

*life
insurance
for
living®*

MONEYGUARD®

Policies are not FDIC insured, are not bank obligations or deposits, and are not guaranteed by banks.

The MoneyGuard[®] is a universal life insurance policy underwritten by First Penn-Pacific Life Insurance Company. It has a death benefit and a rider that prepays the death benefit for long-term care services. Two versions of an Extension of Benefits Rider are also offered: Level and Increasing.

This brochure is valid for use only in California.

Live for today with security for tomorrow.®

MoneyGuard® is an innovative interest sensitive universal life insurance policy that protects and increases the benefit value of your emergency funds.

MoneyGuard does this by combining the safety and liquidity of universal life insurance with an accelerated benefits rider that protects you from one of the most common financial emergencies encountered by retirees today: bills for long-term care.

When you add **MoneyGuard** to your retirement portfolio, you benefit from a sound financial program that works simply and effectively to help protect you from emergencies that may lie ahead.

If long-term care is not required, the **MoneyGuard** death benefit will be paid to your named beneficiary.

If you need long-term care services, the **MoneyGuard** death benefit can be used to help pay the expenses.

A residual death benefit amount will still be payable even if the entire **MoneyGuard** death benefit is paid out for long-term care.

And throughout, you enjoy the flexibility of a growing, liquid, tax-deferred cash value account.

These significant insurance benefits, when combined with ready access to your cash value account, can help give you what may be the most valuable benefit of all: peace of mind.

Enjoy All These Benefits:

Lifetime money-back guarantee — your options are always kept open. See page 9.

Liquidity — cash can be accessed for any need by simply picking up the phone. To find out how and for charges and tax information see pages 4, 10, 13 and 14.

Safety — your money is backed and guaranteed by First Penn-Pacific Life Insurance Company. See page 11.

Death benefit for your beneficiaries — the greater of the unused death benefit or the Residual Death Benefit will be paid to the beneficiaries of your choice, income tax-free under IRC Sec. 101(a)(1).

Long-term care benefits when you need them — the death benefit value of your policy is available to pay long-term care expenses.

Tax-deferred growth — your money earns competitive, tax-deferred interest.

Lifetime minimum benefit guarantee — you'll know that benefits will be there when you need them. See page 9.

How MoneyGuard® Works

MoneyGuard immediately increases the benefit value of your money to help you meet one of the most important financial emergencies of all — the arrival of unexpected bills for long-term care.

With **MoneyGuard**, after deducting a 3.5% sales load to cover any applicable state premium taxes and administration costs, your premium goes directly into your cash value account. Interest earnings begin immediately.

Then, each month the insurance costs of your **MoneyGuard** policy are deducted from the cash value account. They provide death and long-term care benefit values that significantly exceed your original premium amount.

Long-term Care Benefit Value

When you become eligible for long-term care benefits, an amount equal to two times the **MoneyGuard** death benefit becomes available to pay for covered long-term care services up to the maximum daily benefit determined when your **MoneyGuard** policy was issued. Payments for covered services continue until your benefit value has been exhausted.

Death Benefit Value

Many people never require long-term care services and their death benefit remains intact.

Others may require services for only a limited period and use only a portion of their benefit.

In either event, the greater of the **MoneyGuard** death benefit (less any long-

term care benefits or other distributions you may have already received) or the residual death benefit will be paid to the beneficiaries you designate.

Cash Value Account Interest

Once in the cash value account your money will earn interest at the crediting rate in effect when your **MoneyGuard** policy was issued. The initial rate is maintained for one year. Thereafter the crediting rate may be adjusted up or down to a rate that reflects changes in the interest rate market.

The crediting rate will never be less than the guaranteed rate of 4%.

Interest Earnings and Insurance Costs

You pay no current income tax on the interest credited to your **MoneyGuard** Account Value. However, to the extent that interest credits have increased your Account Value to an amount that is greater than the premium you have paid, the long-term care insurance costs deducted from the account value each month are considered taxable income and reported as such. Exceptions apply to certain 1035 exchange policies. Also, if you are under age 59½ the taxable income is subject to a 10% penalty tax.

If you make loans or withdrawals, the proceeds you receive will be considered to be from interest first and principal second. Any interest you borrow or withdraw will be taxable income. A 10% penalty applies to loans or withdrawals of interest made prior to age 59½.

