



Phantom Stock Plan

Planning for Business Owners and Executives

Prepared for
Sample Employee

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Phantom Stock Plan

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Phantom Stock Plan

Issues For Your Consideration

- Do you need an effective method to recruit, retain, reward and retire key employees and executives?
- Is your business stable and well positioned for the future?
- Would you like to implement an employee benefit plan that is unencumbered by the typical rules and regulations associated with other employer provided benefits such as qualified retirement plans, where you can control the employees selected to participate?
- Do you desire the ability to recover the costs of establishing the employee benefit plan?
- Are you willing to defer the income tax deduction for the benefit payments until they are made?
- Would you like to help your key employees and executives with their retirement cash flow needs?
- Would you like to help your key employees and executives provide financial protection to their families in the event of a premature death?
- As a business owner, would you like to provide a similar benefit to yourself, if possible?

Strategy: A Phantom Stock Plan is an excellent way to recruit, retain, reward and retire your top executives and key employees. It may also provide meaningful supplemental income for a key employee as well as financially protect the key employee's family. At the same time, the business should receive an income tax deduction when the promised benefits are paid. If the business is a C corporation, this strategy may also work for the business owners.

Phantom Stock Plan

What is a Phantom Stock Plan?

A Phantom Stock Plan is a powerful tax-advantaged key employee benefit strategy designed to help your business recruit, retain, reward and retire a select group of management or highly compensated key employees. The Phantom Stock Plan can provide pre-retirement death benefits, post-retirement disbursements, or both.

Business owners often find that one of their biggest challenges is attracting and retaining highly productive key employees. The loss of a key employee can have a devastating impact on any business, but this is particularly magnified in smaller, closely-held businesses. Because most owners are reluctant to give up any equity ownership of their business, they often implement incentive-based retention programs to reward and retain their key employees. These programs can take many forms, but one form that has gained in popularity with business owners is the Phantom Stock Plan.

As the name implies, key employees who are selected to participate in a Phantom Stock Plan are credited with a specific number of hypothetical shares of stock by the business. Instead of physically transferring actual shares to the employee, the business creates an accounting entry in which plan participants are credited with specified number of "shares" whose value may rise or fall over time according to the formula selected to determine value. At the end of a specified time period, or upon predetermined events such as death or disability, the employee is entitled to receive the value based on the appreciation of the credited hypothetical shares.

A Phantom Stock Plan may be used in conjunction with, or in lieu of, a qualified retirement plan. These plans are attractive to key employees and highly compensated key employees because they may not be able to take full advantage of regular contribution/benefit limits in qualified plans due to complex rules and regulations mandated by the Employee Retirement Income Security Act of 1974 ("ERISA"). As a result, many businesses need to seek additional benefits for their most talented key employees.

Phantom Stock Plan

What is a Phantom Stock Plan? (cont'd)

There are two basic kinds of Phantom Stock Plans:

- "Stock Appreciation Plan": The benefit is the difference between the value of the stock when the plan was implemented, and the value of the stock when the provisions of the agreement have been met.
- "Mirror Plan": The benefit may not be just the appreciation but the underlying value of the stock itself.

A Phantom Stock Plan is custom designed to balance the needs of each business and its key employees. The design process starts with a careful review of the needs and objectives of the business, its owner(s) and key employees. The plan is then designed to include specific features tailored to each situation, including:

- Business' objectives and key employees' financial goals
- The business' preferences for eligibility requirements
- Specific number of hypothetical shares credited
- Methods to protect future benefit payments
- Survivor benefits

Once the key employee is selected, the business enters into a written agreement with the key employee that specifies when and under what circumstances future benefits will be paid. When properly implemented and administered, the key employee (or the key employee's beneficiary) can postpone federal income taxation of the benefit amounts until they are paid. Typically, if a key employee dies after payments have begun, the arrangement directs that the remaining benefits continue to be paid to a designated beneficiary or to the key employee's estate.

Phantom Stock Plans are only appropriate where the business is stable and financially strong.

Phantom Stock Plan

What a Phantom Stock Plan Will Do For You

A Phantom Stock Plan Provides Benefits for Both SBG Corp and Sample Employee

For SBG Corp

- Business owners can attract and retain the most productive talent without ever having to give up or dilute their ownership interest. This is important, particularly where the intent is to keep the business inside the family unit.
- Phantom Stock Plans work as true "Golden Handcuffs" because unlike outright grants or sales of stock, the employee typically will not receive any value until the Plan is terminated or vesting provisions are satisfied.
- Participation is limited to a select group of executives or highly compensated key employees.
- Phantom Stock Plans are not subject to any of the non-discrimination rules applicable to qualified retirement plans. Employers are free to pick-and-choose who may participate.
- Phantom Stock Plans are relatively easy to implement. A typical plan requires only a board resolution and an agreement.
- Payments made to participating employees should be tax-deductible by the sponsoring employer, provided that they meet the "reasonable" and "ordinary and necessary" tests that all compensation must meet.
- The fact that no cash outlays are required until payments are made can help businesses with temporary cash flow issues.
- The employer may recover the costs of the insurance premiums and benefit payments through income tax-free death benefits.
- Does not require IRS approval or ongoing reporting other than a simple notice to the Department of Labor's Employee Benefits Security Administration (which must be filed within 120 days of establishing the plan and annually thereafter.)[^]

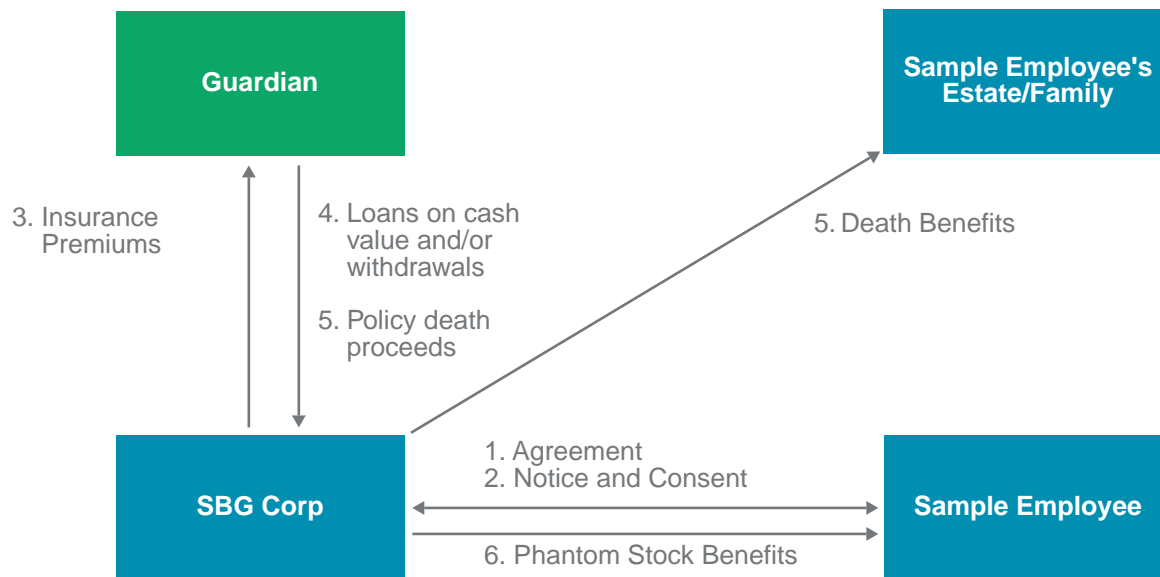
For Sample Employee

- Receives a promised benefit to supplement other savings funds.
- Benefits are not taxable until received.
- May provide for a pre-retirement death benefit to the key employee's family.
- Income shortfall may be reduced or eliminated.

Phantom Stock Plan

How a Phantom Stock Plan Works

This type of plan represents an unfunded contract between a business and a selected key employee or group of executives. The contract obligates the business to pay future benefits to the key employee upon reaching a trigger event specified in the contract. The business may informally fund the Plan by purchasing business-owned assets, such as permanent life insurance.



1. The company engages an attorney to draft the Phantom Stock Plan agreement specifying the terms and conditions for the key employee to receive this benefit.
2. The company complies with the "Notice and Consent" rules of IRC Sec 101(j) with respect to employer owned life insurance.^
3. The company purchases the policy on the key employee's life and pays the annual premiums.

Phantom Stock Plan

How a Phantom Stock Plan Works (cont'd)

4. The company can take loans or make withdrawals from the cash value in the policy to pay the promised benefit.⁺
5. Upon the key employee's death, the death proceeds are received by the company to recover its costs for the Plan. Then, any amount still owing to the key employee is paid to their family.
6. The benefit payments from the Phantom Stock Plan are made to the key employee.

Phantom Stock Plans are powerful, flexible and efficient tools to help businesses recruit, retain, reward and retire their top employees. For these same executives, managers and key employees, a Phantom Stock Plan can also supplement retirement goals. In most situations Phantom Stock Plans are implemented for key employees who have exceeded the Social Security wage base limits and therefore, there are no additional FICA/FUTA withholding requirements.

Phantom Stock Plan

How a Phantom Stock Plan Works (cont'd)

Benefit Payments

A specified event designated in the Phantom Stock Plan agreement is required to trigger benefit payouts. Trigger events may include, but are not limited to:

- Separation from service (retirement)
- Disability
- Death
- Specified time or fixed schedule
- Change of control of the business (e.g., business merger, consolidation, sale, etc.)
- Other limited events negotiated by the parties

Securing Benefits

The law requires that the contract between the business and the key employees be unsecured, representing only a promise of future benefits payable by the business. This is to avoid negative tax implications and ERISA compliance. "Unsecured" means that plan participants do not have a claim on any business assets used to fund the plan, other than as a general unsecured creditor of the business. Also, benefits are not guaranteed by any government entity or promise.

Rabbi Trust

There are three primary risks to the key employee associated with participation in a Phantom Stock Plan:

- The business' willingness to pay the contractual benefits due to a change in control.
- The business' ability to pay due to prior creditor claims, insolvency or other financial issues.
- The employer changes its mind and doesn't want to pay.

The most common device utilized to enhance the security of the benefit is the Rabbi Trust. A Rabbi Trust sets aside assets used to pay plan benefits. These assets, however, remain subject to the claims of creditors of the business. The Trust does not protect against the risk of the business' insolvency.

Phantom Stock Plan

How a Phantom Stock Plan Works (cont'd)

While there is no perfect strategy for securing Phantom Stock Plan benefits, the Rabbi Trust has become widely accepted due to several key advantages and considering the disadvantages:

Advantages

- Does not trigger taxation to executive
- Protection from change in control
- IRS model trust is available

Disadvantages

- No protection from insolvency
- Ties up assets that could otherwise be used for business operations

Using Life Insurance to Pre-Fund a Phantom Stock Plan

Businesses may choose to pre-fund their Phantom Stock Plans with life insurance for some of the following reasons:

- General investments and annuities all generate taxable income each year. Permanent life insurance does not have this "tax drain".
- Provides a number of attractive cost recovery options.
- Particularly helpful when a plan participant dies and there is an immediate and unexpected need to pay-out a vested benefit amount.
- Funding increases the benefit protection for key employees.
- Funding helps to align the business assets with plan liabilities on the balance sheet.
- Tax-advantaged funding can reduce the plan's cost to the business.
- Enables cost recovery of plan benefits and administration through the life insurance death proceeds.

Phantom Stock Plan

How a Phantom Stock Plan Works (cont'd)

Establishing a Phantom Stock Plan for your key employees and select employees, and informally funding the plan with permanent life insurance, can be the ideal tool to help your business to recruit, retain, reward and retire your top performers and key employees. In the right circumstances, these plans may also help you, as a business owner, to supplement your retirement funds, as well.

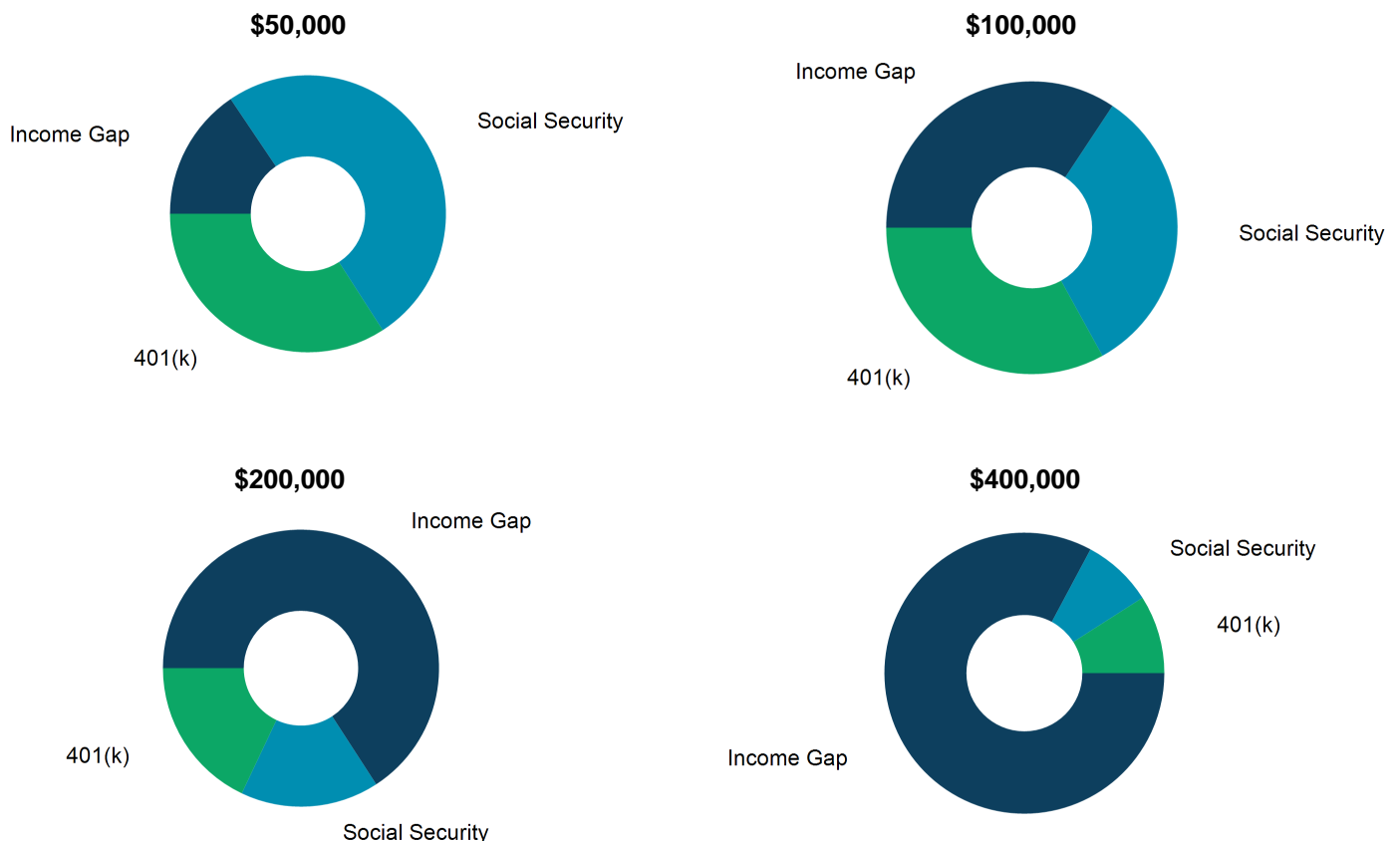
Note that the business may not take tax deductions on its contributions to the plan. Paid benefits, however, are deductible. Under Section 409A of the Internal Revenue Code, all executive benefit contracts must meet certain requirements to prevent adverse tax consequences to the plan and its participants. While there is no immediate tax deduction for business contributions until benefits are distributed, there is a tax deduction at the time of payout. Assets set aside to informally fund the plan are subject to claims of the business's creditors.

