WHOLE LIFE INSURANCE:

A Versatile Financial Asset

As a young professional in his twenties, Chris Lione rarely saved money and had little interest in finance. Yet because of a single, wise financial decision, the fledgling graphic designer had sufficient assets to purchase a multifamily brownstone in New York City. Chris Lione's wise decision? He purchased a whole life insurance policy from MassMutual.

People most often think about life insurance as a way to provide financial security for their families in case of an untimely death. This is the core reason to have life insurance. But one thing often overlooked is the additional benefits provided by permanent life insurance. Whole life insurance, as an example, offers a combination of death-benefit protection and cash-value accumulation, leading more and more people to view whole life as a flexible asset in their overall financial planning. Especially important in these uncertain economic times, whole life insurance is one option whose benefits will not fluctuate with the rise and fall of the stock market.

"Chris was a self-admitted poor saver," explained financial professional Brad S. Ashinoff, CLU, ChFC, CLTC, "so we had to find a way to provide life insurance and build savings for the long term, and protect his income stream with disability income insurance."

Since his whole life policy has guaranteed cash value and the potential to pay annual dividends, Lione knew that the premiums he paid each year, the guaranteed cash values and any dividends received would boost the value of his policy. Such steady gains were a comfort to policyholders nationwide from January 2008 through June of 2010, when home values lost 18 percent and the S&P 500 fell 28 percent. Lione's whole life policy continued to pay dividends, with a fixed premium and fixed benefits that did not change during the financial crisis.

WHY WHOLE LIFE?

- Unlike other assets, such as securities or real estate, the value of your whole life policy will not vary based on changes in the financial markets.
- The cash value that a whole life policy builds over time can be a source of funds for emergencies.
- While not guaranteed, any annual dividend payments received may be used by policyholders to reduce or eliminate their out-of-pocket premiums, to purchase additional life insurance protection, and to build additional cash value.
- A policy loan may offer better terms than conventional lenders, and does not require a fixed repayment schedule.

Several years after purchasing his whole life policy, Lione was delighted to find he had accrued enough cash value to take a loan on his policy that provided him with a down payment on the brownstone he wanted to buy. He has since paid off that loan and borrowed on the cash value of his policy for other important purposes when credit was not available elsewhere.

Providing Business Cash Flow

Money is what was in short supply for Buzzy Coleman and his sons, who together ran Coleman-Adams Construction, Inc., a family business in central Virginia. When the bottom fell out of the real estate market, several Coleman clients were unable to pay their bills. Suddenly, the Colemans lacked cash flow and were strapped for money to pay creditors. Coleman checked on the cash value that had accrued in whole life insurance policies he had purchased years earlier, and borrowed from the policies to help them stay in business and keep employees working through the recession. Said Coleman, "Those resources pulled us through."

In particularly hard times, when even paying your annual premium on a policy is a struggle, there's comfort in accrued cash value. Policyholders can use their cash value to help pay premiums, thus keeping their insurance policy active.

Funds for College and Beyond

"It's that kind of financial flexibility that makes whole life insurance so attractive," said Dave Woods, former president of the LIFE Foundation and a veteran insurance agent who has himself made use of the cash value in his policies. That money helped put all four of Woods's children through college. The terms were attractive to Woods because the interest he paid on the funds was lower than any rates offered by competing banks. "Basically," he explained, "you're paying yourself the interest your money would have accrued had it stayed in the policy."

Now in his 70s, Woods has repaid those policy loans and restored the full cash value of his insurance policies. But the cash value is not a frozen asset; it is still available to Woods to meet a variety of needs. If his Social Security or his savings aren't sufficient to support Woods and his wife in retirement, he can tap his whole life policy. If other needs arise, funds are available.

Such flexibility is not available to those who purchase term life insurance, a policy that costs less but has a single purpose: to pay a set benefit upon the insured's death. "Young people, especially young couples, tend to buy term insurance because it's more affordable," Woods said. "But nowadays, I see many of my customers considering term life insurance that can convert to

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The strength of a whole life policy from MassMutual lies in its flexibility. On one hand, it helps guarantee the protection of your family's financial future. On the other, it's a solid asset when the financial markets are down, building guaranteed cash value[1] over time that can supplement retirement income in a challenging economy. As a mutual company, we're owned by our members and participating policyholders, plus we have financial strength ratings among the highest of any company in any industry.[2] So you get more than financial flexibility. You get the confidence of knowing you made a good decision. **Contact a financial professional or visit MassMutual.com to learn how whole life can supplement your retirement income.**

