Rx for retirement income planning

CES Corporate & Endowment SOLUTIONS Inc.

PLIP (Physicians Life Income Plan) is a service mark of Corporate & Endowment Solutions, Inc.
Genesis
The Physicians Life Income Plan℠ — PLIP℠ — was created and serviced by CES and launched in 2007 with input from the American Medical Association Insurance Agency.

The objective was to use cash value corporate-owned life insurance products to create a custom-designed income strategy to potentially help physicians enhance their accumulation and distribution of supplemental retirement funds in a tax-advantaged manner.

Physicians Retirement Reality
Many physicians ...
- Face limits on contributions into qualified plans.
- Are excluded from Roth IRAs and other popular savings programs because of income limits or plan requirements.
- Typically expect to retire on a significant percentage of final income.
- Are looking for creditor protection for assets.

Income Replacement Goal

![Income Replacement Goal Diagram]

PLIP℠ is designed as an attractive prescription to help close the retirement income gap.

Social Security   Qualified Plans

This hypothetical example is for illustrative purposes only.
Sources: CES Projection and Social Security Administration (reflecting qualified plan limits with projected Social Security estimates, 2012).

PLIP℠ Design
PLIP℠ design provides the path for physicians to have direct access to, and ownership of, corporate owned life insurance products and pricing. Key features:

- Accumulation Focused
- Minimum Statutory Guideline Life Insurance Death Benefits
- Significant Early Cash Surrender Values And Access Without Penalties (see Q&A #1)
- Creditor Protection (in many states)
- Secure Web-based Service Platform
- Certain Tax Advantages

How PLIP℠ Works
PLIP℠ premiums are paid into corporate owned fixed or variable universal life insurance policies with the defining characteristics of:

- In addition to paying for death benefit protection, your premiums help build cash value.
- Corporate owned life insurance (COLI) policies may positively differ from the load and expense structures of retail life insurance.
- The physician determines asset allocation.
- While cash surrender values are not guaranteed, COLI targets 97%-107% of first-year cash surrender values based on market performance and other factors.
- Cash values accumulate on a tax-deferred basis and can be structured for tax-advantaged access and distribution assuming policy loans after withdrawals of the policy owner’s basis.\(^7\)
- There are no direct surrender charges.
- Creditor protection exists in many states for life insurance benefits and cash values.

† Loans and withdrawals reduce the policy’s cash value and death benefit, and withdrawals in excess of the policy’s basis are taxable. Under current rules, loans are free of income tax as long as the policy remains in effect until the insured’s death at which time the loan will be satisfied from income-tax-free death benefit proceeds, and, if the policy is surrendered, any loan balance will generally be viewed as distributed and taxable.

PLIP℠ Is A Flexible Program
- Within the parameters of your policy design, you have control over the frequency of premium payments and withdrawals, which allows you to better tailor your income and retirement income needs.
- No age 59-1/2 penalties on withdrawals based on current tax laws. For more complete information, see the policy’s current prospectus.\(^2\)
- Policy surrender may occur anytime for the cash surrender value.\(^3\)
- You can build policy cash values out of the life insurer’s general assets (fixed permanent life insurance) or through a variety of managed investment options (variable life insurance) that are subject to market risk.
PLIP<sup>SM</sup> Q & A

These questions and answers will help you understand PLIP<sup>SM</sup> more thoroughly. Additional information is available from CES and from approved representatives.

1. **Why should I consider PLIP<sup>SM</sup>?**

   PLIP<sup>SM</sup> uses cash value corporate owned variable universal life insurance that tends to offer significant cash values in the early policy years because of its general lack of surrender charges and because in the event of a full policy surrender within a certain number of years, some policy charges may be refunded. These policies often include a minimum guideline death benefit and are structured to minimize death benefit expense yet retain the integrity of life insurance and the tax-deferral benefits.

2. **What is variable universal life insurance?**

   It is a contractual agreement in which premiums are paid to an insurance company, and the company in return for those premiums provides a benefit to a named beneficiary upon proof of the insured's death and a policy cash value. Amounts in the policy's cash value are invested in a variety of variable investment options. Amounts in a variable life insurance policy's variable investment options are subject to fluctuations in value and market risk, including loss of principal. Life insurance policies have exclusions, limitations, and terms for keeping the policies in force. Fees and charges associated with variable universal life insurance include mortality and expense risk charges, cost of insurance charges, surrender charges, administrative fees, investment management fees, and charges for optional benefits. Please see the policy's prospectus for more complete information.

   1. Claims assumptions and benefits are based on the claims-paying ability of the selected life insurance carrier.

3. **What variable investment options are available for the sub-accounts of the variable universal life insurance policies?**

   The corporate variable universal life policies may offer a variety of sub-accounts available from several notable fund families. The actual list of sub account investment options varies based on carrier selection. Variable life insurance is offered by prospectus. For a prospectus with more complete information including investment objectives, risks, charges, and expenses, please contact your financial professional and read the prospectus carefully before investing or sending money.

4. **Can I change my annual premium payments?**

   PLIP<sup>SM</sup> is a flexible pay plan that allows you to vary annual premiums paid into the life insurance policy. In most situations, it is better to design the initial plan with an intended strategy for premium funding.

5. **Where is the life insurance policy for PLIP<sup>SM</sup> underwritten?**

   Life insurance policies are underwritten by some of the most highly rated, recognized, and financially stable life insurance companies in the industry using a cash value corporate owned variable universal life insurance policy. Carrier selection is driven by design needs, product, and carrier strength.  

6. **Is there a corporate owned fixed interest universal life insurance policy available?**

   Yes, however fixed-interest policies may require a larger premium threshold for access, and may or may not be available for individual ownership based on carrier guidelines.

   2. Physician should consult his/her own tax professional regarding tax treatment of any gains within, and withdrawals from, the life insurance policy's cash value.

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**How Do I Get Started?**

Contact CES at 888.221.2294 or via ces-home.com for a no-cost data profile form.

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