



ADVANCED INSURANCE BROKERAGE · CLIENT EDUCATION SERIES · CASE STUDY

One Policy, Three Phases

A \$20,000-a-year Whole Life design followed from age 41 to age 100: building cash value, paying tax-free retirement income, then leaving a growing legacy. With returns measured the way Series No. 3 recommends, as a true compound rate.

01

Phase 1: Build (ages 41–65)

02

Phase 2: Income (ages 66–80)

03

Phase 3: Legacy (ages 81–100)

04

Returns compared with the S&P 500

05

What the comparison means

\$500,000

total premiums: \$20,000 a year for 25 years

\$437,075

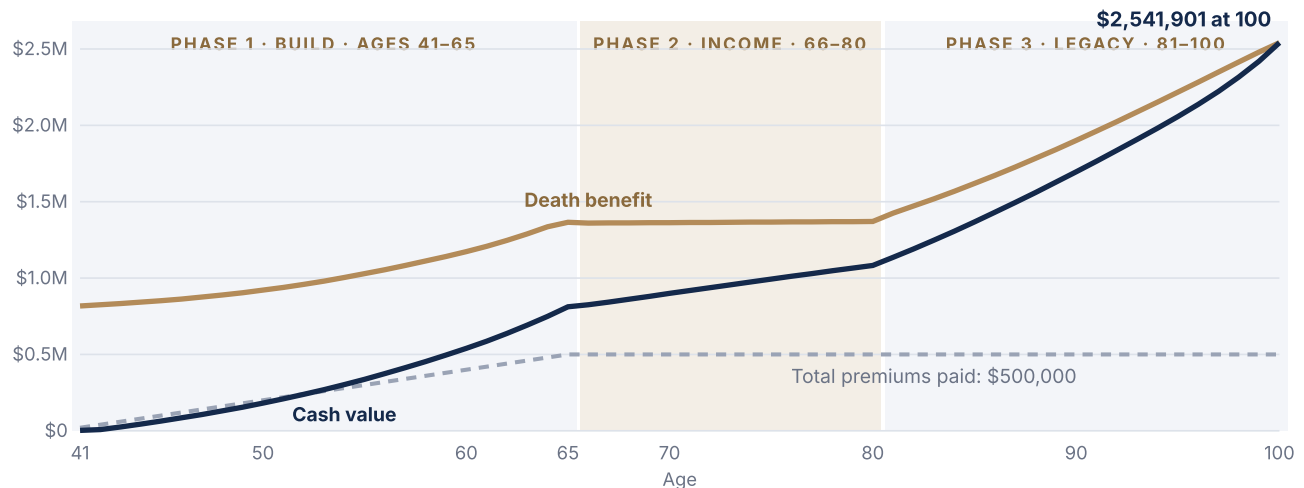
tax-free income from dividends, ages 66–80

\$2.54M

projected tax-free death benefit at age 100

At a glance

One policy does three jobs over a lifetime. The same premiums that build cash value in Phase 1 pay income in Phase 2 and leave a larger tax-free death benefit in Phase 3.



Values from the policy illustration, end of each policy year. Dividends are not guaranteed.

Case design

Insured	Male, age 40, best health class, non-smoker, Illinois resident
Policy	MassMutual Whole Life 65
Premium	\$20,000 a year for 25 years (ages 41–65)
Illustrated rate	6.10% (3.75% guaranteed rate plus 2.35% dividend), per the case design
Dividend use	Paid-up additions in Phase 1 and 3; taken as income in Phase 2

About the carrier

- MassMutual has paid a dividend to whole life policyowners every year for more than 160 years.
- Per the case design notes, MassMutual's whole life dividend has been the industry's highest for 18 consecutive years, with a 40-year average of 8.40%.
- Past dividends do not guarantee future dividends.

01 Build: accumulate cash value to fund tax-free income

For 25 years the policy is funded at \$20,000 a year. Dividends buy paid-up additions, which add both cash value and death benefit, so each year's dividend is larger than the last.

Year 13

Cash value passes total premiums paid (age 53)