Phantom Stock Plan

How a Phantom Stock Plan Works (cont'd)

Using Phantom Stock Plans to Help Highly Compensated Employees Bridge The Retirement Income Replacement Gap

- "Will I have enough money to retire?" is an important question that keeps many highly compensated employees up at night. When their clients ask them for planning advice with this question, many compensation experts typically start their analysis by using the so-called "Three Legged Stool" which is comprised of Social Security, private savings and employer-sponsored retirement savings plans.
- Most financial analysts believe that retirees will need between 80%-90% of their final pay to maintain their current lifestyle once they are retired. This so-called "retirement income replacement ratio" can be particularly hard on highly compensated employees because they typically reach their maximum earning potential 3-5 years before they retire. In other words, the retirement income replacement needs of highly compensated employees can be high when compared with rank-and-file employees.
- The donut charts below illustrate how the retirement income gap grows as an individual's compensation increases:



Phantom Stock Plan

How a Phantom Stock Plan Works (cont'd)

Using Phantom Stock Plans to Help Highly Compensated Employees Bridge The Retirement Income Replacement Gap

The illustration below shows why the retirement shortfall may grow larger as salaries increase.

Executive's Current Salary	\$50,000	\$100,000	\$200,000	\$400,000
Projected Final Working Salary	\$139,298	\$278,596	\$557,193	\$1,114,385
A. Retirement Income Goal (80% of Final working Salary)	\$111,439	\$222,877	\$445,754	\$891,508

Estimated Annual Retirement Income Sources

From Social Security	\$55,922	\$73,307	\$73,307	\$73,307
From 401(k)	\$38,025	\$73,675	\$80,370	\$80,370
B. Total of Estimated Annual Income Sources	\$93,947	\$146,982	\$153,677	\$153,677

Income Gap

Shortfall (Line A minus Line B)	\$17,492	\$75,895	\$292,077	\$737,831
Income Gap Ratio	15.70%	34.05%	65.52%	82.76%

Bridging the Retirement Income Gap

Because of government limits on qualified plans, as well as the uncertainty surrounding the Social Security system, the "Three Legged Stool" is not what it once was, and highly compensated employees are having a more difficult time meeting their retirement income goals from these two sources. In their place, smart employers are offering non-qualified deferred compensation plans to help their highly compensated employees bridge their retirement income gap. These plans are tax-efficient accumulations of retirement income funds, and help participants overcome government restrictions on qualified retirement plans such as 401(k) plans.

Assumptions:

- Social Security Benefit Calculator 2017 - Bankrate.com
- Current Age 45
- Retirement Age 67
- 5% Annual Salary Increase
- 2% Expected Rate of Inflation
- Social Security Benefit Includes Non-working Spouse's Benefit
- 401(k) 10% Salary with 50% Company Match
- 5% Investment Growth
- Estimated Retirement Income From 401(k) - exhausts 401(k) balance at age 85

Phantom Stock Plan

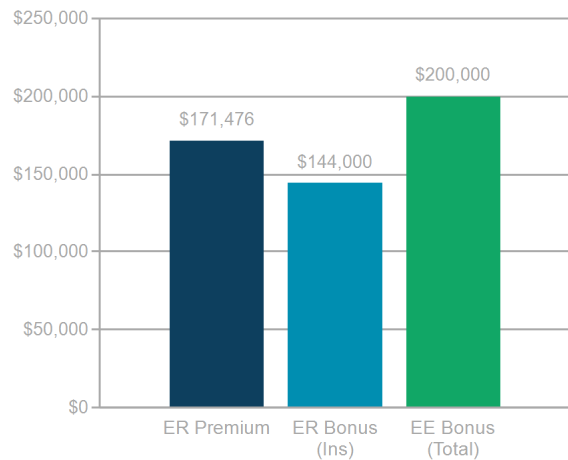
Cost Benefit Analysis



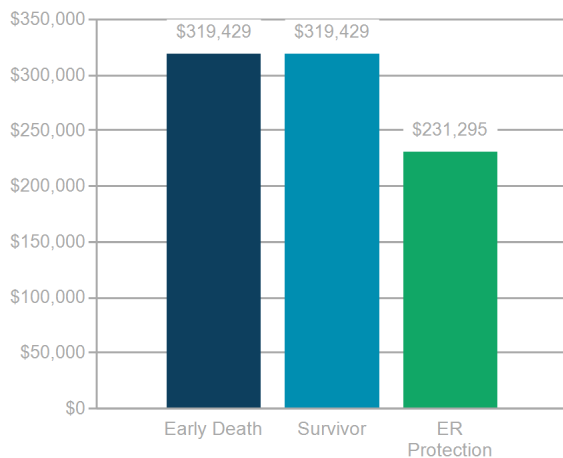
By placing \$11,432 into the plan annually we are able to provide a total benefit to the employee of \$200,000.¹ This is a great way to recruit, retain, reward, and retire key employees.

The total employer premium cost of \$171,476 purchases an asset that can be used to defray benefits paid at the benefit commencement date. The benefits paid total \$200,000 which result in an after tax cost of \$144,000. The insurance policy can be used to offset this cost leaving the employer with a net zero cost.

Cost Benefit Analysis²



Protection Benefits³



Business-owned life insurance protection benefits may be used to fund survivor benefits and cost-recover insurance premiums. Death proceeds are received income tax-free.

¹ Total Before Tax EE Phantom Stock Benefit

² At age 79

³ At age 64

Phantom Stock Plan

Phantom Stock - Summary

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	Protection Benefit				Phantom Stock Benefit				
		ER Premium	ER Net A/T Ins Outlay	Total Plan Costs	ER Gain/Loss Upon Death	ER Net A/T Ins Outlay	EE Phantom Stock Benefit	Gross Accrued Liability	Net Equity	Effect On Earnings A.L. Basis
1	50	11,432	11,432	26,060	106,491	11,432	0	20,000	1,478	-30,183
2	51	11,803	11,432	52,125	82,426	11,432	0	40,000	11,342	-22,258
3	52	11,803	11,432	78,195	62,451	11,432	0	60,000	21,621	-22,543
4	53	11,803	11,432	104,269	42,412	11,432	0	80,000	32,281	-23,104
5	54	11,803	11,432	130,348	22,262	11,432	0	100,000	43,378	-23,857
6	55	11,803	11,432	156,432	2,088	11,432	0	120,000	54,924	-24,850
7	56	11,803	11,432	182,522	-18,103	11,432	0	140,000	66,940	-26,079
8	57	11,803	11,432	208,616	-38,292	11,432	0	160,000	79,447	-27,552
9	58	11,803	11,432	234,716	-58,109	11,432	0	180,000	92,821	-28,914
10	59	11,803	11,432	260,820	-77,048	11,432	0	200,000	107,084	-30,528
11	60	11,803	11,432	272,531	-80,756	11,432	0	200,000	122,281	-12,378
12	61	11,803	11,432	284,247	-83,671	11,432	0	200,000	138,433	-14,488
13	62	11,803	11,432	295,969	-85,846	11,432	0	200,000	155,569	-16,862
14	63	11,803	11,432	307,696	-87,327	11,432	0	200,000	173,727	-19,491
15	64	11,803	11,432	319,429	-88,134	11,432	0	200,000	192,970	-22,361
16	65	0	-9,600	309,909	59,255	-9,600	13,333	186,667	190,271	-23,570
17	66	0	-9,600	300,389	53,104	-9,600	13,333	173,333	187,431	-27,825
18	67	0	-9,600	290,872	47,414	-9,600	13,333	160,000	184,448	-32,164
19	68	0	-9,600	281,355	42,159	-9,600	13,333	146,667	181,327	-36,582
20	69	0	-9,600	271,841	37,330	-9,600	13,333	133,333	178,062	-41,091
21	70	0	-9,600	262,328	32,910	-9,600	13,333	120,000	174,643	-45,698
22	71	0	-9,600	252,817	29,850	-9,600	13,333	106,666	171,043	-50,420
23	72	0	-9,600	243,308	31,045	-9,600	13,333	93,333	167,159	-55,337
24	73	0	-9,600	233,801	31,954	-9,600	13,333	80,000	162,979	-60,358
25	74	0	-9,600	224,295	32,576	-9,600	13,333	66,666	158,492	-65,485
26	75	0	-9,600	214,791	32,897	-9,600	13,333	53,333	153,684	-70,722
27	76	0	-9,600	205,290	32,898	-9,600	13,333	40,000	148,531	-76,081
28	77	0	-9,600	195,790	32,541	-9,600	13,333	26,666	143,006	-81,568
29	78	0	-9,600	186,292	31,794	-9,600	13,333	13,333	137,079	-87,187
30	79	0	-9,600	176,797	30,632	-9,600	13,333	0	130,714	-92,947

Please refer to the accompanying 'Information and Disclaimers' page for additional information about this life insurance illustration.

THIS ILLUSTRATION IS BASED ON THE 2020 DIVIDEND SCALE, POSSIBLY WITH A REDUCED INTEREST RATE AND ASSUMES THAT THE CURRENTLY ILLUSTRATED NON-GUARANTEED ELEMENTS WILL CONTINUE UNCHANGED FOR ALL YEARS SHOWN. THIS IS NOT LIKELY TO OCCUR AND THE ACTUAL RESULTS MAY BE MORE OR LESS FAVORABLE THAN THOSE SHOWN. THE ASSUMPTIONS ON WHICH NONGUARANTEED ELEMENTS ARE BASED ARE SUBJECT TO CHANGE BY THE COMPANY. SEE TABULAR DETAIL FOR GUARANTEED VALUES AND OTHER IMPORTANT INFORMATION. DIVIDENDS ARE NOT GUARANTEED AND MAY BE DECLARED ANNUALLY BY GUARDIAN'S BOARD OF DIRECTORS.

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Phantom Stock - Summary (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	Protection Benefit				Phantom Stock Benefit				
		ER Premium	ER Net A/T Ins Outlay	Total Plan Costs	ER Gain/Loss Upon Death	ER Net A/T Ins Outlay	Phantom Stock Benefit	Gross Accrued Liability	Net Equity	Effect On Earnings A.L. Basis
31	80	0	0	176,903	30,144	0	0	0	133,919	-102,137
32	81	0	0	177,012	29,612	0	0	0	137,095	-107,703
33	82	0	0	177,122	29,049	0	0	0	140,251	-113,370
34	83	0	0	177,235	28,512	0	0	0	143,385	-119,152
35	84	0	0	177,350	28,005	0	0	0	146,467	-125,079
36	85	0	0	177,468	27,528	0	0	0	149,466	-131,155
37	86	0	0	177,588	27,025	0	0	0	152,298	-137,435
38	87	0	0	177,710	26,507	0	0	0	154,956	-143,843
39	88	0	0	177,835	25,961	0	0	0	157,393	-150,424
40	89	0	0	177,962	25,358	0	0	0	159,593	-157,148
41	90	0	0	178,092	24,664	0	0	0	161,537	-164,020
42	91	0	0	178,224	23,814	0	0	0	163,206	-171,043
43	92	0	0	178,359	22,719	0	0	0	164,603	-178,200
44	93	0	0	178,497	21,281	0	0	0	165,745	-185,477
45	94	0	0	178,637	19,417	0	0	0	166,747	-192,778
46	95	0	0	178,780	16,969	0	0	0	167,755	-200,077
47	96	0	0	178,926	14,018	0	0	0	169,036	-207,256
48	97	0	0	179,075	10,421	0	0	0	170,926	-214,247
49	98	0	0	179,227	5,912	0	0	0	174,013	-220,803
50	99	0	0	179,382	0	0	0	0	179,383	-226,426
51	100	0	0	179,541	7,963	0	0	0	187,504	-231,741
52	101	0	0	179,702	16,294	0	0	0	195,996	-239,596
53	102	0	0	179,866	25,010	0	0	0	204,876	-247,600
54	103	0	0	180,034	34,127	0	0	0	214,162	-255,753
55	104	0	0	180,205	43,666	0	0	0	223,872	-264,059
56	105	0	0	180,380	53,646	0	0	0	234,026	-272,520
57	106	0	0	180,558	64,086	0	0	0	244,644	-281,139
58	107	0	0	180,740	75,007	0	0	0	255,747	-289,918
59	108	0	0	180,925	86,433	0	0	0	267,358	-298,861
60	109	0	0	181,114	98,385	0	0	0	279,500	-307,969

