380	0	0	59,050
11	45	59,050	957,115	334,990	200,994	0	0	59,050
12	46	59,050	1,080,590	432,236	259,342	0	0	59,050
13	47	59,050	1,211,893	545,352	327,211	0	0	59,050
14	48	59,050	1,351,520	675,760	405,456	0	0	59,050
15	49	59,050	1,500,000	1,500,000	900,000	0	0	59,050
16	50	0	0	0	0	1,500,000	600,000	-900,000

\*For complete details refer to the full illustration provided.

# Deduction

The Life Income Plan<sup>SM</sup> for Business allows you to take a loan from the contract to make a basis contribution to the business.

**1 Take a policy loan.**

**2 Make a capital contribution to the business.**

**3 Fund retention payment to key employees.**

**4 Repay the loan with equity sale proceeds.**

See Important Considerations

# Distribution

The true potential of the Life Income Plan<sup>SM</sup> for Business lies in the financial freedom it can provide you and your family.

**Years 1-7**  
Initial premium payments/capital accumulation

**Year 16**  
Borrow from plan and use funds to pay retention benefits

**Year 17**  
Borrowed funds repaid from equity sale proceeds

**Years 21-36**  
Potential tax-free distributions

## Life Income Plan<sup>SM</sup> (LIP)

### Participant Benefit Report\*

Owner, Business

Sample Company

Current Age: 50

Life Ins Net Rate: 6.34%

Year	Age	LIP <sup>SM</sup> Cash Flow		LIP <sup>SM</sup> Values		
		A LIP <sup>SM</sup> Contributions	B LIP <sup>SM</sup> Distributions	C Net After-Tax Cash Flow	D Policy Net Cash Value	E Net Death Benefit
1	50	150,000	0	-150,000	158,771	2,438,789
2	51	150,000	0	-150,000	311,656	2,591,674
3	52	150,000	0	-150,000	477,211	2,757,229
4	53	150,000	0	-150,000	646,783	2,926,801
5	54	150,000	0	-150,000	818,110	3,098,128
6	55	150,000	0	-150,000	999,506	3,279,524
7	56	150,000	0	-150,000	1,187,962	3,467,980
8	57	0	0	0	1,243,510	1,765,784
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12	61	0	0	0	1,556,129	1,991,845
13	62	0	0	0	1,649,577	2,078,467
14	63	0	0	0	1,748,637	2,168,309
15	64	0	0	0	1,847,319	2,253,729
16	65	0	1,500,000	1,500,000	366,021	745,225
17	66	1,500,000	0	-1,500,000	1,978,446	2,360,165
18	67	0	0	0	2,097,656	2,480,852
19	68	0	0	0	2,224,020	2,607,516
20	69	0	0	0	2,357,884	2,740,341
21	70	0	224,794	224,794	2,262,029	2,606,302
22	71	0	224,794	224,794	2,160,306	2,445,538
23	72	0	224,794	224,794	2,052,433	2,281,991
24	73	0	224,794	224,794	1,938,134	2,115,730
25	74	0	224,794	224,794	1,817,052	1,952,037

\*For complete details refer to the full illustration provided.

# Case study summary

## Accumulation to distribution

1	Premiums building projected contingency capital (after-tax)	<b>\$1,050,000</b>
2	Tax-deferred growth utilized (year 16)	<b>\$797,319</b>
3	Capital contribution via policy loan	<b>\$1,500,000</b>
4	Retention plan deduction	<b>\$1,500,000</b>
5	Tax savings realized as partial recovery of after-tax funding	<b>\$600,000</b>
6	Equity sale of \$3,000,000 + option to recover the balance of the net funding expense	<b>\$3,000,000</b>
7	Equity sale proceeds repays policy loan	<b>\$1,500,000</b>
8	Annual tax-free income (age 70)	<b>\$224,794</b>

Steps one and nine are the projections of accumulation and tax-free distributions of the Life Income Plan<sup>SM</sup>. Steps two through eight are choices you can elect annually to meet retention, succession and future deduction projections.



