

Business Planning Strategies That Pair Well With Indexed Universal Life

Life insurance can be a valuable tool for business owners

The cash surrender value¹ of an Indexed Universal Life (IUL) policy provides many flexible planning options for business owners. And the Guaranteed Refund Option (GRO) rider¹ found on our IULs adds an extra layer of protection for their business.

Three Strategies That Can Benefit From the Cash Value of Life Insurance

1

Key Person Insurance

THE CONCERN — Business can be at risk if a key employee leaves or dies unexpectedly.

THE SOLUTION — Indexed Universal Life Insurance

Key person insurance isn't only for the scenario where the key person/employee dies unexpectedly, but what if they leave?

With an indexed universal life insurance policy, the business owner has the option to surrender the policy for its cash surrender value.²

2

Cross-Purchase Buy-Sell Arrangements

THE CONCERN — Remaining life insurance policy that was originally purchased to fund the buy-sell agreement is no longer needed after the death of the first owner.

THE SOLUTION — Indexed Universal Life Insurance

In the case of a cross-purchase buy-sell, an owner can purchase a deceased owner's share of the business at a previously agreed upon price. That life insurance policy's death benefit provides funds for the surviving owner to purchase the deceased owner's share of the business. The surviving owner now holds a life insurance policy that they may no longer need. What do they do with the policy?

With an indexed universal life insurance policy, the business owner has the option to surrender the policy for the cash surrender value.²

3

Business Succession Planning

THE CONCERN — Existing business owner wants the buyout of the business to occur while they are still living for retirement purposes.

THE SOLUTION — Indexed Universal Life Insurance

With business succession planning, often an individual intends to purchase a business from an older owner. The common approach is to structure a plan where the future owner purchases a life insurance policy on the current, older owner. When the older owner dies, the death benefit of the policy funds the business buyout.

But what if the older owner wants to sell earlier, prior to death?

When using an IUL policy, the person who intends to buy the business has an option to surrender the policy for its cash surrender value.² This money could be used for the purchase of the business, while the current owner is still living.

Securing the Sale With the Guaranteed Refund Option Rider

It's important to note that when using an IUL policy for business planning, the IUL's cash surrender value is not guaranteed.

So, what happens if the cash surrender value does not exceed the total premiums paid?

That's the **Extra Layer of Protection** with our Guaranteed Refund Option rider.

- All qualifying Income Advantage IUL and Life Protection Advantage IUL policies come with this feature at no additional charge.¹
- The GRO rider provides seven 60-day windows in which the policyowner can surrender their policy and receive their paid premiums back — up to 50% at the end of year 15 and up to 100% at the end of years 20, 21, 22, 23, 24 and 25.

Use the feature of accumulated cash to bring the additional value of IULs to your business clients.

Help ensure your clients plan for their intended legacy.

For more information on our IUL products, visit www.DiscoverIUL.com

¹ For Life Protection Advantage, the GRO rider is not available for clients over age 60 (regardless of risk class), for substandard or tobacco cases under age 50 or for substandard tables 5-16 at ages 50 and above. For Income Advantage, the GRO rider is not available for substandard or tobacco cases under age 50 or for substandard tables 5-16 at ages 50 and above. In order to remain eligible for the rider, the client must continue to make their required premium payments as defined in the rider. Refund is limited to 80% of the policy's lowest specified amount and is reduced by any previous withdrawals and outstanding loans.

² The amount that may be available through loans or withdrawals, as defined in the contract.

Consult with a professional tax and/or legal advisor before taking any action that may have tax and legal consequences.