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Phantom Stock Plan

Phantom Stock - Summary (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	Protection Benefit				Phantom Stock Benefit				
		ER Premium	ER Net A/T Ins Outlay	Total Plan Costs	ER Gain/Loss Upon Death	ER Net A/T Ins Outlay	Phantom Stock Benefit	Gross Accrued Liability	Net Equity	Effect On Earnings A.L. Basis
61	110	0	0	181,307	110,889	0	0	0	292,196	-317,245
62	111	0	0	181,504	123,970	0	0	0	305,474	-326,693
63	112	0	0	181,704	137,654	0	0	0	319,358	-336,315
64	113	0	0	181,909	151,969	0	0	0	333,878	-346,114
65	114	0	0	182,117	166,944	0	0	0	349,061	-356,092
66	115	0	0	182,330	182,609	0	0	0	364,939	-366,252
67	116	0	0	182,547	198,996	0	0	0	381,544	-376,598
68	117	0	0	182,769	216,139	0	0	0	398,908	-387,132
69	118	0	0	182,995	234,071	0	0	0	417,066	-397,857
70	119	0	0	183,225	252,830	0	0	0	436,055	-408,776
71	120	0	0	183,460	272,453	0	0	0	455,913	-419,892

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Phantom Stock Plan

Phantom Stock - Protection Benefit Detail

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	ER Premium	ER Net A/T Ins Outlay	ER Net A/T Non-Ins Outlay	ER Cum Net A/T Ins Outlay	Cum. A/T Imputed Int on Outlay	Cum A/T Cost of Benefits	Total Plan Costs	Net Ins Proceeds	ER Gain/Loss Upon Death
1	50	11,432	11,432	0	11,432	229	14,400	26,060	132,551	106,491
2	51	11,803	11,432	0	22,863	690	28,571	52,125	134,551	82,426
3	52	11,803	11,432	0	34,295	1,390	42,510	78,195	140,646	62,451
4	53	11,803	11,432	0	45,727	2,333	56,210	104,269	146,681	42,412
5	54	11,803	11,432	0	57,159	3,522	69,667	130,348	152,610	22,262
6	55	11,803	11,432	0	68,590	4,965	82,878	156,432	158,521	2,088
7	56	11,803	11,432	0	80,022	6,664	95,835	182,522	164,419	-18,103
8	57	11,803	11,432	0	91,454	8,627	108,536	208,616	170,324	-38,292
9	58	11,803	11,432	0	102,885	10,857	120,973	234,716	176,606	-58,109
10	59	11,803	11,432	0	114,317	13,360	133,143	260,820	183,772	-77,048
11	60	11,803	11,432	0	125,749	16,143	130,640	272,531	191,774	-80,756
12	61	11,803	11,432	0	137,180	19,209	127,857	284,247	200,576	-83,671
13	62	11,803	11,432	0	148,612	22,565	124,791	295,969	210,123	-85,846
14	63	11,803	11,432	0	160,044	26,218	121,435	307,696	220,369	-87,327
15	64	11,803	11,432	0	171,476	30,172	117,782	319,429	231,295	-88,134
16	65	0	-9,600	0	161,875	34,204	113,829	309,909	369,163	59,255
17	66	0	-9,600	0	152,275	38,318	109,796	300,389	353,494	53,104
18	67	0	-9,600	0	142,675	42,514	105,682	290,872	338,285	47,414
19	68	0	-9,600	0	133,075	46,794	101,486	281,355	323,515	42,159
20	69	0	-9,600	0	123,475	51,159	97,206	271,841	309,171	37,330
21	70	0	-9,600	0	113,875	55,612	92,841	262,328	295,238	32,910
22	71	0	-9,600	0	104,275	60,154	88,388	252,817	282,668	29,850
23	72	0	-9,600	0	94,675	64,786	83,847	243,308	274,353	31,045
24	73	0	-9,600	0	85,075	69,511	79,214	233,801	265,754	31,954
25	74	0	-9,600	0	75,475	74,331	74,489	224,295	256,871	32,576
26	75	0	-9,600	0	65,875	79,247	69,669	214,791	247,689	32,897
27	76	0	-9,600	0	56,275	84,262	64,753	205,290	238,187	32,898
28	77	0	-9,600	0	46,675	89,376	59,738	195,790	228,331	32,541
29	78	0	-9,600	0	37,075	94,593	54,624	186,292	218,086	31,794
30	79	0	-9,600	0	27,475	99,915	49,407	176,797	207,429	30,632
31	80	0	0	0	27,475	105,343	44,085	176,903	207,047	30,144
32	81	0	0	0	27,475	110,879	38,657	177,012	206,623	29,612
33	82	0	0	0	27,475	116,526	33,121	177,122	206,171	29,049
34	83	0	0	0	27,475	122,286	27,474	177,235	205,747	28,512
35	84	0	0	0	27,475	128,161	21,714	177,350	205,356	28,005
36	85	0	0	0	27,475	134,154	15,839	177,468	204,996	27,528
37	86	0	0	0	27,475	140,267	9,846	177,588	204,613	27,025
38	87	0	0	0	27,475	146,502	3,733	177,710	204,217	26,507
39	88	0	0	0	27,475	152,861	-2,502	177,835	203,796	25,961
40	89	0	0	0	27,475	159,348	-8,861	177,962	203,320	25,358

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Phantom Stock - Protection Benefit Detail (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	ER Premium	ER Net A/T Ins Outlay	ER Net A/T Non-Ins Outlay	ER Cum Net A/T Ins Outlay	Cum. A/T Imputed Int on Outlay	Cum A/T Cost of Benefits	Total Plan Costs	Net Ins Proceeds	ER Gain/Loss Upon Death
41	90	0	0	0	27,475	165,964	-15,348	178,092	202,756	24,664
42	91	0	0	0	27,475	172,713	-21,964	178,224	202,038	23,814
43	92	0	0	0	27,475	179,597	-28,713	178,359	201,078	22,719
44	93	0	0	0	27,475	186,618	-35,597	178,497	199,778	21,281
45	94	0	0	0	27,475	193,780	-42,618	178,637	198,054	19,417
46	95	0	0	0	27,475	201,085	-49,780	178,780	195,749	16,969
47	96	0	0	0	27,475	208,536	-57,085	178,926	192,945	14,018
48	97	0	0	0	27,475	216,137	-64,536	179,075	189,496	10,421
49	98	0	0	0	27,475	223,889	-72,137	179,227	185,140	5,912
50	99	0	0	0	27,475	231,796	-79,889	179,382	179,383	0
51	100	0	0	0	27,475	239,862	-87,796	179,541	187,504	7,963
52	101	0	0	0	27,475	248,088	-95,862	179,702	195,996	16,294
53	102	0	0	0	27,475	256,480	-104,088	179,866	204,876	25,010
54	103	0	0	0	27,475	265,039	-112,480	180,034	214,162	34,127
55	104	0	0	0	27,475	273,769	-121,039	180,205	223,872	43,666
56	105	0	0	0	27,475	282,674	-129,769	180,380	234,026	53,646
57	106	0	0	0	27,475	291,757	-138,674	180,558	244,644	64,086
58	107	0	0	0	27,475	301,022	-147,757	180,740	255,747	75,007
59	108	0	0	0	27,475	310,472	-157,022	180,925	267,358	86,433
60	109	0	0	0	27,475	320,111	-166,472	181,114	279,500	98,385
61	110	0	0	0	27,475	329,942	-176,111	181,307	292,196	110,889
62	111	0	0	0	27,475	339,971	-185,942	181,504	305,474	123,970
63	112	0	0	0	27,475	350,199	-195,971	181,704	319,358	137,654
64	113	0	0	0	27,475	360,633	-206,199	181,909	333,878	151,969
65	114	0	0	0	27,475	371,275	-216,633	182,117	349,061	166,944
66	115	0	0	0	27,475	382,130	-227,275	182,330	364,939	182,609
67	116	0	0	0	27,475	393,202	-238,130	182,547	381,544	198,996
68	117	0	0	0	27,475	404,496	-249,202	182,769	398,908	216,139
69	118	0	0	0	27,475	416,015	-260,496	182,995	417,066	234,071
70	119	0	0	0	27,475	427,765	-272,015	183,225	436,055	252,830
71	120	0	0	0	27,475	439,750	-283,765	183,460	455,913	272,453

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Phantom Stock - Benefit Detail

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	ER Premium	Amount Surr.	Annual Loan	After Tax Loan Interest	ER Net A/T Ins Outlay	ER Net A/T Non-Ins Outlay	A/T Annual Phantom Stock Benefit	EE Phantom Stock Benefit	Gross Accrued Liability	Net Equity	Effect On Earnings A.L. Basis
1	50	11,432	0	0	0	11,432	0	0	0	20,000	1,478	-30,183
2	51	11,803	0	0	0	11,432	0	0	0	40,000	11,342	-22,258
3	52	11,803	0	0	0	11,432	0	0	0	60,000	21,621	-22,543
4	53	11,803	0	0	0	11,432	0	0	0	80,000	32,281	-23,104
5	54	11,803	0	0	0	11,432	0	0	0	100,000	43,378	-23,857
6	55	11,803	0	0	0	11,432	0	0	0	120,000	54,924	-24,850
7	56	11,803	0	0	0	11,432	0	0	0	140,000	66,940	-26,079
8	57	11,803	0	0	0	11,432	0	0	0	160,000	79,447	-27,552
9	58	11,803	0	0	0	11,432	0	0	0	180,000	92,821	-28,914
10	59	11,803	0	0	0	11,432	0	0	0	200,000	107,084	-30,528
11	60	11,803	0	0	0	11,432	0	0	0	200,000	122,281	-12,378
12	61	11,803	0	0	0	11,432	0	0	0	200,000	138,433	-14,488
13	62	11,803	0	0	0	11,432	0	0	0	200,000	155,569	-16,862
14	63	11,803	0	0	0	11,432	0	0	0	200,000	173,727	-19,491
15	64	11,803	0	0	0	11,432	0	0	0	200,000	192,970	-22,361
16	65	0	9,600	0	0	-9,600	0	9,600	13,333	186,667	190,271	-23,570
17	66	0	9,600	0	0	-9,600	0	9,600	13,333	173,333	187,431	-27,825
18	67	0	9,600	0	0	-9,600	0	9,600	13,333	160,000	184,448	-32,164
19	68	0	9,600	0	0	-9,600	0	9,600	13,333	146,667	181,327	-36,582
20	69	0	9,600	0	0	-9,600	0	9,600	13,333	133,333	178,062	-41,091
21	70	0	9,600	0	0	-9,600	0	9,600	13,333	120,000	174,643	-45,698
22	71	0	8,138	1,520	58	-9,600	0	9,600	13,333	106,666	171,043	-50,420
23	72	0	1,637	8,343	379	-9,600	0	9,600	13,333	93,333	167,159	-55,337
24	73	0	1,665	8,647	712	-9,600	0	9,600	13,333	80,000	162,979	-60,358
25	74	0	1,713	8,943	1,056	-9,600	0	9,600	13,333	66,666	158,492	-65,485
26	75	0	1,772	9,239	1,411	-9,600	0	9,600	13,333	53,333	153,684	-70,722
27	76	0	1,829	9,550	1,778	-9,600	0	9,600	13,333	40,000	148,531	-76,081
28	77	0	1,877	9,882	2,159	-9,600	0	9,600	13,333	26,666	143,006	-81,568
29	78	0	1,902	10,250	2,553	-9,600	0	9,600	13,333	13,333	137,079	-87,187
30	79	0	1,908	10,655	2,963	-9,600	0	9,600	13,333	0	130,714	-92,947
31	80	0	0	3,081	3,081	0	0	0	0	0	133,919	-102,137
32	81	0	0	3,204	3,204	0	0	0	0	0	137,095	-107,703
33	82	0	0	3,333	3,333	0	0	0	0	0	140,251	-113,370
34	83	0	0	3,466	3,466	0	0	0	0	0	143,385	-119,152
35	84	0	0	3,604	3,604	0	0	0	0	0	146,467	-125,079
36	85	0	0	3,749	3,749	0	0	0	0	0	149,466	-131,155
37	86	0	0	3,899	3,899	0	0	0	0	0	152,298	-137,435
38	87	0	0	4,054	4,054	0	0	0	0	0	154,956	-143,843
39	88	0	0	4,217	4,217	0	0	0	0	0	157,393	-150,424
40	89	0	0	4,385	4,385	0	0	0	0	0	159,593	-157,148

