

# SIGNATURE WHOLE LIFE INSURANCE

## Case Study for Grandparents: Purchase a Whole Life Policy for a Grandchild



Grandparents love their grandchildren, tend to spoil them, and want to provide them a future that is easier than their own. That could mean contributing to their education through a 529 Plan or other means of saving for college. However, once they have education funding started, they should consider how they can provide their grandchild a financial asset that can follow them the rest of their lives and even provide protection for their grandchild and, someday, that grandchild's future children, spouse, and supplemental retirement income. As their grandchild grows, so will the Signature Whole Life policy.

### How it Works:

Grandparents, who already have insurance on their own lives, decide to take out a whole life policy on their two year old grandson, to provide him with permanent coverage. They purchase a Signature Whole Life Policy from American National with a face amount of \$100,000 and an annual premium of \$729.33 which they pay until he turns age 21. At that point, they transfer ownership of the policy to him, gifting him a paid-up policy that will provide a guaranteed \$100,000 death benefit for the rest of his life. Besides the guaranteed death benefit, the policy will earn cash value at a guaranteed rate and may earn dividends over the years.

The grandparents also choose to add the Guaranteed Insurance Option Rider (GIO Rider) to the policy which will allow him the opportunity to purchase up to \$50,000 of additional life insurance, without evidence of insurability, at specified ages or life events. At the regular option dates at ages 25, 28, 31, 34, 37 and 40, their grandchild, the insured, can choose to buy additional permanent insurance for himself. Additionally, he can choose to purchase permanent insurance on the life of his spouse when he marries\* and a Children's Term Rider at the birth or adoption of a child.

\*Coverage for a spouse may only be issued once under this rider.



## What is the Potential Result?

Now that the grandparents have gifted a paid-up, permanent policy, they have the peace of mind that they have provided a benefit to their grandchild that can last him a lifetime. That child now has an asset that will not require additional funding as well as permanent coverage as he begins his working life. Even if something were to happen to their grandchild that could affect his future insurability, the grandparents can be contented knowing that they provided a lifetime of protection for their grandchild and his future family. This could assist their grandchild when he needs credit, when he begins the process of purchasing a home, etc.

Let's presume that their grandchild graduates from college shortly after receiving the policy and gets married to his college sweetheart. Through this same policy, he is able to provide his spouse permanent life insurance once they are married. Several years later, he has a child and has the opportunity to provide insurance for their newborn as well. The gift of protection provided by the grandparents, who are now great-grandparents, continues to give as he expands his family.

As their grandchild becomes more successful in his 30's (and you know he will), he can continue to purchase additional amounts of permanent life insurance coverage on himself that may be needed to protect his spouse, his children, and his home as his earning potential grows.

## Conclusion

The grandparents have provided their grandson with a great financial start that will make his future brighter and allow him the option to provide additional protection for his spouse, his children, and himself. For those grandparents who have already started to contribute to education funds, a very affordable life insurance policy that can be paid-up at an early age can provide your grandchildren a head start on life. Wouldn't you like to offer this to your precious grandchildren?

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