Benefit Values

Residual Death Benefit

Even if the entire death benefit has been prepaid to cover long-term care services, **MoneyGuard®** will still pay a residual death benefit. As of the policy issue date, the Residual Death Benefit is 10% of the initial specified amount. Thereafter, it will be adjusted for withdrawals, policy loans, policy loan repayments and reductions in the specified amount.

This feature provides that the amount payable at your death will never be less than the adjusted residual amount.

Example

You can own death benefit and long-term care values of virtually any amount. The amount purchased per \$1,000 of premium varies according to your sex, present age and health status.

For an example refer to the chart. It shows the single premium that would purchase an initial \$73,000 death benefit value and a \$146,000 long-term care benefit value, with a \$7,300 residual death benefit.

To use the chart, simply find the premium amount opposite your current age. Premium amounts for other benefit values are proportional to those shown.

To see how **MoneyGuard** can work in your situation, ask for a free illustration and outline of coverage detailing the benefits, costs, exclusions and limitations and tax information.

Initial Death Benefit Value \$73,000

The greater of the unused death benefit or the residual death benefit is paid to beneficiaries income tax-free.

Initial Long-term Care Benefit Value \$146,000

This will provide 4 years of long-term care benefits at \$100 per day. This amount includes benefits provided by the 2 year Increasing Extension of Benefits Rider. See page 8 for an explanation of how the maximum daily benefit increases after the entire death benefit has been paid for long-term care services.

Initial Residual Death Benefit \$7,300

Issue Age	Single Premium	
	Male	Female
60	\$33,025	\$29,037
61	\$34,427	\$30,456
62	\$35,905	\$31,946
63	\$37,428	\$33,504
64	\$38,977	\$35,100
65	\$40,580	\$36,731
66	\$42,309	\$38,479
67	\$44,060	\$40,261
68	\$45,800	\$42,057
69	\$47,506	\$43,878
70	\$49,166	\$45,761
71	\$50,875	\$47,698
72	\$52,618	\$48,638
73	\$54,413	\$51,623
74	\$56,247	\$53,637
75	\$58,095	\$55,639
76	\$59,852	\$57,562
77	\$61,567	\$55,442
78	\$63,234	\$61,255
79	\$64,728	\$62,889
80	\$66,344	\$64,670

Premium amounts shown include the Increasing Extension of Benefits Rider. They are for people in good health who don't smoke. Benefits are adjusted for loans and withdrawals.

Eligibility For Long-term Care Benefits

If you become chronically ill and receive covered services for 90 days in an assisted living facility, in a nursing home, in your own home or in an adult day care center, your **MoneyGuard**® death benefit value becomes available to pay for covered services. At that time, you will start receiving the daily benefits which are described on pages 7 and 8.

Your long-term care benefits will continue for as long as you remain chronically ill, until your entire death benefit value (together with benefits provided by the optional Extension of Benefits Rider) has been exhausted. A new 90 day period will apply if 180 consecutive days (excluding hospital confinements) elapse during which no benefits are payable.

Chronic Illness

Chronically ill means that you need substantial assistance in performing at least two designated activities of daily living. You are also considered chronically ill if you require substantial supervision due to severe cognitive impairment — for example, as a result of

Alzheimer's disease or irreversible dementia. Prior hospitalization is not required. Your physician must submit a statement, which may be required no more than once every 90 days, that services are necessary because of chronic illness. First Penn-Pacific may periodically review the extent of your chronic illness.

Alzheimer's Disease and Senility Dementia

MoneyGuard covers both Alzheimer's disease and similar forms of irreversible loss of mental capacity. This means that once you have qualified for a **MoneyGuard** policy, your claim cannot be denied because of these conditions.

Excluded Long-term Care Health Conditions

MoneyGuard does not cover mental disorders of non-organic origin, drug addiction, alcoholism, or self-inflicted injury. *However, once your policy is issued, all other pre-existing conditions disclosed on your application will be covered.* Exclusions may vary by state.

Long-term Care Benefits Provided And Services Covered

Qualified Long-term Care Services

This policy will provide coverage for “qualified long-term care services.” Such services are necessary diagnostic, preventative, therapeutic, curing, treating, mitigating, rehabilitative, maintenance or personal care services provided under a plan of care prescribed by a doctor.