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Phantom Stock - Benefit Detail (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	ER Premium	Amount Surr.	Annual Loan	After Tax Loan Interest	ER Net A/T Ins Outlay	ER Net A/T Non-Ins Outlay	A/T Annual Phantom Stock Benefit	EE Phantom Stock Benefit	Gross Accrued Liability	Net Equity	Effect On Earnings A.L. Basis
41	90	0	0	4,561	4,561	0	0	0	0	0	161,537	-164,020
42	91	0	0	4,743	4,743	0	0	0	0	0	163,206	-171,043
43	92	0	0	4,933	4,933	0	0	0	0	0	164,603	-178,200
44	93	0	0	5,130	5,130	0	0	0	0	0	165,745	-185,477
45	94	0	0	5,335	5,335	0	0	0	0	0	166,747	-192,778
46	95	0	0	5,549	5,549	0	0	0	0	0	167,755	-200,077
47	96	0	0	5,771	5,771	0	0	0	0	0	169,036	-207,256
48	97	0	0	6,002	6,002	0	0	0	0	0	170,926	-214,247
49	98	0	0	6,242	6,242	0	0	0	0	0	174,013	-220,803
50	99	0	0	6,491	6,491	0	0	0	0	0	179,383	-226,426
51	100	0	0	6,751	6,751	0	0	0	0	0	187,504	-231,741
52	101	0	0	7,021	7,021	0	0	0	0	0	195,996	-239,596
53	102	0	0	7,302	7,302	0	0	0	0	0	204,876	-247,600
54	103	0	0	7,594	7,594	0	0	0	0	0	214,162	-255,753
55	104	0	0	7,898	7,898	0	0	0	0	0	223,872	-264,059
56	105	0	0	8,214	8,214	0	0	0	0	0	234,026	-272,520
57	106	0	0	8,542	8,542	0	0	0	0	0	244,644	-281,139
58	107	0	0	8,884	8,884	0	0	0	0	0	255,747	-289,918
59	108	0	0	9,239	9,239	0	0	0	0	0	267,358	-298,861
60	109	0	0	9,609	9,609	0	0	0	0	0	279,500	-307,969
61	110	0	0	9,993	9,993	0	0	0	0	0	292,196	-317,245
62	111	0	0	10,393	10,393	0	0	0	0	0	305,474	-326,693
63	112	0	0	10,809	10,809	0	0	0	0	0	319,358	-336,315
64	113	0	0	11,241	11,241	0	0	0	0	0	333,878	-346,114
65	114	0	0	11,691	11,691	0	0	0	0	0	349,061	-356,092
66	115	0	0	12,158	12,158	0	0	0	0	0	364,939	-366,252
67	116	0	0	12,645	12,645	0	0	0	0	0	381,544	-376,598
68	117	0	0	13,150	13,150	0	0	0	0	0	398,908	-387,132
69	118	0	0	13,676	13,676	0	0	0	0	0	417,066	-397,857
70	119	0	0	14,223	14,223	0	0	0	0	0	436,055	-408,776
71	120	0	0	14,792	14,792	0	0	0	0	0	455,913	-419,892

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Phantom Stock Plan

Phantom Stock - Employee Benefits

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	Phantom Stock Benefits				Split Dollar Benefit			Survivor Benefits		
		Annual Salary	Annual Contribution	Phantom Stock Account *	Annual Phantom Stock Benefit	Co. Alt. Reportable Economic Benefit	After Tax Outlay	Survivor Benefit	Annual Benefit	Payments Remaining	Total Survivor Benefit
1	50	150,000	20,000	20,000	0	116	37	150,000	4,000	5	20,000
2	51	150,000	20,000	40,000	0	135	43	150,000	8,000	5	40,000
3	52	150,000	20,000	60,000	0	158	51	150,000	12,000	5	60,000
4	53	150,000	20,000	80,000	0	178	57	150,000	16,000	5	80,000
5	54	150,000	20,000	100,000	0	191	61	150,000	20,000	5	100,000
6	55	150,000	20,000	120,000	0	200	64	150,000	24,000	5	120,000
7	56	150,000	20,000	140,000	0	207	66	150,000	28,000	5	140,000
8	57	150,000	20,000	160,000	0	211	68	150,000	32,000	5	160,000
9	58	150,000	20,000	180,000	0	222	71	150,000	36,000	5	180,000
10	59	150,000	20,000	200,000	0	232	74	150,000	40,000	5	200,000
11	60	150,000	0	200,000	0	269	86	150,000	40,000	5	200,000
12	61	150,000	0	200,000	0	296	95	150,000	40,000	5	200,000
13	62	150,000	0	200,000	0	317	101	150,000	40,000	5	200,000
14	63	150,000	0	200,000	0	361	115	150,000	40,000	5	200,000
15	64	150,000	0	200,000	0	415	133	150,000	40,000	5	200,000
16	65	150,000	0	186,667	13,333	0	0	0	0	14	186,667
17	66	0	0	173,333	13,333	0	0	0	0	13	173,334
18	67	0	0	160,000	13,333	0	0	0	0	12	160,000
19	68	0	0	146,667	13,333	0	0	0	0	11	146,667
20	69	0	0	133,333	13,333	0	0	0	0	10	133,334
21	70	0	0	120,000	13,333	0	0	0	0	9	120,000
22	71	0	0	106,666	13,333	0	0	0	0	8	106,667
23	72	0	0	93,333	13,333	0	0	0	0	7	93,334
24	73	0	0	80,000	13,333	0	0	0	0	6	80,000
25	74	0	0	66,666	13,333	0	0	0	0	5	66,667
26	75	0	0	53,333	13,333	0	0	0	0	4	53,333
27	76	0	0	40,000	13,333	0	0	0	0	3	40,000
28	77	0	0	26,666	13,333	0	0	0	0	2	26,667
29	78	0	0	13,333	13,333	0	0	0	0	1	13,333
30	79	0	0	0	13,333	0	0	0	0	0	0

Please refer to the accompanying 'Information and Disclaimers' page for additional information about this life insurance illustration.

* Phantom Stock Plan Account is based on the Phantom Stock Plan Account Interest Rate of 0.00%.

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Phantom Stock - Benefits Report

Employer: SBG Corp

Employee: Sample Employee, 50 Male, Preferred NT

Tax Rate: 28.00%

Tax Rate: 32.00%

BENEFIT INFORMATION

Current Annual Salary	\$150,000
Number of Years to age 65	15
Annual Deposits:	\$20,000
Cumulative Deposits to the Plan:	\$200,000

Benefits if death occurs prior to age 65:

- \$4,000 for 5 year(s)
- Cumulative benefit if death occurs in the first year: \$20,000

Benefits to you or your beneficiary commencing at age 65:

- Cumulative benefits: \$200,000

The above summary values do not include any illustrated benefit increases.

The benefits being demonstrated do not represent a contractual life insurance promise. Rather, it reflects hypothetical or possible terms of a plan agreement between the employer and the key employee.

LIFE INSURANCE

SBG Corp will acquire an insurance policy on your life of:	\$282,551
The first year annual premium will be:	\$11,432

See the Narrative Summary and the Tabular Detail for guaranteed values and other important information about this policy.

Phantom Stock Plan

Information and Disclaimers

Figures may depend on non-guaranteed elements such as dividends and 1 year term costs. The assumptions on which dividends and 1 year term costs are based are subject to change by the Guardian. Figures depending on dividends are based on the 2020 dividend scale. Future non-guaranteed elements may be higher or lower than those illustrated, depending on actual future experiences. Dividends are not guaranteed. They are declared annually by Guardian's Board of Directors.

+Policy benefits are reduced by any outstanding loan or loan interest and/or withdrawals, when applicable. Dividends, if any, are affected by policy loans and loan interest. Withdrawals above the cost basis may result in taxable ordinary income. If the policy lapses, or is surrendered, any outstanding loans considered gain in the policy may be subject to ordinary income taxes. If the policy is a Modified Endowment Contract (MEC), loans are treated like withdrawals, but as gain first, subject to ordinary income taxes. If the policy owner is under 59½, any taxable withdrawal may also be subject to a 10% federal tax penalty.

A Modified Endowment Contract (MEC) is a type of life insurance contract that is subject to last-in-first-out (LIFO) ordinary income tax treatment, similar to distributions from an annuity. The distribution may also be subject to a 10% federal tax penalty on the gain portion of the policy if the owner is under age 59½. The death benefit is generally income tax free.

All whole life insurance guarantees are based on the payment of all required premiums and the claims paying ability of the issuing insurance company.

Policy loans and withdrawals affect the guarantees by reducing the policy's death benefit and cash values.

^Life insurance contract death benefits are generally excludable from the income of the recipient. However, if the policy is considered "Employer Owned Life Insurance" (EOLI) under the Internal Revenue Code, the benefit may be considered taxable. Under certain circumstances, this tax treatment applies to individually owned policies as well as employer owned policies. Your agent can provide you with the form [EOLINOTICE101J0809 Notice & Consent for Employer Owned Life Insurance](#). Contact your tax advisor for details about complying with the regulation.

There are many financial vehicles that would help you to accumulate funds for retirement or other family needs. Each product has different characteristics. In some products, interest income and growth may be currently income taxable, whereas in others, it may be tax-deferred or even tax-free. Varying products also have different types of fees and expenses associated with purchasing or selling the product, as well as accumulating, investing or redeeming account balances, including sales fees and commissions. Some products may contain performance guarantees while others may be subject to various risks, such as market risk, credit risk and company risk. Some products may even be backed by federal agencies. As a result, you must work with your tax, legal and financial advisors to ensure that the appropriate product is chosen for your particular situation.

The premium offset year is not guaranteed and relies on dividends and the surrender of paid-up additions to pay the policy's required premium. There is no guarantee that dividends will be paid or that paid-up additions will exist in the policy.

Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.

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Phantom Stock Plan

Cash Flow (Gross)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	ER Premium	Amount Surr.	Annual Loan	Gross Loan Interest Beg Of Yr.	Pre Phantom Stock Benefit	Post Phantom Stock Benefit	Death Proceeds	Cum. Use of Money	Annual Gross Int. On Net Funds Invested	Annual Cash Flow
1	50	11,432	0	0	0	0	0	0	229	0	-11,660
2	51	11,803	0	0	0	0	0	0	690	0	-12,265
3	52	11,803	0	0	0	0	0	0	1,390	0	-12,503
4	53	11,803	0	0	0	0	0	0	2,333	0	-12,745
5	54	11,803	0	0	0	0	0	0	3,522	0	-12,993
6	55	11,803	0	0	0	0	0	0	4,965	0	-13,245
7	56	11,803	0	0	0	0	0	0	6,664	0	-13,503
8	57	11,803	0	0	0	0	0	0	8,627	0	-13,765
9	58	11,803	0	0	0	0	0	0	10,857	0	-14,033
10	59	11,803	0	0	0	0	0	0	13,360	0	-14,306
11	60	11,803	0	0	0	0	0	0	16,143	0	-14,585
12	61	11,803	0	0	0	0	0	0	19,209	0	-14,869
13	62	11,803	0	0	0	0	0	0	22,565	0	-15,159
14	63	11,803	0	0	0	0	0	0	26,218	0	-15,455
15	64	11,803	0	0	0	0	0	0	30,172	0	-15,757
16	65	0	9,600	0	0	0	13,333	0	34,204	0	-7,766
17	66	0	9,600	0	0	0	13,333	0	38,318	0	-7,847
18	67	0	9,600	0	0	0	13,333	0	42,514	0	-7,929
19	68	0	9,600	0	0	0	13,333	0	46,794	0	-8,013
20	69	0	9,600	0	0	0	13,333	0	51,159	0	-8,099
21	70	0	9,600	0	0	0	13,333	0	55,612	0	-8,186
22	71	0	8,138	1,520	58	0	13,333	0	60,154	0	-8,275
23	72	0	1,637	8,343	379	0	13,333	0	64,786	0	-8,366
24	73	0	1,665	8,647	712	0	13,333	0	69,511	0	-8,459
25	74	0	1,713	8,943	1,056	0	13,333	0	74,331	0	-8,553
26	75	0	1,772	9,239	1,411	0	13,333	0	79,247	0	-8,649
27	76	0	1,829	9,550	1,778	0	13,333	0	84,262	0	-8,748
28	77	0	1,877	9,882	2,159	0	13,333	0	89,376	0	-8,848
29	78	0	1,902	10,250	2,553	0	13,333	0	94,593	0	-8,950
30	79	0	1,908	10,655	2,963	0	13,333	0	99,915	0	-9,055

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Cash Flow (Gross) (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	ER Premium	Amount Surr.	Annual Loan	Gross Loan Interest Beg Of Yr.	Pre Phantom Stock Benefit	Post Phantom Stock Benefit	Death Proceeds	Cum. Use of Money	Annual Gross Int. On Net Funds Invested	Annual Cash Flow
31	80	0	0	3,081	3,081	0	0	0	105,343	0	-5,428
32	81	0	0	3,204	3,204	0	0	0	110,879	0	-5,536
33	82	0	0	3,333	3,333	0	0	0	116,526	0	-5,647
34	83	0	0	3,466	3,466	0	0	0	122,286	0	-5,760
35	84	0	0	3,604	3,604	0	0	0	128,161	0	-5,875
36	85	0	0	3,749	3,749	0	0	0	134,154	0	-5,993
37	86	0	0	3,899	3,899	0	0	0	140,267	0	-6,113
38	87	0	0	4,054	4,054	0	0	0	146,502	0	-6,235
39	88	0	0	4,217	4,217	0	0	0	152,861	0	-6,360
40	89	0	0	4,385	4,385	0	0	0	159,348	0	-6,487
41	90	0	0	4,561	4,561	0	0	0	165,964	0	-6,616
42	91	0	0	4,743	4,743	0	0	0	172,713	0	-6,749
43	92	0	0	4,933	4,933	0	0	0	179,597	0	-6,884
44	93	0	0	5,130	5,130	0	0	0	186,618	0	-7,021
45	94	0	0	5,335	5,335	0	0	0	193,780	0	-7,162
46	95	0	0	5,549	5,549	0	0	0	201,085	0	-7,305
47	96	0	0	5,771	5,771	0	0	0	208,536	0	-7,451
48	97	0	0	6,002	6,002	0	0	0	216,137	0	-7,600
49	98	0	0	6,242	6,242	0	0	0	223,889	0	-7,752
50	99	0	0	6,491	6,491	0	0	0	231,796	0	-7,907
51	100	0	0	6,751	6,751	0	0	187,504	0	0	187,504
52	101	0	0	0	0	0	0	0	0	22,942	22,942
53	102	0	0	0	0	0	0	0	0	24,318	24,318
54	103	0	0	0	0	0	0	0	0	25,777	25,777
55	104	0	0	0	0	0	0	0	0	27,324	27,324
56	105	0	0	0	0	0	0	0	0	28,963	28,963
57	106	0	0	0	0	0	0	0	0	30,701	30,701
58	107	0	0	0	0	0	0	0	0	32,543	32,543
59	108	0	0	0	0	0	0	0	0	34,496	34,496
60	109	0	0	0	0	0	0	0	0	36,566	36,566