## The Life Income Plan<sup>SM</sup> for Business benefits multiple stakeholders.

### Business owners

- Accumulation of future capital
- Choices of retention and succession
- Addresses funding issues around an equity sale
- Protects succession live or die
- Low net cost of capital for transition/succession
- Tax-free income potential

### Key employees

- Realize the value of sweat equity
- Leverage a retention benefit for an equity opportunity
- Become bankable for succession

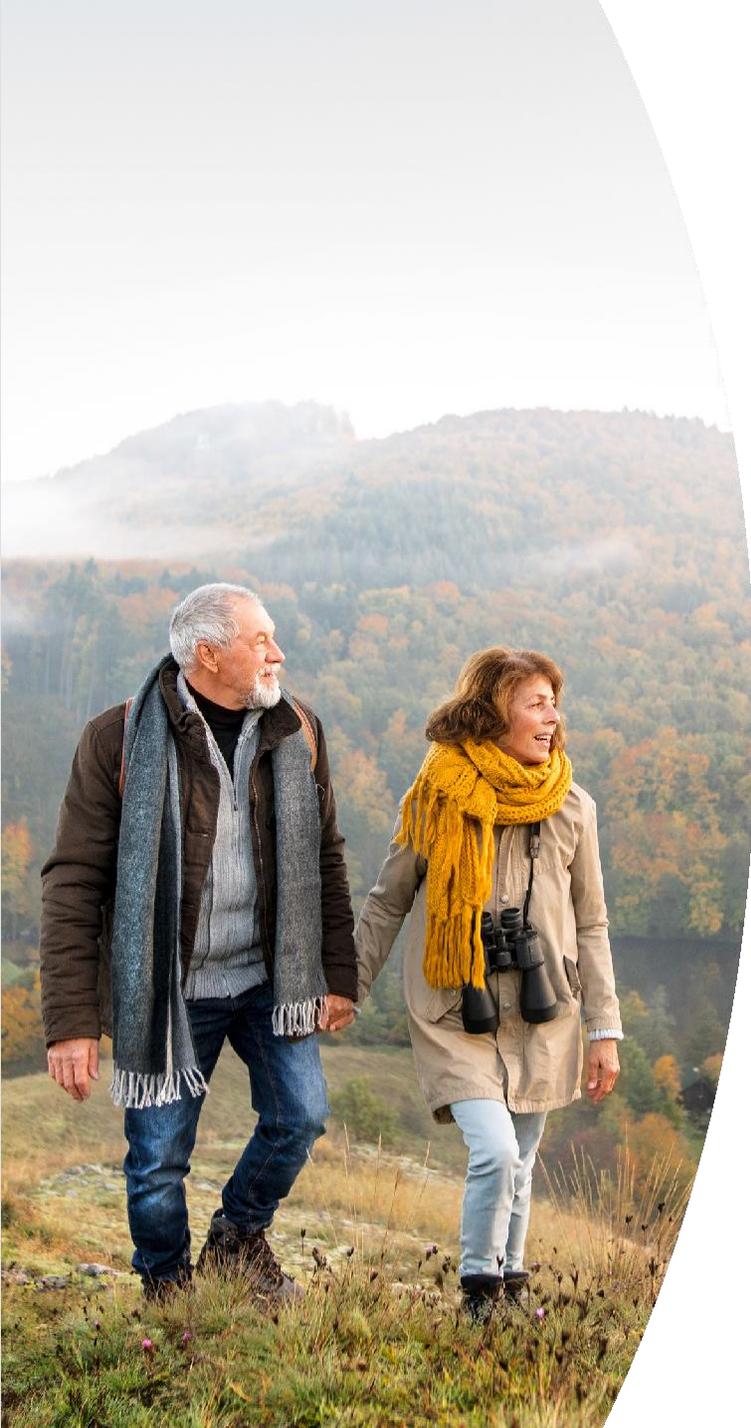
### Accounting

- Liquidity
- Controlling assets
- Tax-deferred growth and access
- Deduction of premiums and unrealized gains with the equity sale
- Low net cost capital for succession with funding recovery

