Income Advantage℠ IUL

A Low-Cost Policy Offering High Value to Your Clients

When it comes to indexed universal life (IUL) products, no two products have the same design. Many carriers develop products with all kinds of fancy features, proprietary indexes and policy calculation mechanics — all designed with the goal of illustrating greater cash values and higher distributions. These complex product designs make it difficult to do an apples-to-apples comparison on IUL products. They also make it challenging for an agent to figure out which product offers their client the best overall value.

One way to determine which IUL delivers the best value is to compare the charge structure of the various products. Here's an example of how United of Omaha's Income Advantage IUL compares to other carriers' products.

Hypothetical Scenario: Male, Age 50, Preferred NT, $500k Increasing Death Benefit Years 1-15 (Level Thereafter), $20k Annual Premium for 15 years (Values as of January 2021)

		United of Omaha Income Advantage	Nationwide YourLife Accumulator	John Hancock Accumulation IUL	AIG Max Accumulator +	Prudential Index Advantage	Symetra Accumulator 3.0	Lincoln Wealth Accumulate 2	Principal IUL Accumulation II	Allianz Life Pro+ Advantage	PacLife PDX2 (no EPFR)*
Cumulative Premiums Over 15 Years		$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
After 20 Years	Cumulative Charges	$55,314	$68,761	$189,840	$82,815	$88,193	$69,557	$86,799	$78,530	$89,539	$154,491
	Prem Toward Accum Value	$244,686	$231,239	$110,160	$217,185	$211,807	$230,443	$213,201	$221,470	$210,461	$145,509
	% of Prem Toward Accum Value	**82%**	**77%**	**37%**	**72%**	**71%**	**77%**	**71%**	**74%**	**70%**	**49%**
After 30 Years	Cumulative Charges	$82,581	$94,589	$352,765	$115,886	$144,667	$92,956	$108,487	$99,003	$159,460	$241,236
	Prem Toward Accum Value	$217,419	$205,411	-$52,765	$184,114	$155,333	$207,044	$191,513	$200,997	$140,540	$58,764
	% of Prem Toward Accum Value	**72%**	**68%**	**-18%**	**61%**	**52%**	**69%**	**64%**	**67%**	**47%**	**20%**
After 40 Years	Cumulative Charges	$121,198	$119,648	$658,877	$162,407	$198,254	$133,320	$133,892	$124,793	$334,877	$351,172
	Prem Toward Accum Value	$178,802	$180,352	-$358,877	$137,593	$101,746	$166,680	$166,108	$175,207	-$34,877	-$51,172
	% of Prem Toward Accum Value	**60%**	**60%**	**-120%**	**46%**	**34%**	**56%**	**55%**	**58%**	**-12%**	**-17%**

Our lower cost structure allows more of your client's premium to go toward the accumulation value.

*PacLife policy was illustrated without the Enhanced Performance Factor Rider. When the rider is included, policy charges are significantly higher.

Mutual of Omaha

Underwritten by
United of Omaha Life Insurance Company
A Mutual of Omaha Company

Why does the charge structure matter?

One might argue that fancier features or proprietary indexes could potentially offer the client more growth potential. While that might be true in certain circumstances, it's also true that in a down year, the client still pays the higher fees that come with fancier features. That is downside risk that your client needs to shoulder.

Keep in mind: if all IUL policies are crediting 0% in a down year, the charge on our low-cost policy will be less. This means that our clients' policies to perform better in those years. Do the years where the index could potentially earn a little more outweigh the down years where their charges are significantly more?

An Additional Way to Compare the Impact of Policy Charges

Another way to compare products is to determine how different products with the same premium would each have to perform in order to achieve the same accumulation value.

The table below shows the the internal rate of return necessary for our client (from the example on the previous page) who pays $300,000 in cumulative premiums over 15 years to reach a $500,000 accumulation value at the end of policy year 20. (Values as of January 2021). Please note, the internal rate of return may not equal the product's illustrated crediting rate, as some carriers supplement their crediting rate with bonuses or multipliers.

	United of Omaha Income Advantage	Nationwide YourLife Accumulator	John Hancock Accumulation IUL	AIG Max Accumulator +	Prudential Index Advantage	Symetra Accumulator 3.0	Lincoln Wealth Accumulate 2	Principal IUL Accumulation II	Allianz Life Pro+ Advantage	PacLife PDX2 (no EPFR)*
Cumulative Prem Over 15 Years	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
Year 20 Accum Value	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000
Rate Needed	**5.26%**	**5.74%**	**8.82%**	**5.98%**	**6.25%**	**5.79%**	**6.48%**	**6.10%**	**6.27%**	**9.09%**

Because of our low cost structure, Income Advantage still performs well even at a more conservative rate.

*PacLife policy was illustrated without the Enhanced Performance Factor Rider. When the rider is included, the rate needed is significantly higher.

Now that AG49-A has been implemented, why wouldn't I choose the product that illustrates better?

AG49-A was enacted in late 2020 to help stop "the illustration wars," to bring consistency to IUL crediting methods and to reduce confusion for potential buyers. So, now that carriers have adjusted their products to comply, you may wonder why you shouldn't simply recommend the product that illustrates better.

Even after AG49-A was enacted, our competitors have continued to develop all kinds of complex features, proprietary indexes and creative policy mechanics. Ask yourself: Do you believe carriers got creative to add value for their clients, or do you believe they did it to make their IUL products illustrate better on paper? We believe the majority of our agents know the answer to that question.

Do you believe carriers got creative to add value for their clients, or do you believe they did it to make their IUL products illustrate better on paper?

STOP

There are also some additional questions you need to stop and ask yourself:

- Is the product I am recommending truly what I feel is best for my client? And, would this be the product I would purchase with my own money if I was in my client's situation?
- Do I believe that over time the policy actually has the potential to perform as well as it illustrates, and how will my client react if it doesn't?
- Will my client understand what I am selling them and how their crediting rate is calculated each year?
- Will there be any liability to me for recommending this product, especially if my client doesn't understand how it works?

As an agent, you have a responsibility to your clients. We challenge you to do what is best for your clients, and to do what is best for our industry.

While we have no idea what will happen in the industry down the road, we do know this: At Mutual of Omaha, we have taken a stand that we are going to continue offering IUL products based on what they were originally designed to do – provide upside potential with downside protection. And we are doing it using a straightforward product that clients can understand. By utilizing a simple product design, there is less of a chance that your clients will be coming back and questioning you later.

We're Proud to Offer Products that Add Value

We are proud to continue offering products that can help your clients achieve their financial goals. And, to help reassure your clients, don't forget that Mutual of Omaha continues to include a Guaranteed Refund Option Rider on qualifying IUL policies, at no additional cost.

The GRO rider provides seven 60-day windows in which policyowners can surrender their policy and receive their paid premiums back – up to 50 percent at the end of year 15 and up to 100 percent at the end of years 20, 21, 22, 23, 24 and 25.* This provides a layer of additional reassurance in case your client is not satisfied with how their policy has performed. That's a value-added feature that you won't find on other carriers' IUL products.

We also offer Chronic and Terminal Illness Riders on our fully-underwritten IUL policies at no additional cost and with no additional underwriting. Clients also have the option to purchase a Long-Term Care Rider.**

To learn even more about Income Advantage IUL, visit DiscoverIUL.com.

* The Guaranteed Refund Option 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. The refund amount is capped at 50 percent of the policy's lowest specified amount and is reduced by any previous withdrawals and outstanding loans.

** Clients age 30-79 are eligible to apply. If the policy is issued with the LTC Rider, the Chronic Illness Rider will not be included.