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Cash Flow (Gross) (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	ER Premium	Amount Surr.	Annual Loan	Gross Loan Interest Beg Of Yr.	Pre Phantom Stock Benefit	Post Phantom Stock Benefit	Death Proceeds	Cum. Use of Money	Annual Gross Int. On Net Funds Invested	Annual Cash Flow
61	110	0	0	0	0	0	0	0	0	38,759	38,759
62	111	0	0	0	0	0	0	0	0	41,085	41,085
63	112	0	0	0	0	0	0	0	0	43,550	43,550
64	113	0	0	0	0	0	0	0	0	46,163	46,163
65	114	0	0	0	0	0	0	0	0	48,933	48,933
66	115	0	0	0	0	0	0	0	0	51,869	51,869
67	116	0	0	0	0	0	0	0	0	54,981	54,981
68	117	0	0	0	0	0	0	0	0	58,280	58,280
69	118	0	0	0	0	0	0	0	0	61,777	61,777
70	119	0	0	0	0	0	0	0	0	65,483	65,483
71	120	0	0	0	0	0	0	0	0	69,412	69,412

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Cash Flow (Net)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	Annual Cash Flow	Tax Due On Surr.	Annual Net Int. On Net Funds Invested	Total Tax Savings	Net A/T Cost	Gross Accrued Liability	Increase In Net Equity	No COM Effect On Earnings A.L. Basis	Cum. Cost Of Money	Annual Effect On Surplus A.L. Basis
1	50	-11,660	0	0	0	11,660	20,000	1,478	-29,954	229	-30,183
2	51	-12,265	0	0	0	12,265	40,000	9,864	-21,568	690	-22,258
3	52	-12,503	0	0	0	12,503	60,000	10,279	-21,153	1,390	-22,543
4	53	-12,745	0	0	0	12,745	80,000	10,660	-20,771	2,333	-23,104
5	54	-12,993	0	0	0	12,993	100,000	11,097	-20,335	3,522	-23,857
6	55	-13,245	0	0	0	13,245	120,000	11,546	-19,886	4,965	-24,850
7	56	-13,503	0	0	0	13,503	140,000	12,017	-19,415	6,664	-26,079
8	57	-13,765	0	0	0	13,765	160,000	12,506	-18,925	8,627	-27,552
9	58	-14,033	0	0	0	14,033	180,000	13,374	-18,057	10,857	-28,914
10	59	-14,306	0	0	0	14,306	200,000	14,264	-17,168	13,360	-30,528
11	60	-14,585	0	0	0	14,585	200,000	15,196	3,765	16,143	-12,378
12	61	-14,869	0	0	0	14,869	200,000	16,153	4,721	19,209	-14,488
13	62	-15,159	0	0	0	15,159	200,000	17,135	5,703	22,565	-16,862
14	63	-15,455	0	0	0	15,455	200,000	18,159	6,727	26,218	-19,491
15	64	-15,757	0	0	0	15,757	200,000	19,242	7,811	30,172	-22,361
16	65	-7,766	0	0	3,733	4,033	186,667	-2,698	10,635	34,204	-23,570
17	66	-7,847	0	0	3,733	4,114	173,333	-2,840	10,493	38,318	-27,825
18	67	-7,929	0	0	3,733	4,196	160,000	-2,983	10,350	42,514	-32,164
19	68	-8,013	0	0	3,733	4,280	146,667	-3,121	10,212	46,794	-36,582
20	69	-8,099	0	0	3,733	4,365	133,333	-3,265	10,069	51,159	-41,091
21	70	-8,186	0	0	3,733	4,453	120,000	-3,419	9,914	55,612	-45,698
22	71	-8,275	0	0	3,733	4,542	106,666	-3,600	9,734	60,154	-50,420
23	72	-8,366	0	0	3,733	4,633	93,333	-3,884	9,449	64,786	-55,337
24	73	-8,459	0	0	3,733	4,725	80,000	-4,180	9,154	69,511	-60,358
25	74	-8,553	0	0	3,733	4,820	66,666	-4,487	8,846	74,331	-65,485
26	75	-8,649	0	0	3,733	4,916	53,333	-4,808	8,525	79,247	-70,722
27	76	-8,748	0	0	3,733	5,014	40,000	-5,153	8,180	84,262	-76,081
28	77	-8,848	0	0	3,733	5,115	26,666	-5,525	7,809	89,376	-81,568
29	78	-8,950	0	0	3,733	5,217	13,333	-5,927	7,406	94,593	-87,187
30	79	-9,055	0	0	3,733	5,321	0	-6,365	6,968	99,915	-92,947

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15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Cash Flow (Net) (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	Annual Cash Flow	Tax Due On Surr.	Annual Net Int. On Net Funds Invested	Total Tax Savings	Net A/T Cost	Gross Accrued Liability	Increase In Net Equity	No COM Effect On Earnings A.L. Basis	Cum. Cost Of Money	Annual Effect On Surplus A.L. Basis
31	80	-5,428	0	0	0	5,428	0	3,205	3,205	105,343	-102,137
32	81	-5,536	0	0	0	5,536	0	3,176	3,176	110,879	-107,703
33	82	-5,647	0	0	0	5,647	0	3,156	3,156	116,526	-113,370
34	83	-5,760	0	0	0	5,760	0	3,134	3,134	122,286	-119,152
35	84	-5,875	0	0	0	5,875	0	3,082	3,082	128,161	-125,079
36	85	-5,993	0	0	0	5,993	0	2,999	2,999	134,154	-131,155
37	86	-6,113	0	0	0	6,113	0	2,831	2,831	140,267	-137,435
38	87	-6,235	0	0	0	6,235	0	2,659	2,659	146,502	-143,843
39	88	-6,360	0	0	0	6,360	0	2,437	2,437	152,861	-150,424
40	89	-6,487	0	0	0	6,487	0	2,199	2,199	159,348	-157,148
41	90	-6,616	0	0	0	6,616	0	1,944	1,944	165,964	-164,020
42	91	-6,749	0	0	0	6,749	0	1,670	1,670	172,713	-171,043
43	92	-6,884	0	0	0	6,884	0	1,397	1,397	179,597	-178,200
44	93	-7,021	0	0	0	7,021	0	1,142	1,142	186,618	-185,477
45	94	-7,162	0	0	0	7,162	0	1,002	1,002	193,780	-192,778
46	95	-7,305	0	0	0	7,305	0	1,008	1,008	201,085	-200,077
47	96	-7,451	0	0	0	7,451	0	1,281	1,281	208,536	-207,256
48	97	-7,600	0	0	0	7,600	0	1,890	1,890	216,137	-214,247
49	98	-7,752	0	0	0	7,752	0	3,086	3,086	223,889	-220,803
50	99	-7,907	0	0	0	7,907	0	5,370	5,370	231,796	-226,426
51	100	187,504	0	0	0	-187,504	0	-179,383	8,121	0	8,121
52	101	22,942	0	16,518	0	-16,518	0	0	16,518	0	16,518
53	102	24,318	0	17,509	0	-17,509	0	0	17,509	0	17,509
54	103	25,777	0	18,560	0	-18,560	0	0	18,560	0	18,560
55	104	27,324	0	19,673	0	-19,673	0	0	19,673	0	19,673
56	105	28,963	0	20,854	0	-20,854	0	0	20,854	0	20,854
57	106	30,701	0	22,105	0	-22,105	0	0	22,105	0	22,105
58	107	32,543	0	23,431	0	-23,431	0	0	23,431	0	23,431
59	108	34,496	0	24,837	0	-24,837	0	0	24,837	0	24,837
60	109	36,566	0	26,327	0	-26,327	0	0	26,327	0	26,327

Please refer to the accompanying 'Information and Disclaimers' page for additional information about this life insurance illustration.

THIS ILLUSTRATION IS BASED ON THE 2020 DIVIDEND SCALE, POSSIBLY WITH A REDUCED INTEREST RATE AND ASSUMES THAT THE CURRENTLY ILLUSTRATED NON-GUARANTEED ELEMENTS WILL CONTINUE UNCHANGED FOR ALL YEARS SHOWN. THIS IS NOT LIKELY TO OCCUR AND THE ACTUAL RESULTS MAY BE MORE OR LESS FAVORABLE THAN THOSE SHOWN. THE ASSUMPTIONS ON WHICH NONGUARANTEED ELEMENTS ARE BASED ARE SUBJECT TO CHANGE BY THE COMPANY. SEE TABULAR DETAIL FOR GUARANTEED VALUES AND OTHER IMPORTANT INFORMATION. DIVIDENDS ARE NOT GUARANTEED AND MAY BE DECLARED ANNUALLY BY GUARDIAN'S BOARD OF DIRECTORS.

This presentation is not valid without, and must be used in conjunction with, a complete Guardian illustration (ID: 6604) containing important statements regarding guaranteed and non-guaranteed values.

15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.

Phantom Stock Plan

Cash Flow (Net) (cont'd)

Sample Employee, Age: 50, Male, Preferred NT

Base Face Amount: 282,551

Policy Year	Age Start of Year	Annual Cash Flow	Tax Due On Surr.	Annual Net Int. On Net Funds Invested	Total Tax Savings	Net A/T Cost	Gross Accrued Liability	Increase In Net Equity	No COM Effect On Earnings A.L. Basis	Cum. Cost Of Money	Annual Effect On Surplus A.L. Basis
61	110	38,759	0	27,907	0	-27,907	0	0	27,907	0	27,907
62	111	41,085	0	29,581	0	-29,581	0	0	29,581	0	29,581
63	112	43,550	0	31,356	0	-31,356	0	0	31,356	0	31,356
64	113	46,163	0	33,237	0	-33,237	0	0	33,237	0	33,237
65	114	48,933	0	35,232	0	-35,232	0	0	35,232	0	35,232
66	115	51,869	0	37,346	0	-37,346	0	0	37,346	0	37,346
67	116	54,981	0	39,586	0	-39,586	0	0	39,586	0	39,586
68	117	58,280	0	41,962	0	-41,962	0	0	41,962	0	41,962
69	118	61,777	0	44,479	0	-44,479	0	0	44,479	0	44,479
70	119	65,483	0	47,148	0	-47,148	0	0	47,148	0	47,148
71	120	69,412	0	49,977	0	-49,977	0	0	49,977	0	49,977

Please refer to the accompanying 'Information and Disclaimers' page for additional information about this life insurance illustration.

THIS ILLUSTRATION IS BASED ON THE 2020 DIVIDEND SCALE, POSSIBLY WITH A REDUCED INTEREST RATE AND ASSUMES THAT THE CURRENTLY ILLUSTRATED NON-GUARANTEED ELEMENTS WILL CONTINUE UNCHANGED FOR ALL YEARS SHOWN. THIS IS NOT LIKELY TO OCCUR AND THE ACTUAL RESULTS MAY BE MORE OR LESS FAVORABLE THAN THOSE SHOWN. THE ASSUMPTIONS ON WHICH NONGUARANTEED ELEMENTS ARE BASED ARE SUBJECT TO CHANGE BY THE COMPANY. SEE TABULAR DETAIL FOR GUARANTEED VALUES AND OTHER IMPORTANT INFORMATION. DIVIDENDS ARE NOT GUARANTEED AND MAY BE DECLARED ANNUALLY BY GUARDIAN'S BOARD OF DIRECTORS.

This presentation is not valid without, and must be used in conjunction with, a complete Guardian illustration (ID: 6604) containing important statements regarding guaranteed and non-guaranteed values.

15 Pay Whole Life - Generic Product Form 19-L15; Face Amount: \$282,551; Paid Up Additions (D) Dividend Option.



15 Pay Whole Life

Life Insurance Illustration

Prepared for:

Sample Employee

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220 Gibraltar Rd, Suite 350
Horsham, PA 19044
610-292-9330
Fax: 610-292-9335
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Home Office:
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10 Hudson Yards
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Illustration: 2019-80581



IMNB0000000300101

Guardian
Life Insurance Illustration
Narrative Summary

Sample Employee, Male Age 50, Preferred NT

<u>Benefit</u>		<u>Premium **</u>
\$282,551	15 Pay Whole Life	\$11,062.97
\$254,295	Long Term Care Rider	\$368.73
	Index Participation Feature (0% initial allocation)	
	Total First Year Premium	\$11,431.70

Dividend Option: Paid Up Additions (D)

Plan Overview: The following is a general description of the proposed benefits. The complete terms and conditions are shown in the policy.

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- 15 Pay Whole Life (2019 Series):**
- Whole Life Insurance Policy, Generic Form Number: 19-L15.
 - A permanent life insurance policy with cash value. Qualifies for annual dividends.
 - Level guaranteed death benefit for the insured's lifetime.
 - Level guaranteed premium payable for fifteen years.

- Dividend Option:**
- Paid Up Additions (D)
 - Dividends are used to purchase additional paid-up insurance (PUA's). PUA's purchased with dividends will increase the cash value and the death benefit.

- Long Term Care Rider:**
- Accelerated Death Benefit for Long Term Care Rider, Generic Form Number: 13-LTCR
 - Provides coverage by advancing a portion of the death benefit for Long Term Care, if qualifying triggers are met.
 - The premium for this rider is scheduled to be level and payable for 15 years. The premium is not guaranteed.
 - Please see the Accelerated Death Benefit for Long Term Care (LTC) Rider Summary later in this illustration for important details on this rider.

- Terminal Illness ABR:**
- Accelerated Death Benefit for Terminal Illness Rider, Generic Form Number: 13-TIR
 - Provides coverage by advancing a portion of the death benefit for Terminal Illnesses, if qualifying triggers are met.
 - Cost of rider is in the form of lien carrying charges.
 - A one-time fee is deducted from the first accelerated benefit paid from the policy.
 - The Total Lien Limit is the cash value plus 80% of the difference between the death benefit and the cash value.
 - This policy may be encumbered by a collateral assignment. If such an assignment exists at the time the Terminal Illness ABR is exercised, both the assignor and assignee must sign the request to accelerate the death benefit. A check will be issued jointly to both parties; alternatively, written payment instructions signed by both the assignee and the assignor may be submitted.

