
VARIABLE LIFE INSURANCE: SUMMARY OF FEES AND COSTS

Different variable life insurance policies come with different fees and costs. Below is a summary of fees and charges that you may incur when you purchase a variable life insurance product. The actual fees and costs you will pay will be disclosed in the product's prospectus.

1. **Administrative Fees:** The insurance company may deduct a fee to cover record-keeping and other administrative expenses. This charge is usually a flat fee (normally \$7-10 per month).
 2. **Cost of Insurance:** The cost of insurance is calculated monthly. The calculation to determine the cost of insurance includes: the insured's age, sex, rate class, policy duration, and policy size. This charge ranges between \$0.02 to \$83 per \$1,000 and increases with age.
 3. **Premium Tax Charge:** For each premium payment the insurance company will deduct a percentage, ranging from approximately 3.25% to 7%, depending on the applicable state, to pay for state premium tax and DAC Tax. DAC Tax is a tax attributable to specified policy acquisition expenses under Internal Revenue Code Section 848.
 4. **Mortality & Expense Risk Charge:** This charge is equal to a certain percentage of the account value, typically in the range of 1% per year. This charge is used to compensate the insurance company for insurance risks it assumes under the life contract.
 5. **Underlying Sub-Account Expenses:** Each fund has an investment team that charges a management fee. This is the same type of fee that is charged within mutual funds outside of variable life products.
 6. **Fees and Charges for Other Features:** Special options and riders offered by some variable life products mentioned in the Rider section usually are associated with monthly charges which are described in the prospectus.
 7. **Withdrawal Fee:** Variable life products may have a withdrawal charge that is accessed to offset some of the expense in processing the request.
- **Surrender Charges:** Variable life products typically calculate the policy surrender charge based on the policy face amount, the age, and the percentage of the premiums paid into the policy. To recuperate the cost of underwriting and compensate the financial professional for selling the variable life product, it is typical for variable life products to not reduce the surrender charge until after 5-7 years after the policy is enforced and then reduce the surrender charge gradually until it is eliminated altogether (usually 10-15 years).