

Accessing the Cash Value in Your Whole Life Insurance Policy

A whole life insurance policy provides more than a death benefit for your loved ones. Over time, it builds cash value, which you can access when you need it. You can take a policy loan at any time, for any reason — and in most cases, income-tax-free.¹ Below are answers to common questions regarding policy loans.

Will a loan affect my death benefit?

Yes. An outstanding loan reduces your policy’s death benefit. However, you can repay the outstanding loan (which includes interest) to restore your full benefit.^{1,2}

Will I owe income taxes?

In most cases, no. Policy loans are generally income-tax-free as long as your policy is funded below the IRS’s modified endowment contract (MEC) limits, remains active, and doesn’t lapse.¹

Are there costs?

Policy loans accrue interest at an adjustable rate. This rate is declared annually and becomes effective on the first day of each calendar year.

- Current loan rate is 5.30%³
- Maximum loan rate is guaranteed never to be more than the greater of your policy’s interest rate that is used to calculate the cash values plus 1%, or the Moody’s corporate bond yield average
- Applicable to new and existing loans
- Interest is due at the end of each policy year and if not paid will be added to the outstanding loan

How do loans affect dividends?

Penn Mutual uses a direct recognition approach to dividend payouts.⁴ This means that in years when a dividend is paid, your non-loaned cash value will receive a full dividend, and your outstanding loan will receive an adjusted dividend. The adjusted dividend currently results in a 0.65% net difference between the dividend interest rate and the loan interest rate during policy years 1-10. Once your policy reaches year 11, there is a preferred loan provision which ensures your adjusted dividend interest rate will equal the loan interest rate in years when dividends are paid.

Here’s how Penn Mutual’s approach impacted dividends in 2025:

	Non-Loaned Cash Value	Outstanding Loan	
	Received a full dividend	Received an adjusted dividend	
2025 Rates*	6% dividend interest rate	Policy years 1-10: <ul style="list-style-type: none"> ■ 4.65% dividend interest rate ■ 5.30% loan interest rate ■ 0.65% difference 	Policy years 11+: <ul style="list-style-type: none"> ■ 5.30% dividend interest rate ■ 5.30% loan interest rate ■ 0% difference

*2025 dividend and loan interest rates shown are for Accumulation Whole Life policies. Past performance is not indicative of future results.

How can I repay my loan?

Repayments can be made through the client portal on pennmutual.com or by sending a check to Penn Mutual and indicating that it is for a loan repayment.⁵

Can my policy lapse due to outstanding loans?

Certain whole life insurance policies come with an Overloan Protection Benefit Rider. This rider will keep your policy active and help you avoid potential tax liabilities that may occur when a policy lapses with an outstanding loan.

This rider is automatically exercised if the insured is at least 75 years old, the policy has been in force for at least 15 years, and the loan-to-surrender value ratio has reached 99%.⁶ Once the rider is exercised, the policy becomes reduced paid-up life insurance. No additional premiums can be made or charges applied, all supplemental riders are terminated, no additional loans are allowed, and beneficiaries will receive a reduced paid-up insurance amount.

Are there other distribution options?

Yes. In addition to policy loans, you may also withdraw accumulated dividends and/or surrender paid-up additions. It's important to know that these options are permanent and could impact your policy's performance. You will not be able to repay the dividend withdrawal or reinstate the paid-up additions.

How do I request a distribution?

You can easily view your policy's cash value anytime in the client portal on pennmutual.com. Once you're ready to start taking distributions, you can download the distribution request form and send it to Penn Mutual.

It's a good idea to consult with your financial professional throughout this process. They can help you evaluate your options and ensure your policy continues to align with your financial goals.



For more information about accessing the cash value in your whole life insurance policy, reach out to your financial professional.

¹Accessing cash value will reduce your policy death benefit and values, may result in certain fees and charges, and may require additional premium payments to maintain coverage. Ask your financial professional for details on accessing your cash value, including how it might impact the coverage guarantees and situations when the values you access could be taxable. Always consult your tax advisor before accessing your policy's cash value.

²Loans can be repaid as long as the policy remains active and the Overloan Protection Benefit Rider has not been exercised.

³The loan interest rate shown is for Accumulation Whole Life (policy form number ICC18-TL), Protection Whole Life (policy form number ICC22-TLP), and Protection Whole Life II (policy form number ICC22-TLP) policies as of November 2025. For current loan interest rates, consult with your financial professional.

⁴Dividends are not guaranteed. The interest rate portion of the dividend calculation does not represent the dividend payout percentage or the increase in policy cash value. Mortality and expense experience also factor into the total dividend payout.

⁵Checks that do not indicate they are for a loan repayment will be credited as a premium payment.

⁶The Overloan Protection Benefit Rider (rider form number OPB-TL-17) is only available with the purchase of the underlying whole life policy.

All guarantees are based on the claims-paying ability of the issuer. Whole life insurance policies are offered by The Penn Mutual Life Insurance Company. Policy and rider form numbers may vary by product and state. Products, riders, and features may not be available in all states. These products are not offered in New York.