Guardian
Life Insurance Illustration
Narrative Summary

Index Participation Feature:

- Index Participation Rider, Generic Form Number: 15-IPR.
- Provides the option to apply an index adjustment to the dividend payable under the policy. The adjustment is based on an external index and the cash value of paid-up additions that are allocated under this rider.
- While there is no direct out-of-pocket premium for this rider, there is a rider charge that is deducted when an index period is created. The rider charge is paid through the surrender of paid-up additions; the illustration is based on the assumption that the rider charge is paid at the beginning of the year that the index period ends. See Index Participation Feature Disclosure for the current and guaranteed rider charge percentages.
- The rider ends at age 100.
- See Index Participation Disclosure for more details.

Important Notes: All whole life insurance policy guarantees are subject to the timely payment of all required premiums and the claims paying ability of the issuing insurance company.

** This illustration was run assuming a mode of Annual. All premium and other payments are deemed to be made on policy anniversaries. Refer to the end of the Tabular Detail report for the billed amount based on the mode selected.

Figures depending on dividends are based on the 2020 dividend scale and are not guaranteed. This illustration assumes that the currently illustrated non-guaranteed elements, including dividends, will continue unchanged for all years shown. This is not likely to occur and the actual results may be more or less favorable than those shown. The assumptions on which non-guaranteed elements are based are subject to change by the Company.

The Numeric Summary report shows the values under three sets of assumptions. In each scenario, the values are based on paying the premium every year and taking no loans or other distributions.

Guaranteed:

The columns show the values assuming that no dividends are ever paid. The guaranteed cash values are based on an interest rate of 4.00%. The premiums for any riders as well as the Index Participation Feature charge are shown at their guaranteed maximum cost. For the Index Participation Feature, the assumed index adjustment rate is zero.

- The Annual Premium column shows the maximum annual premium for the base policy and any riders at the beginning of the year.
- The Cash Value column shows the guaranteed cash surrender value of the base policy and any riders at the end of the year.
- The Death Benefit column shows the guaranteed death benefit of the base policy and any riders at the end of the year.

Current:

Non-Guaranteed - Current - Values are non-guaranteed. The columns show the values based on the 2020 dividend scale. The premiums for any riders are shown at their non-guaranteed scheduled rate. For the Index Participation Feature, the assumed index interest rate for the Numeric Summary and Tabular Detail is 7.88%.

- The Net Premium column shows the amount paid (or received) at the beginning of the year based on current assumptions.
- The Cash Value column shows the values at the end of the year based on current assumptions.
- The Death Benefit column shows the death benefit at the end of the year based on current assumptions.

Guardian
Life Insurance Illustration
Narrative Summary

Intermediate:

Non-Guaranteed - Intermediate - The columns show the values assuming dividends at 50% of the dividends contained in the current illustrated scale. The premiums for any riders are shown at a rate half way between the non-guaranteed scheduled rate and the guaranteed maximum cost, if applicable. If positive, the index adjustment rate for the Index Participation Feature is equal to half of the index adjustment rate that was applied under the current scenario. Otherwise, the index adjustment rate is equal to the index adjustment rate that was applied under the current scenario.

- The Net Premium column shows the amount paid (or received) at the beginning of the year based on intermediate assumptions.
- The Cash Value column shows the values at the end of the year based on the intermediate assumptions.
- The Death Benefit column shows the death benefit at the end of the year based on intermediate assumptions.

The Planning Concept report is based on the 2020 dividend interest rate and current assumptions.

The Planning Concept report is based on the following information related to the Index Participation Feature (IPF):

Schedule of Hypothetical Index Returns:

Year 1 To 50 Annual Return of 7.88%

This illustration is based on the following schedule of allocation percentages related to the Index Participation Feature:

Year 1 To 49 0%

Any request to change the allocation percentage must be received by the Home Office at least 10 days prior to the Index Start Date. The illustrated end-of-year values are based on the assumption the policyholder does not start a new index period in the months preceding a policy surrender. If a new index period is created, the surrender value is reduced by the index charge.

5% Interest Adjusted indices are shown on the Tabular Detail report. They are based on the base policy only and do not include any supplemental coverages. These indices are useful in comparing policies of similar types. A low index number represents a lower cost than a higher index number. See the Life Insurance Buyer's Guide for further information.

Guardian's current Individual Life Dividend Scale meets the requirements of the National Association of Insurance Commissioners (NAIC) Life Insurance Model Regulation and is not more favorable than the lesser of, (i) the Disciplined Current Scale or (ii) the currently payable scale. The maximum illustrated index interest rate is in compliance with Actuarial Guideline 49.

The end-of-year dividend amount is included in the Cash Value of All Adds column, even if a dividend option other than Paid Up Additions is elected.

Guardian
Life Insurance Illustration
Narrative Summary

Interest on policy loans is payable in advance. Initially, this policy provides for a fixed loan interest rate of 6.00%. Then, the owner will have a one-time ability to elect to change the loan interest rate to a variable loan interest rate. This election can only be made during the Election Period described in the policy. If the election to change to a variable loan interest rate is not exercised, the policy will continue to use the 6.00% fixed loan interest rate through year 15 at which time the fixed loan interest rate will decrease to 4.00%.

If the variable loan interest rate is elected, the interest rate charged on all loan balances may change for your policy as often as annually, and as described in the policy. The maximum loan interest rate will never exceed the greater of 4.50% or the Moody's Corporate Bond Yield Average Index. Guardian may declare a rate that is less than the guaranteed maximum loan interest rate at its sole discretion.

When a fixed loan interest rate is used in this policy, any dividends can be affected by policy loans. When a variable loan interest rate is used in this policy, any dividends will not be affected by policy loans.

The currently declared variable loan interest rate is 4.50%.

This illustration assumes that the policy's fixed loan interest rate structure is in effect for all years.

The cost of this policy over a period of years cannot be determined without taking into account the interest that would have been earned on the premiums if they had been invested rather than paid to Guardian.

The face amount of paid up insurance, if shown, is the amount that can be purchased with the end-of-year Net Cash Value. This assumes that policy values have been used to repay any loan. This type of loan repayment may have income tax consequences.

This policy as shown on the Planning Concept report will not become a Modified Endowment Contract (MEC). The term MEC is designated under federal tax law. If a policy becomes a MEC, surrenders, withdrawals, loans and collateral assignments will be taxed less favorably than for non-MEC.

If the policy lapses or is surrendered, any outstanding loans considered gain in the policy may be subject to ordinary income taxes.

Withdrawals above the cost basis may result in taxable ordinary income.

It may violate federal law to use policies whose rates vary by gender in qualified plans.

Life insurance contract death benefits are generally excludable from the income of the recipient. However, if the policy is considered "Employer Owned Life Insurance" (EOLI) under the Internal Revenue Code, the benefit may be considered taxable. Under certain circumstances, this tax treatment applies to individually owned policies as well as employer owned policies. Your agent can provide you with the form [EOLINOTICE101J0809 Notice & Consent for Employer Owned Life Insurance](#). Contact your tax advisor for details about complying with the regulation.

Guardian, its subsidiaries, agents, and employees do not provide tax, legal, or accounting advice. Consult your tax, legal, or accounting professional regarding your individual situation.

The Planning Concept report reflects loan, withdrawal or repay loan requests.

The tax bracket is assumed to be 28% for all years.

The product(s) presented in this illustration may not be available in your state. Any application for an unapproved product will be declined.

Guardian
Life Insurance Illustration
Narrative Summary

This illustration is only valid for use in California. This illustration may not be valid if it is more than two weeks old.

This illustration is complete only if all pages are attached and the producer's name, address and signature appear.

We strive to ensure the accuracy of this illustration; however, if there is a discrepancy between the illustration and the contract, the contract governs.

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**Symbol
Definitions:**

- # This symbol indicates values shown are Beginning-of-Year
- ## This symbol indicates values shown are End-of-Year
- * This symbol indicates values are non-guaranteed and may be affected by dividends.
- @ This symbol indicates that a premium is payable unless the Guaranteed Annual Premium is shown as 0.

Guardian
Life Insurance Illustration
Index Participation Feature Disclosure

Index Participation Feature Description:

The Index Participation Feature (IPF) is a rider that provides for a dividend adjustment that is linked to the performance of an external index. Policyholders can allocate between 0% and 100% of the cash value of paid-up additions (PUA) to the IPF each year. The IPF provides an adjustment to the dividend paid under the policy. This adjustment, subject to the cap rate and floor (shown below), may be positive or negative based on the S&P 500 Price Return index~ performance. Adverse market performance can create negative dividend adjustments which may cause lower overall cash values than would otherwise have accrued had the IPF not been selected. While the adjustment provided by this rider is affected by the S&P 500 Price Return index, it does not participate in any stock or equity investment of the S&P 500 Price Return index. Because the IPF is not a security registered with the Securities and Exchange Commission, agents do not need a securities license to sell it. The dividend after the adjustment provided under this rider will never be less than zero and the base policy guaranteed cash value will not be impacted.

You elect an Allocation Percentage, which is the percentage of paid-up additions that will participate in the index. At any time you can change the Allocation Percentage. An index period will be created once a year approximately 30 - 60 days prior to your policy anniversary. The allocation percentage that is in effect at that time will determine the amount of paid-up additions that will be used to calculate the index adjustment provided under this rider. The schedule of allocation percentages that this illustration is based on is shown in the Narrative Summary report.

Index: S&P 500 Price Return index, which excludes dividends
Index crediting Method: Annual Point to Point
Index Period: One-year

The illustration is based on the following current non-guaranteed assumptions. These elements are assumed to remain unchanged for all years shown. THIS IS NOT LIKELY TO OCCUR AND THE ACTUAL RESULTS MAY BE MORE OR LESS FAVORABLE THAN THOSE SHOWN.

Current Floor: 4.00%
Current Cap: 11.00% (for index periods starting in July 2020 or later)
Current Participation Rate: 100%
Current Rider Charge: 2.00%

While we have the right to change the above assumptions, they are subject to the following guaranteed assumptions.

Guaranteed Minimum Floor: 4.00%
Guaranteed Minimum Cap: 8.00%
Guaranteed Minimum Participation Rate: 100%
Guaranteed Maximum Rider Charge: 3.00%

Policy loans and surrenders of paid-up additions may reduce the basis on which the adjustment under this rider is made. If a loan or withdrawal is made where there is reduction to the index adjustment basis (except for withdrawals to pay a policy premium due on the anniversary) any rider charge that was paid based on the original index adjustment basis will not be refunded. The illustration may adjust the Allocation Percentage when loans or withdrawals are illustrated in order to avoid a reduction in the index adjustment basis. Any such changes are detailed earlier in the Narrative Summary.

The Non-Guaranteed - Current columns of the Numeric Summary and Tabular Detail reports assume, after the assessment of the rider charge, an index interest rate of 7.88% in all years. This is equivalent to an index interest rate of 5.72% assuming a rider charge of zero.

Guardian
Life Insurance Illustration
Index Participation Feature Disclosure

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Guardian
 Life Insurance Illustration
 Index Participation Feature Disclosure

Index Participation Historical Rates

To help you understand how the Index Adjustment works, the example below shows the Index Interest Rate that would have been used in calculating the rate used for the index adjustment each year from 2000 through 2019 for an Index Period starting on January 1 of each year, assuming a 100% participation rate and the current Cap of 11.00% with a Floor of 4.00%.

Year	Beginning S&P Value	Ending S&P Value	Index Performance Rate	Index Interest Rate
2000	1,469.25	1,320.28	-10.14%	4.00%
2001	1,320.28	1,148.08	-13.04%	4.00%
2002	1,148.08	879.82	-23.37%	4.00%
2003	879.82	1,111.92	26.38%	11.00%
2004	1,111.92	1,211.92	8.99%	8.99%
2005	1,211.92	1,248.29	3.00%	4.00%
2006	1,248.29	1,418.30	13.62%	11.00%
2007	1,418.30	1,468.36	3.53%	4.00%
2008	1,468.36	903.25	-38.49%	4.00%
2009	903.25	1,115.10	23.45%	11.00%
2010	1,115.10	1,257.64	12.78%	11.00%
2011	1,257.64	1,257.60	0.00%	4.00%
2012	1,257.60	1,426.19	13.41%	11.00%
2013	1,426.19	1,848.36	29.60%	11.00%
2014	1,848.36	2,058.90	11.39%	11.00%
2015	2,058.90	2,043.94	-0.73%	4.00%
2016	2,043.94	2,238.83	9.54%	9.54%
2017	2,238.83	2,673.61	19.42%	11.00%
2018	2,673.61	2,506.85	-6.24%	4.00%
2019	2,506.85	3,230.78	28.88%	11.00%

Note that different periods of time and different participation rates and/or Caps will produce different results that could be higher or lower than those shown above.

Past performance of the S&P 500 Price Return index~ should not be considered a representation of future performance.