11.8%

Average year-over-year increase in the annual dividend

\$812,125

Cash value at 65, on \$500,000 of premiums

\$1,365,104

Death benefit at 65

Selected years

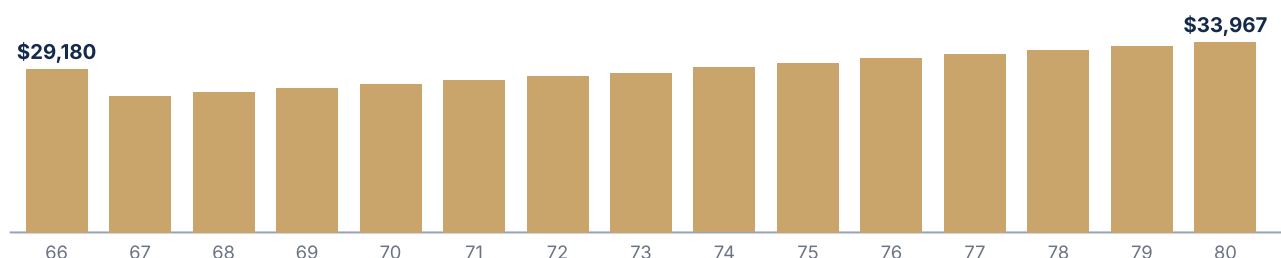
Year	Age	Premiums paid	Annual dividend	Cash value	Death benefit
1	41	\$20,000	\$2,036	\$2,036	\$817,583
5	45	\$100,000	\$3,551	\$64,112	\$851,906
10	50	\$200,000	\$6,669	\$181,367	\$921,006
13	53	\$260,000	\$9,440	\$269,568	\$980,427
15	55	\$300,000	\$11,573	\$337,444	\$1,028,788
20	60	\$400,000	\$16,386	\$539,961	\$1,173,245
25	65	\$500,000	\$29,180	\$812,125	\$1,365,104

What to watch

- **Year-over-year growth in dividends and cash value** is the measure that matters in Phase 1. The annual dividend grows from \$2,036 in year 1 to \$29,180 in year 25.
- **Phase 1 sets up Phase 2.** By age 65 the dividend alone is large enough to become a retirement income stream.
- **The death benefit is protection throughout.** It never falls below \$817,583 from the first year on.

02 Income: take the dividend, keep the policy growing

Premiums stop at 65. For the next 15 years the annual dividend is taken as income. Because total income stays below the \$500,000 paid in, it comes out as a return of premium, income-tax free, while the policy is not a modified endowment contract and stays in force.



Annual tax-free income, ages 66–80, from the illustration's dividends. Dividends are not guaranteed.

\$437,075

Tax-free income over 15 years

\$568,198

Equivalent taxable income at a 30% tax rate (income × 1.3, as in the illustration)

+\$270,929

Cash value growth while paying income: \$812,125 at 65 to \$1,083,054 at 80

Selected years

Year	Age	Tax-free income	Cash value	Death benefit
26	66	\$29,180	\$824,923	\$1,360,335
30	70	\$26,478	\$899,356	\$1,363,095
35	75	\$30,261	\$993,421	\$1,366,999
40	80	\$33,967	\$1,083,054	\$1,370,532

Fifteen years of income return \$437,075 of the \$500,000 paid in, **while the cash value still grows and a death benefit of about \$1.37 million stays in place.**

03 Legacy: guarantees, growing cash value, tax-free death benefit

Income stops at 80 and dividends go back to work. With premiums long finished, the policy's guarantees carry it, and both cash value and death benefit keep rising.

\$1,136,090 →
\$2,541,901

Cash value, age 81 to age 100

\$1,424,975 →
\$2,541,901

Death benefit, age 81 to age 100,
income-tax free to heirs

\$437,075

Income already received in Phase
2

Selected years

Year	Age	Annual dividend	Cash value	Death benefit
41	81	\$35,841	\$1,136,090	\$1,424,975
45	85	\$43,164	\$1,367,769	\$1,619,639
50	90	\$53,315	\$1,696,342	\$1,901,516
55	95	\$60,443	\$2,057,380	\$2,216,932
60	100	\$61,932	\$2,541,901	\$2,541,901

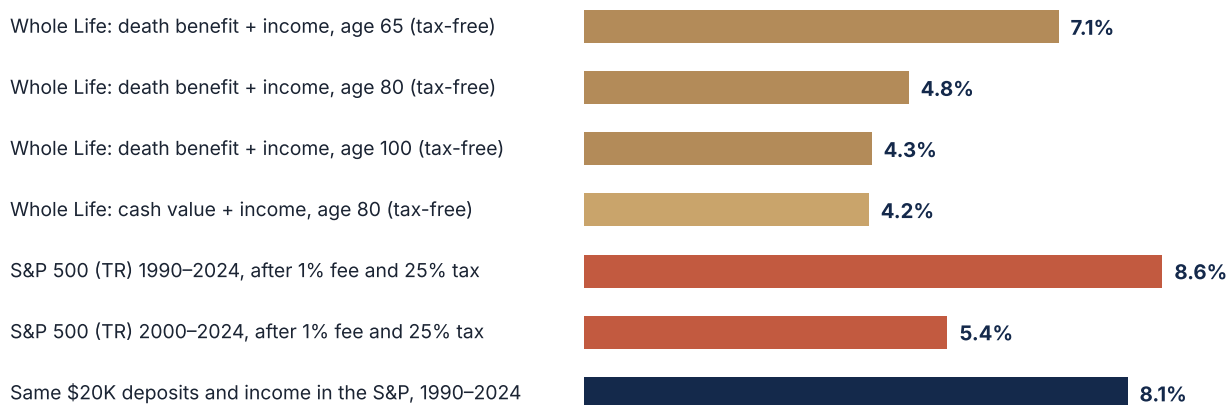
Why Phase 3 matters

- **The guarantees do the work.** A whole life policy's costs are built into level premiums. Universal life and indexed universal life policies instead deduct cost-of-insurance charges that rise with age.
- **Cash value is a resource.** It can help pay for nursing care, fund gifts or offset inflation, while it supports the death benefit.
- **The death benefit completes the plan.** It passes to heirs income-tax free, on top of the income already received.