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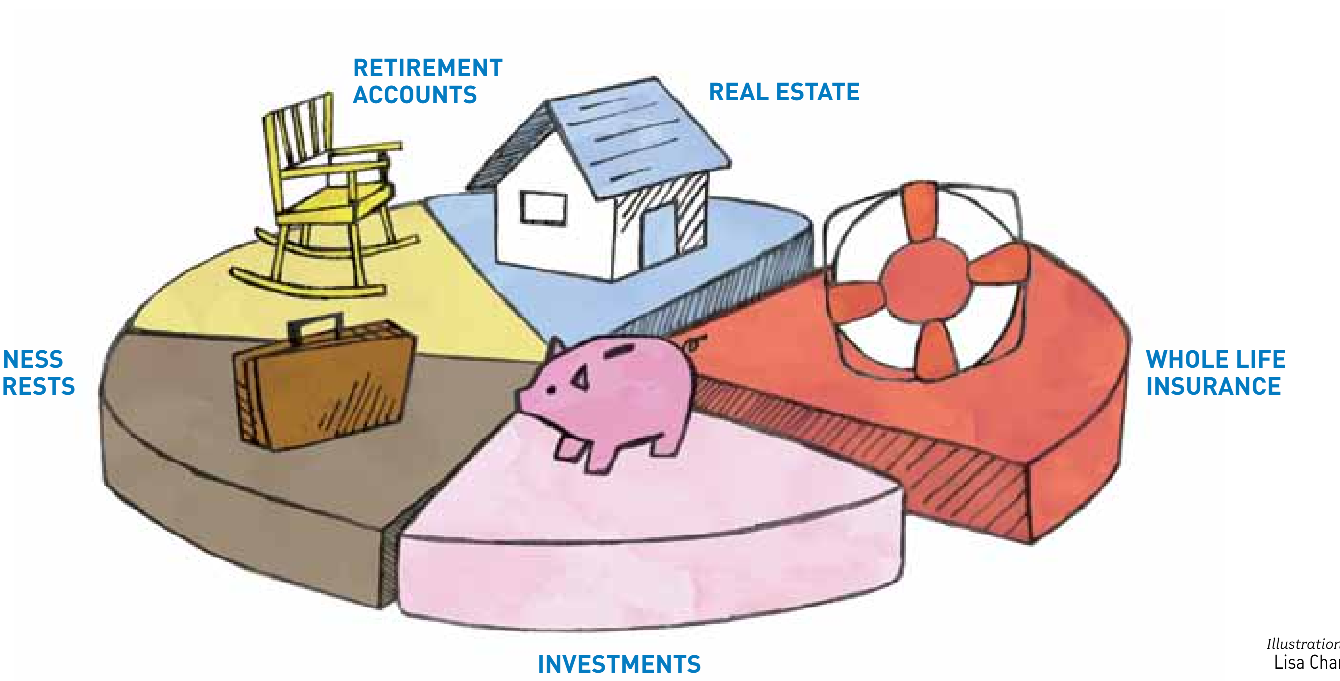

Illustration by Lisa Champ

whole life insurance so they have more financial options in the future."

An unsettled market is one reason for anyone to want to shift to safety. "Folks see the market swinging wildly from day to day," said Woods, "but persons with whole life insurance coverage can rest easy knowing the cash value of their whole life policy keeps going up regardless of market gyrations."

It's Never Too Late

Traditionally, life insurance is purchased when people marry or have their first child. It's seen as a responsible step in a family financial plan. But there are times when a whole life policy purchased for an elderly parent can prove just as logical.

Soon after Paul Grassi's daughter was born, he sat down with his insurance agent to do some financial planning. When the agent casually asked about the finances of Paul's parents, Paul was surprised how little he knew about their circumstances.

Paul and his brother, Michael, knew their father had retired from the New York City Fire Department with a substantial pension. What they didn't know was the pension was in force only while the elder Mr. Grassi stayed alive. Upon his death, Joanne Grassi, the boys' mother, would have been forced to change her lifestyle. It was very likely she'd have to move in with one of her sons.

At their agent's suggestion, the brothers took out a whole life insurance policy on their father. Since cost was a factor, Paul and Michael paid the premiums. Three years later, when Mr. Grassi passed away, his wife was able to remain in her home. "Today I can be a grandmother," she said, "without being a burden."

Putting Your Whole Life Policy in Perspective

Being able to access the cash value can be a strong benefit of any whole life policy. Since the cash value is yours, you don't have to qualify for a loan. Especially today, when banks are tightening loan requirements or eliminating lines of credit, whole life cash value remains a reliable source of funds for policyholders. Of course, though, accessing cash values through borrowing (or surrenders) will reduce the policy's cash value and death benefit. Experts say that it's in a policyholder's best interest to repay a policy loan so that the death benefit will be fully available to their beneficiaries and the cash value will be available for other potential needs. Repaying a loan also reduces the risk that a policy will lapse or lose coverage or possibly result in adverse tax consequences.

"Mutual companies like MassMutual are in business for their policyholders," said Mike Fanning, executive vice president of the U.S. Insurance Group, MassMutual. "We are driven by our commitment to deliver on our obligations and the enduring value we provide to our policyholders. When you combine that foundation with all of the benefits of a whole life insurance policy from MassMutual — a product that has consistently paid a dividend every year for over 150 years — consumers gain a sense of financial stability. That's a very compelling mix."

In these changing times, when even the most rock-solid assets seem uncertain, the flexibility of whole life insurance, especially when paired with its constant reliability, has made many policy shoppers take a second look. There's no telling what hand life will deal us, so why not be prepared with an arsenal that will keep pace with your financial needs?