Illustrated Rates Disclosure: The maximum illustrated index interest rate for this illustration is based on geometric averages of index returns over specific 25 year periods during the last 66 years. Per the requirements of Actuarial Guideline 49, the minimum and maximum geometric averages of index returns for those specific 25 year periods are:

Minimum	6.20%
Maximum	9.53%

Guardian
Life Insurance Illustration
Numeric Summary

Sample Employee, Male Age 50, Preferred NT

<u>Benefit</u>		<u>Premium **</u>
\$282,551	15 Pay Whole Life	\$11,062.97
\$254,295	Long Term Care Rider	\$368.73
	Index Participation Feature (0% initial allocation)	
	Total First Year Premium	\$11,431.70

Dividend Option: Paid Up Additions (D)

POL YR	AGE AT START OF YEAR	Guaranteed			Non-Guaranteed - Current			Non-Guaranteed - Intermediate		
		ANNUAL PREMIUM #	CASH VALUE ##	DEATH BENEFIT ##	NET PREMIUM #*	CASH VALUE ##*	DEATH BENEFIT ##*	NET PREMIUM #*	CASH VALUE ##*	DEATH BENEFIT ##*
5	54	11,803	34,683	282,551	11,432	43,378	302,610	11,617	39,006	292,536
10	59	11,803	83,259	282,551	11,432	107,084	333,772	11,617	95,003	307,819
20	69	0	162,108	282,551	0	231,725	402,335	0	195,528	340,144
21	70	0	166,504	282,551	0	240,246	406,128	0	201,770	341,740
26	75	0	188,546	282,551	0	286,510	427,776	0	234,468	350,719
31	80	0	210,094	282,551	0	338,707	454,113	0	269,104	361,352
36	85	0	230,200	282,551	0	396,407	485,291	0	304,741	373,556
41	90	0	245,912	282,551	0	456,550	523,523	0	338,036	388,010

Applicant's Statement:

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be either higher or lower. The agent has told me they are not guaranteed.

Applicant's (Owner's) Signature

Additional Signature (if required)

Date

Insurance Producer's Statement:

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.

Producer's Signature

License No

Date

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Guardian
Life Insurance Illustration
Tabular Detail

Sample Employee, Male Age 50, Preferred NT

<u>Benefit</u>		<u>Premium **</u>
\$282,551	15 Pay Whole Life	\$11,062.97
\$254,295	Long Term Care Rider	\$368.73
	Index Participation Feature (0% initial allocation)	
	Total First Year Premium	\$11,431.70

Dividend Option: Paid Up Additions (D)

POL YR	AGE AT START OF YR	Guaranteed			Non-Guaranteed - Current		
		ANNUAL PREMIUM #	CASH VALUE ##	DEATH BENEFIT ###	NET PREMIUM # *	CASH VALUE ## *	DEATH BENEFIT ### *
1	50	11,432	1,478	282,551	11,432	1,478	282,551
2	51	11,803	9,341	282,551	11,432	11,342	284,551
3	52	11,803	17,490	282,551	11,432	21,621	290,646
4	53	11,803	25,935	282,551	11,432	32,281	296,681
5	54	11,803	34,683	282,551	11,432	43,378	302,610
6	55	11,803	43,742	282,551	11,432	54,924	308,521
7	56	11,803	53,120	282,551	11,432	66,940	314,419
8	57	11,803	62,825	282,551	11,432	79,447	320,324
9	58	11,803	72,870	282,551	11,432	92,821	326,606
10	59	11,803	83,259	282,551	11,432	107,084	333,772
11	60	11,803	94,013	282,551	11,432	122,281	341,774
12	61	11,803	105,137	282,551	11,432	138,433	350,576
13	62	11,803	116,651	282,551	11,432	155,569	360,123
14	63	11,803	128,575	282,551	11,432	173,727	370,369
15	64	11,803	140,939	282,551	11,432	192,970	381,295
16	65	0	145,053	282,551	0	200,235	388,493
17	66	0	149,226	282,551	0	207,733	391,777
18	67	0	153,459	282,551	0	215,470	395,174
19	68	0	157,757	282,551	0	223,466	398,689
20	69	0	162,108	282,551	0	231,725	402,335
21	70	0	166,504	282,551	0	240,246	406,128
22	71	0	170,926	282,551	0	249,026	410,087
23	72	0	175,357	282,551	0	258,033	414,206
24	73	0	179,776	282,551	0	267,275	418,506
25	74	0	184,172	282,551	0	276,765	423,025
26	75	0	188,546	282,551	0	286,510	427,776
27	76	0	192,895	282,551	0	296,503	432,742
28	77	0	197,226	282,551	0	306,733	437,888
29	78	0	201,544	282,551	0	317,190	443,176
30	79	0	205,835	282,551	0	327,844	448,579
31	80	0	210,094	282,551	0	338,707	454,113
32	81	0	214,301	282,551	0	349,785	459,816
33	82	0	218,457	282,551	0	361,103	465,718
34	83	0	222,509	282,551	0	372,669	471,917
35	84	0	226,433	282,551	0	384,450	478,438

Guardian
Life Insurance Illustration
Tabular Detail

POL YR	AGE AT START OF YR	Guaranteed			Non-Guaranteed - Current		
		ANNUAL PREMIUM #	CASH VALUE ##	DEATH BENEFIT ##	NET PREMIUM # *	CASH VALUE ## *	DEATH BENEFIT ## *
36	85	0	230,200	282,551	0	396,407	485,291
37	86	0	233,780	282,551	0	408,414	492,399
38	87	0	237,151	282,551	0	420,478	499,792
39	88	0	240,287	282,551	0	432,531	507,467
40	89	0	243,203	282,551	0	444,560	515,389
41	90	0	245,912	282,551	0	456,550	523,523
42	91	0	248,461	282,551	0	468,481	531,770
43	92	0	250,922	282,551	0	480,375	540,012
44	93	0	253,392	282,551	0	492,274	548,098
45	94	0	256,031	282,551	0	504,383	555,905
46	95	0	259,088	282,551	0	516,963	563,185
47	96	0	262,699	282,551	0	530,472	570,083
48	97	0	267,262	282,551	0	545,496	576,369
49	98	0	273,456	282,551	0	563,041	581,605
50	99	0	282,551	282,551	0	584,971	584,971
51	100	0	282,551	282,551	0	612,122	612,122
52	101	0	282,551	282,551	0	640,535	640,535
53	102	0	282,551	282,551	0	670,270	670,270
54	103	0	282,551	282,551	0	701,388	701,388
55	104	0	282,551	282,551	0	733,952	733,952
56	105	0	282,551	282,551	0	768,031	768,031
57	106	0	282,551	282,551	0	803,694	803,694
58	107	0	282,551	282,551	0	841,016	841,016
59	108	0	282,551	282,551	0	880,073	880,073
60	109	0	282,551	282,551	0	920,947	920,947
61	110	0	282,551	282,551	0	963,721	963,721
62	111	0	282,551	282,551	0	1,008,484	1,008,484
63	112	0	282,551	282,551	0	1,055,328	1,055,328
64	113	0	282,551	282,551	0	1,104,351	1,104,351
65	114	0	282,551	282,551	0	1,155,654	1,155,654
66	115	0	282,551	282,551	0	1,209,341	1,209,341
67	116	0	282,551	282,551	0	1,265,526	1,265,526
68	117	0	282,551	282,551	0	1,324,323	1,324,323
69	118	0	282,551	282,551	0	1,385,854	1,385,854
70	119	0	282,551	282,551	0	1,450,246	1,450,246
71	120	0	282,551	282,551	0	1,517,632	1,517,632

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Mode Selected: Guard-O-Matic

<u>Mode</u>	<u>Modal Factor</u>	<u>Initial Modal Premium</u>
Annual	1.000000	11,431.70
Semi-Annual	0.515000	5,887.32
Quarterly	0.262650	3,002.54
Guard-O-Matic	0.085833	981.22

Guardian
Life Insurance Illustration
Tabular Detail

5% Interest Adjusted Indices

Year	Net Pay.	Surrender Cost Index	Equiv. Lev. Dividend
10	32.52	10.21	6.63
20	24.68	8.16	7.93

Guardian
 Life Insurance Illustration
 Planning Concept Based on the 2020 Dividend Scale

Sample Employee, Male Age 50, Preferred NT

<u>Benefit</u>		<u>Premium**</u>
\$282,551	15 Pay Whole Life	\$11,062.97
\$254,295	Long Term Care Rider	\$368.73
	Index Participation Feature (0% initial allocation)	
	Total First Year Premium	\$11,431.70

Dividend Option: Paid Up Additions (D)

		Guaranteed			Non-Guaranteed						
POL YR	AGE AT START OF YEAR	BASE POLICY ANNUAL PREM #	BASE GUAR. CASH VALUE ##	NET PREM # *	ANNUAL LOAN #	CUM LOAN #	AFTER TAX LOAN INTEREST #	NET AFTER TAX OUTLAY # *	CUM NET A/T OUTLAY # *	NET CASH VALUE ## *	NET DEATH BENEFIT ## *
1	50	11,063	1,478	11,432	0	0	0	11,432	11,432	1,478	282,551
2	51	11,063	9,341	11,432	0	0	0	11,432	22,863	11,342	284,551
3	52	11,063	17,490	11,432	0	0	0	11,432	34,295	21,621	290,646
4	53	11,063	25,935	11,432	0	0	0	11,432	45,727	32,281	296,681
5	54	11,063	34,683	11,432	0	0	0	11,432	57,159	43,378	302,610
6	55	11,063	43,742	11,432	0	0	0	11,432	68,590	54,924	308,521
7	56	11,063	53,120	11,432	0	0	0	11,432	80,022	66,940	314,419
8	57	11,063	62,825	11,432	0	0	0	11,432	91,454	79,447	320,324
9	58	11,063	72,870	11,432	0	0	0	11,432	102,885	92,821	326,606
10	59	11,063	83,259	11,432	0	0	0	11,432	114,317	107,084	333,772
11	60	11,063	94,013	11,432	0	0	0	11,432	125,749	122,281	341,774
12	61	11,063	105,137	11,432	0	0	0	11,432	137,180	138,433	350,576
13	62	11,063	116,651	11,432	0	0	0	11,432	148,612	155,569	360,123
14	63	11,063	128,575	11,432	0	0	0	11,432	160,044	173,727	370,369
15	64	11,063	140,939	11,432	0	0	0	11,432	171,476	192,970	381,295
16	65	0	145,053	-9,600	0	0	0	-9,600	161,875	190,271	369,163
17	66	0	149,226	-9,600	0	0	0	-9,600	152,275	187,431	353,494
18	67	0	153,459	-9,600	0	0	0	-9,600	142,675	184,448	338,285
19	68	0	157,757	-9,600	0	0	0	-9,600	133,075	181,327	323,515
20	69	0	162,108	-9,600	0	0	0	-9,600	123,475	178,062	309,171
21	70	0	166,504	-9,600	0	0	0	-9,600	113,875	174,643	295,238
22	71	0	170,926	-8,138	1,520	1,520	58	-9,600	104,275	171,043	282,668
23	72	0	175,357	-1,637	8,343	9,863	379	-9,600	94,675	167,159	274,353
24	73	0	179,776	-1,665	8,647	18,509	712	-9,600	85,075	162,979	265,754
25	74	0	184,172	-1,713	8,943	27,452	1,056	-9,600	75,475	158,492	256,871
26	75	0	188,546	-1,772	9,239	36,691	1,411	-9,600	65,875	153,684	247,689
27	76	0	192,895	-1,829	9,550	46,241	1,778	-9,600	56,275	148,531	238,187
28	77	0	197,226	-1,877	9,882	56,122	2,159	-9,600	46,675	143,006	228,331
29	78	0	201,544	-1,902	10,250	66,373	2,553	-9,600	37,075	137,079	218,086
30	79	0	205,835	-1,908	10,655	77,027	2,963	-9,600	27,475	130,714	207,429
31	80	0	210,094	0	3,081	80,108	3,081	0	27,475	133,919	207,047
32	81	0	214,301	0	3,204	83,312	3,204	0	27,475	137,095	206,623
33	82	0	218,457	0	3,333	86,645	3,333	0	27,475	140,251	206,171
34	83	0	222,509	0	3,466	90,111	3,466	0	27,475	143,385	205,747
35	84	0	226,433	0	3,604	93,715	3,604	0	27,475	146,467	205,356

Guardian
 Life Insurance Illustration
 Planning Concept Based on the 2020 Dividend Scale

		Guaranteed			Non-Guaranteed						
POL YR	AGE AT START OF YEAR	BASE POLICY ANNUAL PREM #	BASE GUAR. CASH VALUE ##	NET PREM # *	ANNUAL LOAN #	CUM LOAN #	AFTER TAX LOAN INTEREST #	NET AFTER TAX OUTLAY # *	CUM NET A/T OUTLAY # *	NET CASH VALUE ### *	NET DEATH BENEFIT ### *
36	85	0	230,200	0	3,749	97,464	3,749	0	27,475	149,466	204,996
37	86	0	233,780	0	3,899	101,362	3,899	0	27,475	152,298	204,613
38	87	0	237,151	0	4,054	105,417	4,054	0	27,475	154,956	204,217
39	88	0	240,287	0	4,217	109,633	4,217	0	27,475	157,393	203,796
40	89	0	243,203	0	4,385	114,019	4,385	0	27,475	159,593	203,320
41	90	0	245,912	0	4,561	118,580	4,561	0	27,475	161,537	202,756
42	91	0	248,461	0	4,743	123,323	4,743	0	27,475	163,206	202,038
43	92	0	250,922	0	4,933	128,256	4,933	0	27,475	164,603	201,078
44	93	0	253,392	0	5,130	133,386	5,130	0	27,475	165,745	199,778
45	94	0	256,031	0	5,335	138,721	5,335	0	27,475	166,747	198,054
46	95	0	259,088	0	5,549	144,270	5,549	0	27,475	167,755	195,749
47	96	0	262,699	0	5,771	150,041	5,771	0	27,475	169,036	192,945
48	97	0	267,262	0	6,002	156,043	6,002	0	27,475	170,926	189,496
49	98	0	273,456	0	6,242	162,284	6,242	0	27,475	174,013	185,140
50	99	0	282,551	0	6,491	168,776	6,491	0	27,475	179,383	179,383
51	100	0	282,551	0	6,751	175,527	6,751	0	27,475	187,504	187,504
52	101	0	282,551	0	7,021	182,548	7,021	0	27,475	195,996	195,996
53	102	0	282,551	0	7,302	189,850	7,302	0	27,475	204,876	204,876
54	103	0	282,551	0	7,594	197,444	7,594	0	27,475	214,162	214,162
55	104	0	282,551	0	7,898	205,341	7,898	0	27,475	223,872	223,872
56	105	0	282,551	0	8,214	213,555	8,214	0	27,475	234,026	234,026
57	106	0	282,551	0	8,542	222,097	8,542	0	27,475	244,644	244,644
58	107	0	282,551	0	8,884	230,981	8,884	0	27,475	255,747	255,747
59	108	0	282,551	0	9,239	240,220	9,239	0	27,475	267,358	267,358
60	109	0	282,551	0	9,609	249,829	9,609	0	27,475	279,500	279,500
61	110	0	282,551	0	9,993	259,822	9,993	0	27,475	292,196	292,196
62	111	0	282,551	0	10,393	270,215	10,393	0	27,475	305,474	305,474
63	112	0	282,551	0	10,809	281,024	10,809	0	27,475	319,358	319,358
64	113	0	282,551	0	11,241	292,265	11,241	0	27,475	333,878	333,878
65	114	0	282,551	0	11,691	303,956	11,691	0	27,475	349,061	349,061
66	115	0	282,551	0	12,158	316,114	12,158	0	27,475	364,939	364,939
67	116	0	282,551	0	12,645	328,758	12,645	0	27,475	381,544	381,544
68	117	0	282,551	0	13,150	341,909	13,150	0	27,475	398,908	398,908
69	118	0	282,551	0	13,676	355,585	13,676	0	27,475	417,066	417,066
70	119	0	282,551	0	14,223	369,808	14,223	0	27,475	436,055	436,055
71	120	0	282,551	0	14,792	384,601	14,792	0	27,475	455,913	455,913