04 RETURNS COMPARED

Measured as a true compound rate

Series No. 3 showed that only a compound rate (CAGR or IRR) tells you what your dollars actually did. Here, each Whole Life figure is an internal rate of return: \$20,000 paid in at the start of each of 25 years, the tax-free income received, and the death benefit or cash value at the age shown.



Whole Life IRRs calculated by Advanced Group from the illustration values. S&P 500 (TR) figures from Series No. 1 and No. 3 (Morningstar data; 1% annual fee; 25% tax on the ending value). Last bar: the same deposits and the same after-tax income drawn from an S&P 500 account with a 1% fee, valued after a 25% tax at age 75.

Age	Death benefit + income IRR (tax-free)	Pre-tax equivalent at 30%	Cash value + income IRR (tax-free)
55	14.3%	20.5%	1.5%
65	7.1%	10.1%	3.6%
70	5.8%	8.4%	3.9%
75	5.2%	7.4%	4.1%
80	4.8%	6.9%	4.2%
90	4.5%	6.5%	4.3%
100	4.3%	6.1%	4.3%

Pre-tax equivalent = tax-free IRR ÷ (1 – 30%): the return a taxable investment would need, before tax, to match. A death benefit IRR is highest when death comes early and declines with age.

05 Two different jobs, measured on the same terms

Measured honestly, this policy's returns are steady rather than spectacular: about 7.1% tax-free on the death benefit and income at 65, settling near 4.3% by age 100. The S&P 500 earned more over 1990–2024, even after fees and taxes. The difference is what each one carries along the way.

THE SAME MONEY IN THE S&P 500

8.1% IRR at age 75, after tax

The same \$20,000 deposits (1990–2014) and the same after-tax income (2015–2024), with a 1% fee. Even with the worst years first, the IRR was 7.5%. This 35-year window was strong for stocks, and the income years were among its best.

THE WHOLE LIFE POLICY

5.2% IRR at age 75, tax-free

Death benefit plus income, with no market losses along the way. In Series No. 1, the S&P 500 lost money in 6 of 26 years from 2000–2025, including –37% in 2008.

What Whole Life adds that a return figure doesn't show

Feature	Market account (401(k)/IRA or taxable)	This Whole Life policy
Market losses	Fully exposed	Cash value guaranteed; no market losses
Income in retirement	Taxed as ordinary income from a 401(k)/IRA	Tax-free up to premiums paid
Required minimum distributions	From age 73 (401(k)/IRA)	None
At death	Account balance; heirs may owe income tax	Death benefit, income-tax free
Upside	Higher in strong markets	Steady, dividend-driven growth

Whole Life isn't built to beat the market's best decades. It is built to **deliver a known result:** income you can count on and a legacy that doesn't depend on when the market falls.

IMPORTANT DISCLOSURES

Please read

Hypothetical illustration. This case study uses values from a life insurance illustration for a hypothetical male, age 40, best health class, non-smoker. It is for educational purposes only and is not a recommendation to buy any insurance or investment product. Your results will differ.

Dividends are not guaranteed. Values beyond the policy's guaranteed values depend on dividends declared annually by the insurer's board, which may be higher or lower than illustrated. A history of dividend payments does not guarantee future dividends. Review a complete illustration, including guaranteed values, before purchasing.

Tax treatment. Withdrawals of dividends are generally income-tax free up to the premiums paid (basis) when the policy is not a Modified Endowment Contract (MEC) and remains in force. Policy loans and withdrawals reduce cash value and death benefit. The death benefit is generally income-tax free to beneficiaries under IRC §101(a).

Return calculations. Internal rates of return (IRR) were calculated by Advanced Group from the illustrated values, assuming premiums at the start of each year and income, cash value and death benefit at the end of the year shown. Pre-tax equivalent rates assume a 30% income tax rate.

S&P 500 comparisons. S&P 500 Total Return figures come from Series No. 1 and No. 3, based on Morningstar annual returns, a 1% annual fee and a 25% tax on the ending value. The account comparison applies 1990–2024 annual returns to the same deposits and after-tax income. An index cannot be invested in directly. Past performance does not guarantee future results.

Carrier information. Policy and carrier details reflect the case design provided. Ratings, dividend history and rankings can change. Guarantees are based on the claims-paying ability of the issuing insurer.

Suitability. Life insurance requires health and financial underwriting and has costs and surrender charges, especially in early years. It is not a replacement for diversified investing in every situation.

Not tax or legal advice. Advanced Group does not provide tax or legal advice. Insurance products are offered through Advanced Insurance Brokerage. Consult your tax advisor or attorney about your situation.



Advanced Group

CONTACT

Advanced Group

Michael Zingale, Consultant

55 East Monroe Street, Chicago, IL 60603

312-882-8717 · mzingale@advanced-corp.com

advanced-corp.com · advanced-ib.com