

Variable Universal Life

Permanent  
Life Insurance



Flexible premiums  
and potential  
cash value

# Why consider a Variable Universal Life Policy?

A Variable Universal Life Insurance Policy is designed for individuals who want death benefit protection and the potential for growth through cash value accumulation.

In short, if you need permanent life insurance protection and are comfortable with investment risk, then a Variable Universal Life Policy may be right for you.

## Permanent life insurance protection, plus potential cash value

Life insurance can help you plan for the future and ensure that your legacy is protected. One disciplined option that can help you face life's unforeseen events is Variable Universal Life Insurance. It provides permanent life insurance protection and the opportunity to build cash value all in one policy. You have the convenience of flexible

premium payments and the ability to invest those premiums in a variety of professionally managed investment subaccounts that offer various levels of risk and growth potential based on your financial objectives. As a permanent life insurance policy, Variable Universal Life builds potential cash value, or "Accumulation Value," on an income tax-deferred basis.



Steve is 45 years old, married with two children. He has group term life insurance through his employer, but he wants to add a permanent policy to protect his family. After speaking with his Representative, he feels a Variable Universal Life Policy is right for him. What he likes about this product is the flexibility he has in making his premium payments and allocating his premiums to different subaccounts that offer the opportunity to build tax-deferred cash value.\*

\*The hypothetical example is not intended to represent any specific situation or individual.

## Insurance Riders

Variable Universal Life offers optional insurance riders for you to choose when the policy is issued. These are available in most states for an additional monthly charge and certain restrictions apply. These riders include:

### **Accidental Death Benefit Rider.**

You may elect to obtain this coverage before the age of 60. The rider provides an additional fixed amount of death benefit in the event you die from accidental bodily injury while the policy is in force and before you reach age 70.

### **Waiver of Monthly Deduction**

**Rider.** If you become totally disabled, your monthly deductions will be waived; however, if there is no active claim this benefit expires when you reach age 60. To claim a benefit, both the rider and policy must be in force up to the age specified in the rider.

### **Children's Term Life Insurance**

**Rider.** You may purchase between \$5,000 and \$15,000 of life insurance on every eligible child up to the age of 18. The premium remains the same regardless of the number or ages of the children covered under the policy. Coverage may be converted to permanent life insurance at a later date. However, conversion must occur before the child attains age 25 or prior to the Base Insured reaching age 65.

### **Spouse's Term Life Insurance**

**Rider.** You may purchase term life insurance on your spouse for a death benefit of \$25,000, providing the spouse is not 10 years older or younger than you are as the policyholder. Premiums remain level for the first 20 years and then increase for the subsequent 20-year period or to age 65.

### **Accelerated Death Benefit Rider.**

In the event of a terminal illness, you may request an advance of up to 80 percent of the death benefit under your policy, as long as your life expectancy due to illness or an accident is 12 months or less. Receipt of an accelerated death benefit will reduce the remaining death benefit. While there is no charge for this rider, receiving these benefits may affect your eligibility for Social Security and other government programs.

## Is Variable Universal Life right for you?

Do you need permanent life insurance?

Do you seek life insurance that may also potentially build cash value?

Do you have a tolerance for investment risk and the possibility that you may lose principal?

Do you have disposable income to commit over a long-term time horizon?

Do you want the convenience of flexible premium payments?

Do you have the ability and intent to make the necessary premium payments?

If so, you may wish to consider a Variable Universal Life Policy from Foresters Life Insurance and Annuity Company.

# Key benefits of Variable Universal Life

A Variable Universal Life Policy from Foresters Life Insurance and Annuity Company is intended for those individuals who need permanent life insurance, have a long-term time horizon and seek an investment component that offers the potential for tax-deferred cash value accumulation. It is important to know that the values of the investment subaccounts are subject to market fluctuation and there is a risk that the Accumulation Value may decrease. Key benefits of a Variable Universal Life Policy include:

**Flexible premium payments.** After the face amount of the policy is determined, you decide the timing and amount of premium payments. The amount and the number of years the premium is paid are flexible within certain limits. It is, however, important to make regular and sufficient premium payments to ensure that the policy does not lapse especially if there is a market downturn and the cash value decreases. While flexible premium payments are an important advantage of this policy, you need to be aware that too few premium payments that are lower than your planned premium can cause the policy to lapse. Also excess premium payments to the policy may convert the policy to a Modified Endowment Contract (MEC) which has less favorable tax treatment than regular life insurance policies. The combination of the premiums paid, along with the subaccount performance, minus expenses

and fees, will determine the Accumulation Value.