Nursing Home Benefits

If you are chronically ill and admitted as an overnight resident patient to any state licensed nursing home, your **MoneyGuard**® policy will reimburse you for all covered expenses after the deductible period is satisfied. All levels of care — skilled, intermediate, and custodial — are covered and are subject to the maximum daily benefit. Your benefits will continue for as long as you remain chronically ill, until your entire long-term care benefit value is exhausted.

Assisted Living Facilities

If you need maintenance, personal care services or protective oversight on a daily basis that can be provided by an Assisted Living Facility, we will pay the expense incurred while you are confined in an Assisted Living Facility, but not to exceed the Daily Maximum per day for Nursing Home Care.

Bed Reservation Benefit

If, while you are a resident of a nursing home, you must temporarily go into a hospital, we will pay the expense you incur to reserve (or to hold) your bed in the nursing home. We will pay up to the Daily Maximum per day for Nursing Home Care for each day the bed is reserved for you. We will pay this expense for up to 30 days during each calendar year.

Home Health Care Benefits

Many people prefer to receive long-term care in their own home. If you are chronically ill, your **MoneyGuard** policy will pay for the costs of covered health care and other professional services from a home health care agency after the deductible period is satisfied. The covered services must be part of a program approved in writing by your physician and confirmed every 90 days. Covered services include those provided by home health aides, personal care attendants, and homemakers. They do not include services provided by your immediate family, home-delivered meals, or the cost of medical supplies. Your maximum daily benefit for home health care services is the same as your maximum daily benefit for nursing home care. Benefits will continue for as long as you remain functionally impaired, until your entire long-term care benefit value is exhausted.

*Long-term Care Benefits Provided
And Services Covered
(continued)*

Increasing Your Coverage

Adult Day Care Benefits

If you are chronically ill but only require part-time long-term care, an adult day care center may be the best choice for you. Your **MoneyGuard**[®] policy will pay for the costs of health, social and related support services at an adult day care center. The conditions for payment of adult day care benefits are the same as for home health care. Your daily benefit limit for adult day care is 100% of your maximum daily benefit for nursing home care. Benefits will continue for as long as you remain chronically ill, until your entire long-term care benefit value is exhausted.

Respite Care

If you are receiving Home Health or Adult Day Care benefits, you may also be eligible for the **MoneyGuard** Respite Care benefit.

Under your Respite Care provision, temporary long-term care services can be provided to relieve those who provide you with on going daily care, who are often members of your immediate family. Up to 21 days coverage is available each calendar year.

Other Benefits

MoneyGuard long-term care coverage includes additional benefits, including coverage for care planning, hospice services, homemaker services and care giver training. For details ask your agent for an Outline of Coverage.

Two versions of the optional Extension of Benefits Rider are available. The first provides level benefits. The second, referred to as the Increasing Extension of Benefits Rider, will automatically increase the prior year's coverage amount by 5% annually.

Under the Increasing Extension of Benefits Rider each increase will be effective on the rider anniversary date. This 5% benefit increase applies only to benefits payable under the Increasing Extension of Benefits Rider. The increase does not apply to the base policy or any other rider that may be attached to the policy. Therefore, it will not increase the daily benefit received for prepayment of the death benefit.

Here is an example of the increased benefits based on a \$100.00 initial daily benefit. Assume that by the end of policy year 14 the entire death benefit has been paid for covered long-term care services, but you continue to be eligible for benefits. At that point, benefits from the Increasing Extension of Benefits Rider can begin. While the maximum daily benefit has been level during the period when the death benefit has been used to pay for covered services, the maximum daily benefit that will be payable under the Increasing Extension of Benefits Rider has been increasing by 5% on each annual rider anniversary date. The maximum daily benefit in effect on the annual anniversary date is the amount which will be increased. This will result in a greater daily benefit amount available from that point on. As of policy year 15, for example, the maximum daily benefit payable will have increased to \$198. The maximum daily benefit under the Increasing Extension of Benefits Rider will continue to increase by 5% each year as long as benefits are payable.

Lifetime Guarantees

When you purchase a **MoneyGuard**[®] policy with the recommended single premium, you get two valuable guarantees:

Lifetime Money-Back Guarantee

Lifetime Minimum Benefit Guarantees

These guarantees are in effect as long as:

- there have been no withdrawals from your cash value account
- there are no policy loans
- the coverage provided by your policy is maintained at benefit levels that are recommended by the company

Ask your representative for a free personalized illustration. It will show the expected benefit values projected at the current interest crediting rate and current insurance benefit costs. It will also show the lifetime minimum benefit and surrender values that are guaranteed as long as you own your **MoneyGuard** policy and comply with the conditions to maintain them.