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THIS ILLUSTRATION IS BASED ON THE 2020 DIVIDEND SCALE AND ASSUMES THAT THE CURRENTLY ILLUSTRATED NON-GUARANTEED ELEMENTS, INCLUDING DIVIDENDS, WILL CONTINUE UNCHANGED FOR ALL YEARS SHOWN. THIS IS NOT LIKELY TO OCCUR AND THE ACTUAL RESULTS MAY BE MORE OR LESS FAVORABLE THAN THOSE SHOWN. THE ASSUMPTIONS ON WHICH NON-GUARANTEED ELEMENTS ARE BASED ARE SUBJECT TO CHANGE BY THE COMPANY. SEE TABULAR DETAIL FOR GUARANTEED VALUES AND OTHER IMPORTANT INFORMATION.

Guardian
Life Insurance Illustration
Accelerated Death Benefit For Comprehensive Long Term Care Services (LTC) Rider Summary

This LTC Rider Summary describes some of the terms, provisions, benefits, exclusions and limitations provided under the LTC Rider. It also shows how the benefits of the LTC Rider interact with the benefits provided by the whole life insurance policy being illustrated. This summary is not an insurance contract, but only a summary of coverage. Only the rider and individual life policy to which it is attached contains governing contractual provisions. This LTC Rider Summary includes the illustrated policy values that follow these narrative pages.

The benefits of the LTC Rider are available by using values of the Whole Life policy. Purchasing the whole life policy with the LTC Rider may be appropriate for an owner who needs life insurance protection but is also looking for flexibility to access the policy's death benefit to pay for long term care needs. If the only reason to purchase the Whole Life policy with LTC Rider is to pay for long term care expenses, you may wish to consider other options.

The LTC Rider may not cover all of the costs associated with long term care services. You are advised to carefully review all limitations under the LTC Rider. Exercising the LTC Rider will impact the life insurance benefits under the policy including the death benefit and cash value. Payments made under this rider may be taxable.

BENEFITS PROVIDED BY THE LTC RIDER

If the insured meets the eligibility requirements of the LTC Rider, we will provide monthly benefit payments subject to the rider's limitations and exclusions. Monthly LTC benefit payments are accelerations of the death benefit provided under the whole life policy to which the LTC Rider is attached. **As a result, payment of a monthly LTC benefit will reduce the death benefit available under the policy and will also reduce the policy's cash value on a proportional basis.**

In order to receive the LTC Rider you must apply for the Rider along with the life insurance policy. If we decline to issue the whole life policy we will not issue the LTC Rider. We separately underwrite the LTC Rider and may decline to issue it even if we issue the life insurance policy.

When you apply for the LTC Rider, you will need to choose from the following features:

- **Basic LTC Pool** - this is the amount of the policy face amount that can be accelerated under the LTC Rider.
- **Additional LTC Pool (LTC Dividend Option)** - this is an optional benefit which will allow you to accelerate the face amount of any paid-up additions (PUAs) that are purchased using dividends received under the whole life policy. If you elect this option, a charge against any dividends received under the policy will be applied. As a result, while you will be purchasing PUAs that can then be accelerated (LTC Additions), the amount of PUAs will be less than if you applied your dividends to purchase additional PUAs that would not be eligible for acceleration under this rider. This option will not increase the maximum Monthly LTC Benefit but will extend the amount of time that you can receive Monthly LTC Benefit payments.
- **Enhanced Reduced Paid-Up Benefit Rider Value Option** - This is an optional benefit that if elected, the premium for the LTC Rider and the percentage deducted from your dividend (if you elected to purchase the LTC Dividend Additions) **will both be higher**. If you elect this feature, your LTC Rider may stay in force at a reduced benefit (equal to the greater of the LTC premiums paid or one maximum monthly LTC Benefit payment) if you decide to surrender your policy and you have not already received LTC monthly payments.

While at the time of claim you have the flexibility to choose the amount of the Monthly LTC Benefit payment, the maximum monthly LTC benefit is the lesser of 2% of the Basic LTC Pool; or 60 times the LTC per diem amount declared by the Internal Revenue Code (2 times the monthly IRS Limit) for a given calendar year.

The period of coverage begins on the date you begin to receive monthly LTC benefits and ends on the earliest of (1) the date the insured no longer qualifies to receive benefits under this rider (2) the date the total LTC benefit payments equals the Basic LTC Pool plus any applicable Additional LTC Pool or (3) the date we receive the request to stop receiving Monthly LTC Benefit payments.

The purpose of this material is the solicitation of insurance. An agent/representative may contact you.

The Guardian Life Insurance Company of America, 10 Hudson Yards, New York, NY 10001
Form Number: 14-LTC ILL RSUM CA

Guardian
Life Insurance Illustration
Accelerated Death Benefit For Comprehensive Long Term Care Services (LTC) Rider Summary

PREMIUMS AND CHARGES FOR LTC RIDER

An LTC Rider premium associated with the Basic LTC Pool is payable under this rider. The current LTC Rider premium is guaranteed for the first policy year. Thereafter, it may be changed by Guardian on a class basis. However, the current LTC Rider premium will never exceed the maximum LTC Rider premium.

In addition to the LTC Rider premium, there is an LTC dividend charge if you elect the LTC Dividend Option (I). The LTC dividend charge is calculated by multiplying the dividend applied to the LTC Dividend Option by the current LTC dividend charge percentage in effect at the time the dividend is applied. This charge is then deducted from the dividend prior to applying it to purchase LTC dividend additions. The current LTC dividend charge percentage may change on a class basis. However, it will never exceed the maximum LTC dividend charge percentage.

TAXATION: This rider for long term care insurance is intended to be a federally qualified long-term care contract under Section 7702B(b) of the Internal Revenue Code and may qualify you for federal and state tax benefits. Although receipt of the payments made under the LTC Rider are intended to qualify for favorable tax treatment under Section 7702B of the Internal Revenue Code, LTC Rider benefit payments may be taxable if the owner is not the insured or the insured's spouse. Since LTC Rider benefits may exceed those that would qualify for favorable tax treatment, some portion of the LTC Rider benefits may be taxable even if the insured is the owner or owner's spouse. The Guardian Life Insurance Company of America and its affiliates, agents, or employees do not provide tax or legal advice. The policyowner should consult a competent tax or legal advisor to determine the current tax consequences before requesting any accelerated death benefit payments.

Eligibility for Payment of Benefits

The LTC Rider will provide a monthly LTC benefit if the rider is in force, when we receive a licensed health care practitioner's certification that the insured is chronically ill, the insured is receiving Covered Services under a plan of care prescribed by a licensed health care practitioner who has personally examined the insured, the elimination period has been satisfied and the claim request has been approved by Guardian.

A person is determined to be chronically ill if he or she has been certified within the prior 12 months by a licensed health care practitioner that he or she is unable to perform without substantial assistance from another person at least 2 activities of daily living (bathing, continence, dressing, eating, toileting and transferring) for a period of at least 90 days due to loss of functional capacity; or requires substantial supervision from another individual to protect the insured from threats to health and safety due to severe cognitive impairment. Severe cognitive impairment is the loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's (i) short-term or long-term memory, (ii) orientation as to people, places, or time, and (iii) deductive or abstract reasoning.

Covered Services are qualified long term care services for: (1) the following home care and community-based services: adult day care, home health care, personal care, respite care, homemaker services and hospice services and (2) Facility care for confinement in a residential care facility or confinement in a nursing facility.

Qualified long term care services are those designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services.

There is a 90 day elimination period. This is the period of time that the insured must be receiving services before monthly LTC benefit payments can begin. The elimination period begins on the first day the insured receives services. Each day services are received by the insured will count towards satisfying the elimination period and are not required to be continuous. If services are received 3 or more days in a given week, we will count all 7 days of that week. While the days where services are received need not be continuous, the elimination period must be satisfied within a 24 month period. If it is not satisfied within the first 24 month period from the date services began, the 90 days of services has to be satisfied within the last 24 months of the most current date that services have been provided. The elimination period only needs to be satisfied once. Medicare-paid days do not count towards the Elimination Period.

The Guardian Life Insurance Company of America, 10 Hudson Yards, New York, NY 10001
Form Number: 14-LTC ILL RSUM CA

Guardian
Life Insurance Illustration
Accelerated Death Benefit For Comprehensive Long Term Care Services (LTC) Rider Summary

LIMITATIONS, EXCEPTIONS AND EXCLUSIONS

In addition to the benefit maximums stated above, there are certain exclusions and limitations to receiving LTC Rider benefits.

The rider does not cover care or treatment:

- from a home health care provider or licensed health care practitioner that is the policyowner, insured, any immediate family member even if that individual is licensed to provide such services, or anyone under suspension from Medicare or Medicaid¹.
- when the services are received outside of the United States unless the initial plan of care and all renewal plan of care updates are provided by a licensed health care practitioner licensed in the United States.
- for any claims made within 6 months after the issue date of the LTC Rider if the claim is due to a pre-existing condition. For this purpose, a pre-existing condition means a condition for which the insured received medical advice or treatment or was recommended by a provider of health care services to receive treatment within 6 months prior to the issue date of the LTC Rider.

In addition, the policyowner will not be eligible to receive monthly benefit payments if the insured's chronic illness is due to or is directly caused by:

- an attempted suicide or intentionally self-inflicted injuries;
- alcoholism or drug addiction;
- committing or attempting to commit a felony, riot or insurrection; or
- war or act of war (whether declared or undeclared).

EFFECT OF RECEIVING LTC BENEFITS ON THE POLICY

Death Benefit - The policy death benefit is reduced by the amount of all monthly LTC benefit payments made under the LTC Rider.

Cash Value - The policy's guaranteed cash value and the cash value of any LTC dividend additions will be reduced on a proportional basis.

Premiums - the base policy premium, the LTC Rider premium and the disability waiver of premium rider that may also be attached to the policy are reduced through a premium credit. The credit will be determined on any policy anniversary on and after a monthly LTC benefit payment has been paid. The premium credit will be higher while you are receiving monthly LTC benefit payments but you will continue to receive a credit even if you have stopped receiving monthly LTC benefit payments.

Loan Value - Your policy loan value will be based on the policy cash value after the adjustment described above.

Dividends - Your dividends will be reduced in proportion to the death benefit accelerated for both the basic benefit and LTC Additions.

¹In California, Medicaid is referred to as Medi-Cal.

Guardian

Life Insurance Illustration

Accelerated Death Benefit for Comprehensive Long Term Care Services (LTC) Rider Summary Based on Tabular Detail Values, Full Payment of Premium and Current IRS Limits

Sample Employee, Male Age 50, Preferred NT

<i>Benefit</i>		<i>Premium **</i>
\$282,551	15 Pay Whole Life	\$11,062.97
\$254,295	Long Term Care Rider	\$368.73
	Index Participation Feature (0% initial allocation)	
	Total First Year Premium	\$11,431.70

Dividend Option: Paid Up Additions (D)

Guaranteed

	BASIC LTC POOL #	MAXIMUM MONTHLY BENEFIT #	MINIMUM NUMBER OF MONTHS #&
ALL YEARS	254,295	5,086	50

THIS ILLUSTRATION IS BASED ON THE 2020 DIVIDEND SCALE AND ASSUMES THAT THE CURRENTLY ILLUSTRATED NON-GUARANTEED ELEMENTS, INCLUDING DIVIDENDS, WILL CONTINUE UNCHANGED FOR ALL YEARS SHOWN. THIS IS NOT LIKELY TO OCCUR AND THE ACTUAL RESULTS MAY BE MORE OR LESS FAVORABLE THAN THOSE SHOWN. SEE TABULAR DETAIL FOR GUARANTEED VALUES AND OTHER IMPORTANT INFORMATION.

The LTC Rider premium is payable until age 65. On a current basis, the premium is \$369. However, after year one, Guardian has the right to change the premium subject to a maximum premium of \$740.

& The number of months is the period of coverage that would be provided by the Long Term Care Rider assuming the maximum monthly benefit under the rider is paid out every month.

The maximum monthly benefit is the lesser of 60 times the LTC per diem and 2% of the Basic LTC Pool.

Initially, 60 times the LTC per diem is \$22,800; 2% of the Basic Benefit Pool is \$5,086.

The Guardian Life Insurance Company of America, 10 Hudson Yards, New York, NY 10001
Form Number: 14-LTC ILL RSUM CA