**Control over the policy.** You can increase or decrease the face amount of insurance in the Policy as your needs change. You can also choose between two death benefit options and a variety of investment subaccount options.

**10-Year no lapse guarantee.** Your policy will remain in force during the first 10 policy years as long as the minimum monthly (no-lapse) premiums are paid.<sup>1</sup> This alleviates the risk of your policy lapsing even if it is not sufficiently funded during the 10-year no-lapse period. No matter how the market performs, your policy is guaranteed<sup>2</sup> to remain in force for 10 years. If you only pay the no-lapse premium for a number of years, you may have to make additional premium payments after the no-lapse period expires in order to keep the life insurance coverage in force.

**Cash value accumulation.** You can choose from a variety of investment subaccounts with portfolios of stocks and/or bonds.<sup>3</sup> Each of these has its own investment objective that allows you to diversify your cash value among different asset classes and investment styles. Cash values in the subaccounts are not guaranteed<sup>2</sup> and risks are associated with each subaccount; please read the prospectus for more information. In addition, there's a fixed account option with a guaranteed<sup>2</sup> minimum and current annual interest rate.

## Death benefit options

You can increase or decrease the death benefit at any time and choose from among two options:

**Option A.** Death benefit is equal to the policy's "face amount."

**Option B.** Death benefit is equal to the sum of the policy's face amount plus the total Accumulation Value (which varies depending on the performance of the subaccounts you select).

## Important tax advantages

**Income tax-free death benefits.** The proceeds of the death benefit are generally income tax free for beneficiaries.

**Tax-deferred cash value growth.** The accumulated cash value grows tax-deferred.

**Tax-free exchanges between subaccounts.** You can transfer funds from one investment subaccount to another without tax liabilities.

## Allocating your premiums

A Variable Universal Life Policy offers investment options that can build cash value with:

**Professionally managed subaccounts.** You can choose from among several professionally managed subaccounts within the Life Series Funds. Each subaccount has its own investment objective, strategy and risks.



**A fixed account.** This option has a guaranteed<sup>2</sup> minimum interest rate, plus any excess interest that Foresters Life Insurance and Annuity Company may declare. If you decide on a fixed account, you may allocate up to 50 percent of your premium payments. Once that allocation is made, you are limited to one transfer to a subaccount per year, and a transfer out of the fixed account is limited to the greater of \$1,000 or 25 percent of the Fixed Account Accumulation Value.

The Accumulation Value and Option B Death Benefit will vary based on the performance of the subaccounts you select. You bear the investment risk with respect to your subaccount allocations. You may change your premium allocations among subaccounts and the fixed account. Your Representative will work with you to develop a personalized strategy to help you reach your financial goals.

## Accessing your cash value

If you need access to your cash value, Variable Universal Life allows you to take loans against the policy's cash value.<sup>4</sup> With this policy, you may borrow up to 75 percent of your Surrender Value in the first three policy years and up to 90 percent of the Surrender Value thereafter. Any outstanding policy loan, plus interest, will be subtracted from any death benefit payable. You may also make partial withdrawals from the policy's Accumulation Value.

Partial withdrawals reduce the Accumulation Value, lower the death benefit, and/or may cause the policy to lapse. Loans and partial withdrawals may also lead to adverse tax consequences. It is always better to plan to pay back any loans to maintain the life insurance coverage. The surrender charge period is 15 years and the surrender charge percentages are higher in the early years of the policy. Surrender of the policy at any time while you are alive, or making partial withdrawals, may also have adverse tax consequences.

Over many years, your Accumulation Value may be a source of money you can use to help pay for a child's education, buy a new home or provide additional funds at retirement. The policy may also be suitable for many business needs such as executive bonus plans and "key person" coverage.

To make the best use of a Variable Universal Life Policy you should have a long-term time horizon and plan to pay scheduled premiums and accumulate cash value. We do not recommend that you purchase a policy if you expect to need access to the cash value within the surrender charge period.



Robert and Laura, both in their early 50s, want to ensure they have adequate life insurance protection. As part of their long-term financial strategy, after researching many types of insurance policies, they decided a Variable Universal Life Policy was right for them. They felt it would complement the other aspects of their financial portfolio. They wanted permanent life insurance and this policy has many of the benefits they are looking for.\*

<sup>1</sup> It is important to pay the necessary premium payments on time, since missed or late payments may cause the policy to lapse.