Based on guaranteed cost factors alone, policy values may become exhausted prior to the policy's maturity date. This would result in a termination of coverage. In such a case, however, subject to the stated conditions the **MoneyGuard** lifetime minimum benefit guarantees described in this brochure would still be applicable.

Lifetime Money-Back Guarantee

As a **MoneyGuard** owner there is less to worry about. Should you ever become dissatisfied with your **MoneyGuard** policy, or find another program that seems better for you, you can surrender your policy. Under the provisions of the **MoneyGuard Lifetime Money-Back Guarantee** the amount you receive upon surrender will never be less than your original premium less any amounts paid to you as long-term care benefits.

Lifetime Minimum Benefit Guarantees

The initial recommended premium for your **MoneyGuard** policy is set so that at the current interest crediting rate your death and long-term care benefit values will continue in force for your lifetime.

However, if the interest crediting rate should fall significantly from the initial level we will recommend that you elect somewhat lower benefit values. These recommended values will never be less than the minimum guaranteed death and long-term care benefit values shown in the personal **MoneyGuard** illustration that is prepared for you.

Access To Cash Value

If you need to access some of your cash value at any time for any reason, you can get it through policy loans or withdrawals from the surrender value of your **MoneyGuard**[®] policy. These can be arranged simply by making a toll-free telephone call to First Penn-Pacific.

After receipt of written confirmation of your request, which can be faxed, money can either be wired to your bank the next business day or a check can be sent to your home for next day delivery.

Like all other life insurance policies, there is a possible six month waiting period for loans, withdrawals or surrenders. First Penn-Pacific has never used this standard policy provision.

Important Notes

Your **MoneyGuard** death benefit will be reduced by the amount withdrawn or borrowed, and the daily benefit maximums for long-term care will be reduced proportionately. Your residual death benefit will also be reduced. *And, any policy loan or withdrawal will cancel the Lifetime Guarantees.*

When you request a loan or withdrawal, First Penn-Pacific can project what your future benefits might be so you can estimate the amount of cash value to leave in your account to fund the benefits you may need.

Total Surrender

Your **MoneyGuard** policy has a surrender charge which is a percentage of the single premium paid. It reduces to zero over 14 years.

For issue ages 66 and greater the initial charge is 6%. For issue ages 51-65 it is 8%. For ages younger than 51 it is 12%. If you totally surrender your policy while the lifetime money-back guarantee is in effect, the surrender charge incurred will not exceed the amount, if any, by which the cash value account exceeds the premium paid.

Withdrawals

You can make a withdrawal from your cash value account at any time. By company practice the first withdrawal made each year is made without charge. During the first 14 policy years additional withdrawals are processed for \$25. After 14 years there is never a withdrawal charge.

Policy Loans

You can borrow against your **MoneyGuard** cash value at any time. Loan interest is payable in advance and charged at the interest rate shown in the policy schedule. Interest at a rate no less than the guaranteed crediting rate of 4% will be earned on the amount of cash value equal to any outstanding loan.

Long-Term Care Insurance in California

Here's an important question about long-term care coverage:

Question: Are the benefits received from a long-term care insurance policy free from federal income tax?

Answer: Yes, as long as the insurance policy that pays the benefits meets the requirements of federally tax qualified long-term insurance.

Qualified Long-Term Care Insurance in California

Before policies can be recognized as “qualified” long-term care under federal law, certain provisions have to be met. First Penn offers policy forms intended to be a qualified long-term care insurance.

California law requires that companies that offer “qualified” LTC also offer coverage that meets “California Standards.” Since policies that meet California standards may not meet the criteria for federally tax qualified long-term care, First Penn also offers policy forms that comply with the California Standards.

The cost of the two versions is the same.

Comparison of Eligibility for Benefits

In comparing the Federally tax qualified First Penn coverage to the First Penn coverage that meets California Standards, only one substantive difference is found. Federal law bases eligibility for benefits on the need for substantial assistance with at least 2 of 6 activities of daily living (ADLs). California Standards bases eligibility for benefits on the need for substantial assistance with at least 2 of 7 ADLs. ADLs are defined differently under both types of coverage and are generally more liberal under the California Standards coverage making it easier to qualify for benefits.

