

An Educational Guide  
for Individuals



# Gift of a Lifetime

A lasting connection to a child you love

Insurance Strategies



We'll help you get there.®



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Giving a whole life insurance policy to a child can help you set an example of financial responsibility and emphasize the importance of protecting your loved ones. Massachusetts Mutual Life Insurance Company (MassMutual) offers you a way to give a gift that could last a lifetime and provide a range of benefits throughout your child's life. Many people find that the gift of whole life insurance can be the first step toward financial security for a child.

This brochure is designed to help you understand the value of giving a whole life policy to a child.

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**The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings or short-term investment strategies. While the policy allows for loans, you should know that there may be little to no cash value available for loans in the policy's early years.**

**The information provided is not written or intended as specific tax or legal advice and may not be relied on for purposes of avoiding any federal tax penalties. MassMutual, its employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.**

# A lifetime of benefits

## Helping children reach for their dreams

Many people want to help their children achieve their dreams and realize their financial goals. Whole life insurance from MassMutual can give children a head start toward those goals by providing fundamental guarantees:

- A guaranteed amount of life insurance protection to help your children protect their families;
- Guaranteed increases in cash value; and
- If you choose, for an additional cost you can guarantee your child's right to increase coverage in the future without proof of good health.

As adults, your children could access the cash value<sup>1</sup> in their policies to help toward:

- College tuition and expenses;
- Funding a wedding;
- A down payment on a house;
- Starting a business; or
- Supplementing income during retirement.

The cash value can be accessed on a tax-advantaged basis and used for any purpose. However, it's important to understand that any distributions will reduce the policy's cash value and death benefit, so your children should be selective about how they use the policy.

*When they become adults, your children can use their policies' cash value whenever they need it for whatever is important to them.*



<sup>1</sup> Distributions under the policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10% tax penalty.

Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

# Why whole life insurance for a child?

## Never too young to start

Life insurance premiums are based on a number of factors, including a person's age and health. Premiums are generally lower for children because they are young and healthy.

As your children grow older, or if their health statuses change, they may not be able to qualify for or afford life insurance.

Purchasing whole life insurance for a child now will help ensure that he or she has guaranteed protection for life.

## Premium payment options

MassMutual offers whole life insurance policies with various premium payment durations. Many parents and grandparents select the 10- and 20-year premium payment period because they can ensure that the policy will not require additional funding once the child becomes an adult.

The Single Payment Program is another option to consider. This allows for a one-time payment that will fund future policy premiums.<sup>2</sup> This is an especially useful option for grandparents who want to make a single payment to pay for policies on a number of grandchildren.

*Giving a child a head start with a whole life policy means lower premiums for you and guaranteed protection for future generations.*



<sup>2</sup> The Single Payment Program involves the purchase of a MassMutual Whole Life Legacy Series life insurance policy and a RetireEase annuity, each of which can be purchased separately. There is no financial advantage in purchasing either the life insurance or annuity product in conjunction with this program; and you have the same rights, features and benefits under each product that you would have if you purchased them separately.

### Whole life can grow with the child

If your children have families of their own one day, they may want to protect them by adding more life insurance. There is an option that allows the insured to purchase more coverage at certain life events (marriage, adoption or birth of a child) or at regular intervals, as needed. You could guarantee that your children can add up to \$1 million of life insurance, regardless of their future health. This option is available for an additional cost.

The policy also has the potential to earn dividends, which could be used to increase life insurance protection and cash value over time. Dividends are not guaranteed.

*You could guarantee that your children can add up to \$1 million of life insurance, regardless of their future health.*

### Protect future generations

The gift of whole life insurance can help children understand the value of protecting the financial futures of the ones they love. When your children grow up, they may not have premiums to pay and, if you choose, they will also have the option to buy additional coverage as their families grow. This gives you the opportunity to help protect your future grandchildren or great-grandchildren with a decision you make today.



# Important considerations

## Limits and restrictions

MassMutual has specific underwriting guidelines for insuring minors, some of which vary by state. Please consider the following limits and restrictions:

- Generally, insurance coverage will be limited to a maximum percentage of the coverage on a parent;
- All siblings must have an equivalent amount of coverage;
- The child must be at least 15 days old; and
- Ages 15 and younger need parental signoff even if the policy is owned by a grandparent.

## Who should own the policy?

Whole life insurance policies for children must be owned by parents, grandparents or a trust. There are multiple factors to consider when deciding which ownership arrangement is most appropriate for your situation. These include: the size of the policy, control of policy values and gift tax implications.

Your MassMutual financial professional and tax advisor can help you make this important decision.

## Gift taxes

The Internal Revenue Service limits the amount of money that you can give tax free to a child in a particular year. For larger premium policies, a properly structured ownership arrangement allows you to take full advantage of those limits. The policy's cash value grows on a tax-deferred basis and may eventually be worth far more than your original gift.

## A gift they can't outgrow

Children eventually outgrow the clothes, the toys and the other gifts you give them. A whole life policy from MassMutual is different. You can give your children a fully-funded life insurance policy that will provide:

- Permanent life insurance to one day protect their families;
- Cash value that can be used to help fund life's big events;<sup>1</sup> and
- The option to increase their protection as their families grow.

*Speak with your MassMutual financial professional today about giving the gift of a lifetime to your child or grandchild.*



# MassMutual. We'll help you get there.®

There are many reasons to choose a life insurance company to help meet your financial needs: protection for your family or business, products to provide supplemental income and the confidence of knowing you will be prepared for the future.

At Massachusetts Mutual Life Insurance Company (MassMutual), we operate for the benefit of our participating policyowners. We stand strong in the fundamental belief that every secure future begins with a good decision. And when choosing a life insurance company – ownership, strength and stability matter.

**Learn more at [www.massmutual.com/mutuality](http://www.massmutual.com/mutuality)**

The Whole Life Legacy Series (WL-2007 and WL-NC-2007) are level-premium, participating, permanent life insurance policies issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.

MassMutual RetireEase [Contract Form #SPIA05;SPIA05(NC)] is a single premium immediate fixed annuity contract issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111.

MassMutual RetireEase is not a Medicaid-friendly immediate annuity. The use MassMutual RetireEase in conjunction with Medicaid planning is prohibited.

The product and/or certain features may not be available in all states.