<sup>2</sup> All guarantees are subject to the financial strength and claims-paying ability of Foresters Life Insurance and Annuity Company, which makes no guarantees with respect to the investment return or principal value of the underlying subaccounts.

<sup>3</sup> The Accumulation Value, and perhaps the death benefit of your policy, will increase or decrease based on the performance of the subaccounts in which you invest. The performance of each will vary and some may be riskier than others. You bear the investment risk and can lose the principal.

<sup>4</sup> Any policy loans or withdrawals you decide to take will reduce the death benefit and Accumulation Value of your policy, whether or not you repay those loans. Moreover, a policy loan may increase the risk of lapse by decreasing the Accumulation Value available to pay the monthly deduction.

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## Consider potential risks

Variable universal life policies are long-term contracts, sold by prospectus and illustration and the Accumulation Value is subject to market fluctuations. You should be able to hold the product long enough to ride the ups and downs of the market. Typically, your scheduled premiums should not exceed 10 percent of your gross income.

While you allocate premiums to professionally managed subaccounts, there are annual fees and expenses associated with this policy. If you do not need permanent life insurance, you should consider a different type of investment.

Some of the policy risks you may face include:

**Risk of lapse.** It is important to pay the necessary premium payments on time, since missed or late payments may cause the policy to lapse.

**Investment Risk.** The Accumulation Value, and perhaps the death benefit of your policy, will increase or decrease based on the performance of the subaccounts in which you invest. The performance of each will vary and some may be riskier than others. You bear the investment risk and can lose the principal.

**Tax risks.** There are tax implications if you take a partial withdrawal from your policy, surrender or let the policy lapse, reduce the face amount, eliminate a rider or make a material change to the policy after it is issued, which may convert it into a modified endowment contract (MEC), for which you may receive less favorable tax treatment.

**Risks of policy loans.** Any policy loans or withdrawals you decide to take will reduce the death benefit and Accumulation Value of your Policy, whether or not you repay those loans. Moreover, a policy loan may increase the risk of lapse by decreasing the Accumulation Value available to pay the monthly deduction.

Insurance policies contain certain exclusions, limitations and other terms for keeping them in force. For complete costs and details, see your Representative. Policy guarantees apply only to certain insurance features and are subject to the claims-paying ability and financial strength of Foresters Life Insurance and Annuity Company. Variable universal life insurance policies are offered by prospectus only.

This product is a life insurance policy that accelerates the death benefit on account of chronic illness and is not a health insurance certificate providing long term care insurance subject to the minimum requirements of New York Law, does not qualify for the New York State Long Term Care Partnership Program and is not a Medicare supplement certificate. Receipt of the accelerated death benefits may affect eligibility for public assistance programs. Receipt of the accelerated death benefits may be taxable.

All investing involves risk, including the risk of losing money.

For more information about variable universal life insurance policies, you may obtain a free prospectus by contacting your Representative or calling 800 832 7783. The prospectus contains information about a policy's features, risks, charges and expenses, and the investment objective and risks of the underlying investment subaccounts as well as other information about the Variable Universal Life policy. Consider this information, and read the prospectus carefully before you invest or send money. Policy availability and features may vary by

state. The purchase of a variable universal life insurance policy is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Neither Foresters Life Insurance and Annuity Company nor its affiliates provide legal, tax or estate planning services. Should you require such services, you should consult a legal, tax or estate planning professional.

Variable Universal Life is approved in the states with the form number listed below:

VUL-1 (10/13) (CA)	VUL-1 (10/13) (FL)
VUL-1 (10/13) (CT)	VUL-1 (10/13) (NY)
VUL-1 (10/13) (DE)	VUL-1 (10/13) (ND)
VUL-1 (10/13) (DC)	

The following states are approved as a form number ICC13-VUL-1 (10/13):

AL	ID	MD	NE	OR	VA
AR	IL	ME	NH	PA	VT
AZ	IN	MI	NJ	RI	WA
CO	KS	MN	NM	SC	WI
FL	KY	MO	NV	TN	WV
GA	LA	MS	OH	TX	WY
HI	MA	NC	OK	UT	

Variable Universal Life policies are issued by:

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