MetLife Investors

Annuity Funded Life Insurance

MetLife®

Tax deferred investment products, such as tax-deferred annuities, can be an effective way to accumulate wealth. In fact, you may find that you have accumulated more than you need for retirement in these products. If so, you may be planning to leave a portion of these products to your beneficiaries.

Taxes can be a major obstacle to achieving your objectives, however. In fact, the combined effect of estate and income taxes can significantly diminish the value of your annuity when it is ultimately transferred to your beneficiaries.

The Annuity Funded Life Approach

The annuity funded life strategy involves the use of existing annuity contracts to fund a life insurance policy. It is a strategy you may want to consider if you wish to pass on your retirement assets to beneficiaries in a more tax-advantaged manner.

The strategy works as follows:

Begin taking payouts from your annuity through "annuitization" or withdrawals.[1]

> Annuitization allows an annuity owner to receive a payment stream, either for life or a set period of time. The amount and duration of payments will differ with each type of annuity, and will be outlined in the annuity contract. Some annuities pay out for the remainder of your lifetime and some pay out for a set number of years – continuing to pay out even beyond your lifetime if you die during the set number of years. Your beneficiaries would then receive the remainder of the payouts.

> Withdrawals are the other option for receiving payouts from the annuity. Your annuity contract will specify the extent to which you can withdraw funds. If you choose this option, your annuity stays intact and can be passed on to beneficiaries.

If you don't take distributions or partial withdrawals and end up passing the annuity's full value to your beneficiaries at your death, they could be left with an estate tax liability due on the annuity or on the annuity's death benefit (if there is a death benefit contained in your annuity contract).

Annuities coupled with life insurance may help you pass on more assets to your beneficiaries.

Use Distributions to Purchase Life Insurance

Once you choose your approach for taking payouts from the annuity, you can use the net payments received to make gifts to an irrevocable life insurance trust (ILIT) or some other third party, such as your children, who own a life insurance policy insuring your life. The owner of the life insurance policy (either the trust or another third party) can then use your gifts to pay annual premiums on a life insurance policy.

The life insurance death benefit can replace the value of the annuity, provide additional cash for beneficiaries, and enhance the legacy you leave to your beneficiaries. Further, if owned properly, the life insurance death benefit may be free of both income and estate taxes.

Advantages of Annuity Funded Life Insurance

- By reducing the value of your annuity contract through annuitization or withdrawals, you can reduce, and possibly eliminate estate and income taxes on the annuity at the time of your death.
- By taking payments from your annuity, you are creating an income stream that you can use to pay life insurance premiums.
- If properly owned, the life insurance death benefit can be paid to your beneficiaries, free of income and estate taxes.

By using this approach, you are fully utilizing the benefits of your existing annuity to help provide a significant estate for your beneficiaries, in a tax-advantaged manner. ■

[1] Withdrawals of taxable amounts from an annuity are subject to income tax, and withdrawals prior to age 59½ may be subject to a 10% federal penalty tax.

This document is designed to provide introductory information on the subject matter. MetLife Investors does not provide tax and legal advice.

Pursuant to IRS Circular 230, MetLife is providing you with the following notification: The information contained in this document is not intended to (and cannot) be used by anyone to avoid IRS penalties. This document supports the promotion and marketing of insurance products. You should seek advice based on your particular circumstances from an independent tax advisor.

Variable universal life insurance (VUL) is underwritten by MetLife Investors Insurance Company on Policy Form Series CLP001 and CP002 and MetLife Investors Insurance Company of California on Policy Form Series CCP00104 and CCP00204. Guarantee Advantage Universal Life (GAUL) is issued by MetLife Investors USA Insurance Company on Policy Form Series 5E-30-04 and, in New York, only by Metropolitan Life Insurance Company, New York, 200 Park Avenue, New York, NY 10166 on Policy Form Series 1E-30-04-NY. Legacy Advantage Survivorship Universal Life (LASUL) is issued by MetLife Investors USA Insurance Company on Policy Form Series 5E-32-05 and, in New York, only by Metropolitan Life Insurance Company on Policy Form Series 1E-32-05-NY. Universal Advantage Universal Life (UAUL) is issued by MetLife Investors USA Insurance Company on Policy Form Series 5E-31-05 and, in New York, only by Metropolitan Life Insurance Company on Policy Form Series 1E-31-05-NY. Corporate owned life insurance (COLI) is issued by New England Life Insurance Company on Policy Form Series NEV-14. All guarantees are based on the claims paying ability of the issuing insurance company. Products are distributed by MetLife Investors Distribution Company (MetLife Investors), 5 Park Plaza, Suite 1900, Irvine, CA 92614. November 2005.

Prospectuses for variable life insurance issued and/or distributed by a MetLife Investors insurance company, and for the investment portfolios offered thereunder, are available from MetLife Investors. The prospectuses contain information about the contract's features, risks, charges and expenses, and the investment objectives, risks and policies of the underlying portfolios, as well as other information about the underlying fund choices. Clients should read the prospectuses and consider this information carefully before investing. Product availability and features may vary by state.

MetLife Investors variable life insurance has limitations. There is no guarantee that any of the variable investment options in this product will meet their stated goals or objectives. The account value is subject to market fluctuations so that, when withdrawn or annuitized, it may be worth more or less than its original value. All product guarantees are based on the claims-paying ability of the issuing insurance company.

For a non-MEC policy, income taxes are due upon withdrawal, only to the extent that they exceed basis. For a MEC policy, income taxes are due upon withdrawal and if withdrawn before age 59½, a 10% penalty tax may apply. Loaned amounts are generally not subject to income taxation.

Loans or withdrawals will decrease the cash value and death benefit.

Life insurance is medically underwritten, so all candidates should be in reasonably good health. You should not cancel your current coverage until your new coverage is in force. Surrender charges may be due on an exchange of one contract for another. A change in policy may require an examination. Surrenders may be taxable. There may be partial and/or full surrender charges for early withdrawal from life insurance.

• Not A Deposit • Not FDIC-Insured • Not Insured By Any Federal Government Agency
• Not Guaranteed By Any Bank Or Credit Union • May Go Down In Value

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