### Family and heirs

- Protects the business asset value
- Tax-free income planning options



A man and a woman are walking together on a grassy hillside. The man is on the left, wearing a brown jacket and a grey scarf. The woman is on the right, wearing a tan jacket and a yellow scarf. They are both looking towards the right. In the background, there are mountains with trees in autumn colors under a hazy sky.

# The Life Income Plan<sup>SM</sup> for Business platform

**The Life Income Plan<sup>SM</sup> for Business platform is an end-to-end turn-key approach to accumulation, retention and succession for professionals and small business owners.**

- Custom plan design with institutional life asset
- Retention plan agreement\*
- Buy-sell agreement\*
- Web-based plan and policy administration
- Asset reporting
- Annual reviews

\* Sample agreements produced by Berger, Cohen and Brandt of St. Louis, who can be engaged to produce the documents, or you may engage your own legal advisors. Berger, Cohen and Brandt are not affiliated with Equitable Advisors or its affiliates.

**The Life Income Plan<sup>SM</sup> for Business helps business owners like you plan for your future by offering strategies for cash accumulation, retention of top talent and succession planning.**



## IMPORTANT CONSIDERATIONS:

This presentation is designed to briefly describe the important features of COL Institutional Series<sup>SM</sup>, including illustrations of policy performance based on a number of hypothetical returns and other assumptions. **Please note that the illustrations are hypothetical: values shown are not guaranteed. These illustrations may not be used to project or predict investment results.**

See the attached Basic Illustration for an explanation of interest rates, figures shown, and other important policy and tax information. This presentation must be preceded or accompanied by a prospectus containing detailed information about COL Institutional Series<sup>SM</sup> including charges and expenses. Refer to the basic illustration for guaranteed elements and other important information. **Values set forth are not guaranteed unless they are clearly identified as guaranteed. Guarantees are based on the claims paying ability of the issuing insurance company.**

Variable universal life (VUL) insurance is a contractual agreement in which premiums are paid to an insurance company, and the company, in return for those premiums, provides a benefit to a named beneficiary on proof of the insured's death and a policy cash value. Amounts in the policy's cash value are invested in a variety of variable investment options. Amounts in a variable life insurance policy's variable investment options are subject to fluctuations in value and market risk, including loss of principal.

Cash values accumulate on a tax-deferred basis and can be structured for tax-advantaged access and distribution assuming policy loans after withdrawals of the policy owner's basis. Loans and withdrawals reduce the policy's cash value and death benefit, and withdrawals in excess of the policy's basis are taxable. Under current rules, loans are free of income tax as long as the policy remains in effect until the insured's death at which time the loan will be satisfied from income-tax-free death benefit proceeds, and, if the policy is surrendered, any loan balance will generally be viewed as distributed and taxable.

Life insurance policies have exclusions, limitations and terms for keeping the policies in force. Fees and charges associated with VUL include mortality and expense risk charges, cost of insurance charges, surrender charges, administrative fees, investment management fees and charges for optional benefits. The corporate VUL policies may offer a variety of subaccounts available from multiple notable fund families. The actual list of subaccount investment options varies based on carrier selection.

***Variable life insurance is offered by prospectus. For a prospectus with more complete information including investment objectives, risks, charges and expenses, please contact your financial professional and read the prospectus carefully before investing or sending money.***

Please be advised that this document is not intended as legal or tax advice. Any tax information provided in this document is not intended or written to be used, and cannot be used, by any taxpayer to avoid penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed. You should seek advice based on your particular circumstances from an independent tax advisor.

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