Which Should You Choose?

California applicants can choose the form of coverage they wish to apply for. To make that decision, consider the value of the federal tax benefits in relation to the differences between the benefit eligibility provisions of the two versions of coverage. The comparison chart on the next page can help you make your selection.

Comparing California Standards and Federal “Qualified”

California Standards ADL Provision

You will be eligible for benefits if you meet the requirements described in the contract, including but not limited to, being unable to perform without substantial assistance at least 2 of 7 activities of daily living:

1. Bathing
2. Continence
3. Dressing
4. Eating
5. Toileting
6. Transferring
7. Ambulating

Federal Qualified ADL Provision

You will be eligible for benefits if you meet the requirements described in the contract, including but not limited to, being unable to perform without substantial assistance at least 2 of 6 activities of daily living:

1. Bathing
2. Continence
3. Dressing
4. Eating
5. Toileting
6. Transferring

Applicants for California Standards coverage will be issued policies that may not qualify for the income tax benefits afforded owners of federally qualified coverage.

Applicants for federally tax qualified coverage will be eligible for the tax benefits shown in the tax benefit comparison below.

California Standards LTC Coverage

- Benefits received may be reportable as taxable income.
- Cost of insurance charges for long-term care riders are not deductible.

Federal Tax Qualified LTC Coverage

- Benefits are received income tax-free under IRC Sec 104(a)(3).
- To the extent they are reportable as taxable income, cost of insurance charges for long-term care riders are defined as medical expenses. Medical expense deduction rules are applicable.

Additional Tax Information

Death Benefit

Many people never require long-term care, and their death benefit remains intact. In that event, your **MoneyGuard** policy will pay its death benefit to your named beneficiaries income tax-free under IRC Sec. 101(a)(1). If your estate is not named as the beneficiary, the death benefit will also be received outside of probate.

Tax-Free Exchanges

If you presently own cash value life insurance, including single premium life policies, you may be eligible to exchange your policy on a tax-free basis for **MoneyGuard**.

A **MoneyGuard** policy can provide the long-term care benefits you may need in retirement.

When considering a tax-free exchange, always consider the advantages, disadvantages, and the impact of costs and expenses. For example, your new **MoneyGuard** policy would include a standard contestable period and surrender charge schedule.

Ask your representative for additional information, including a detailed benefit comparison.

MONEYGUARD®

The Smart Way to Self-insure.®

Questions You May Have

Act Now

How can I get more details on benefit conditions and exclusions?

Simply ask your representative for a personal illustration. An Outline of Coverage will also be provided.

What happens after I apply for ownership?

Your application gives First Penn-Pacific permission to contact your doctor regarding your medical history. That process will be initiated right away.

You may receive a phone call from a trained paramedical examiner to arrange for a free half hour examination, which if you like, would be conducted in the convenience and privacy of your own home.

You may also hear from a First Penn representative calling to ask questions relating to your health and to verify information contained on your application.

First Penn normally completes the underwriting process within a week of the date all medical information is received. Your medical information is private, and is kept in strict confidence.

Upon approval, your new **MoneyGuard** policy will be sent to your representative for personal delivery to you.

Most people in average to good health will qualify to own **MoneyGuard**. However, the good health you enjoy today could be gone tomorrow.

To see how **MoneyGuard** can work for you, just ask your representative for a free personal illustration.

When you own **MoneyGuard**, you get peace of mind. You know:

- that your money is safe,
- that it is earning competitive, tax-deferred interest, and
- that you can access it for any reason.

You also know that you have additional funds —

- available for long-term care expenses
- or to serve as a significant addition to your estate.

MONEYGUARD[®]

Life insurance for Living[®]



For complete descriptions of benefit eligibility, covered services, exclusions and limitations see the Outline of Coverage for the plan selected.

All opinions and references to tax benefits are based on First Penn-Pacific's understanding of current tax laws and regulations. Please consult your tax advisor for additional information.

For use where required:

Licensed Agent Name

License Number

Signature

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**First Penn-Pacific
Life Insurance Co.**
A member of Lincoln Financial Group

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

Policy References and Form Numbers:
Policy form number L-2020 series
Rider form numbers L-2800 series

