

Sales Idea: The Costs That Come With Waiting

After meeting with your client and discussing their planning needs, it's clear that an Income Advantage IUL would be a valuable addition to their portfolio. This product solution satisfies the client's need for life insurance protection, and provides an additional source of income for retirement.

But then, your client tells you they want to think about it and maybe wait a few years before getting started.

The Risks That Come With Waiting

- What happens if the client unexpectedly dies and doesn't have the death benefit?
- What if the client is diagnosed with an illness that no longer allows them to be insurable?
- What if the client can't take as much as they would like in distributions from the policy later on?

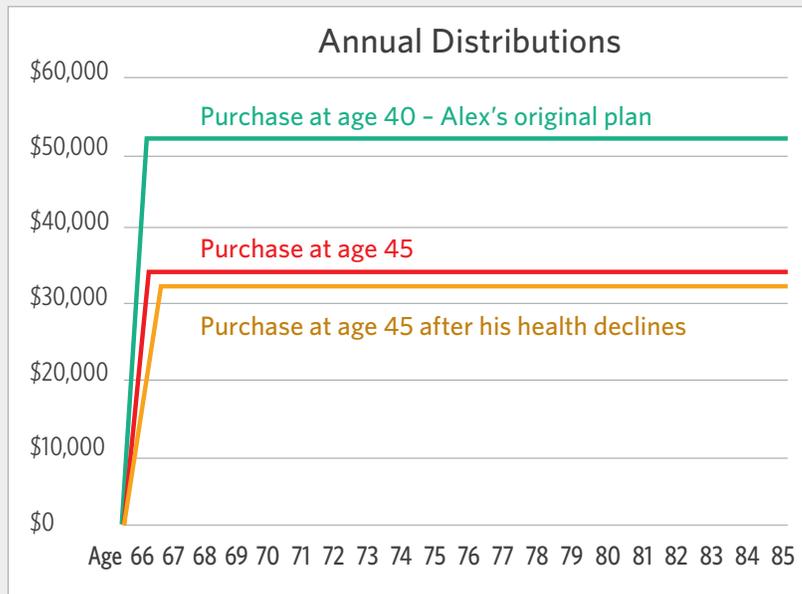
Case Study:



Alex is 40 and owns a business. He has maxed out his contributions to his qualified plan.

You meet with Alex to show him some of the advantages of purchasing an Income Advantage IUL policy:

- If Alex contributes \$1,000 monthly over 25 years it would equal \$300,000 in cumulative contributions.
- At age 66, Alex takes 20 years of distributions.
- His projected income = \$51,685 for those 20 years, or \$1,033,000 in cumulative distributions.¹



If Alex waits to purchase until age 45:

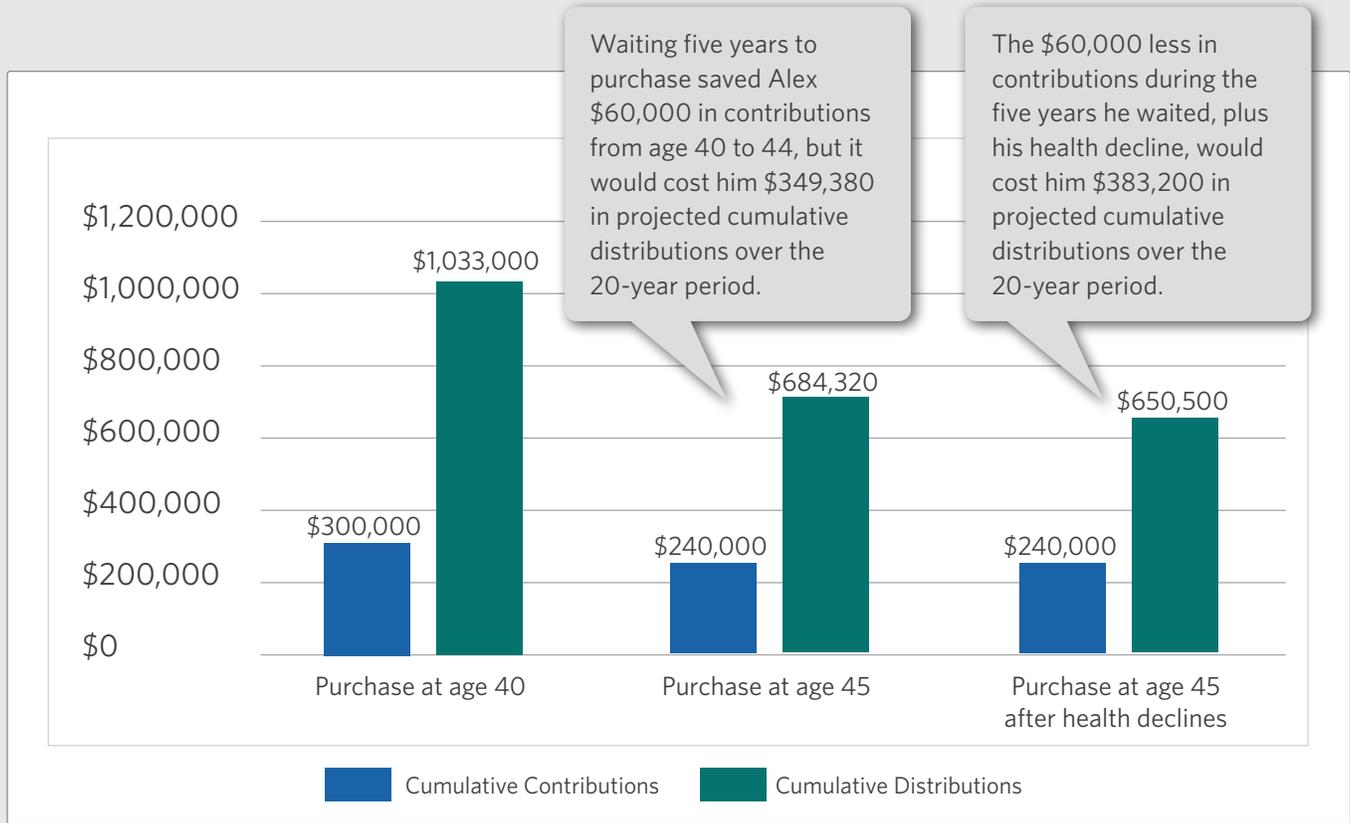
- He is now projected to receive \$34,216 per year.
- By waiting, he has saved \$60,000 from not paying premiums from age 40-45.
- But, he has a projected loss of \$349,380 in his projected distributions over the 20-year period.

If Alex waits to purchase until age 45 and his health declines:

- His policy costs increase and his projected distributions decrease to \$32,525 per year.
- By waiting five years, his contributions decrease by \$60,000, plus his health declines, which equals a projected loss of \$383,200 in cumulative distributions over the 20-year period.

¹Additional assumptions: PNT rate class, minimum face solve, increasing death benefit for 25 years, switching to a level death benefit at age 66, 6.0% hypothetical illustrated rate, maximum distribution solve using index loans

Let's take a closer look at the difference in Alex's cumulative contributions and his cumulative distributions over the life of his policy:



Playing 'catch-up' to achieve the same distributions:

If Alex waits until age 45, he can try to play catch-up by paying more premium each month to reach that projected distribution of \$51,685 per year. To catch-up, Alex would have to pay \$1,503 monthly instead of the \$1,000 per month he originally planned. This results in \$360,720 in cumulative premiums for 20 years vs. \$300,000 in cumulative premiums for 25 years.

Make sure to run an IUL illustration to show your clients who are hesitant to get started with IUL. They may not realize how much they could be giving up.

