Income Advantage℠ IUL

Sales Idea:

The Costs that Come With Waiting

After meeting with your client and discussing his planning needs, it's clear that an accumulation-focused IUL product, like Income Advantage℠ IUL, would be a valuable addition to his portfolio. This IUL satisfies the client's current need for having some additional life insurance protection, it provides him with an additional source of supplemental income for retirement, and it offers him early access to the death benefit if he were diagnosed with a terminal or chronic illness.

But then your client tells you he wants to think about it – maybe wait a few years before getting started.

We all know there are 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 him to be insurable?

But a consequence the client may not be aware of is the impact waiting could have on the amount of income he can take from his policy down the road. Waiting even just a few years could change the income potential by thousands of dollars a year.

Let's look at a case study that helps illustrate the costs of waiting

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Mutual of Omaha

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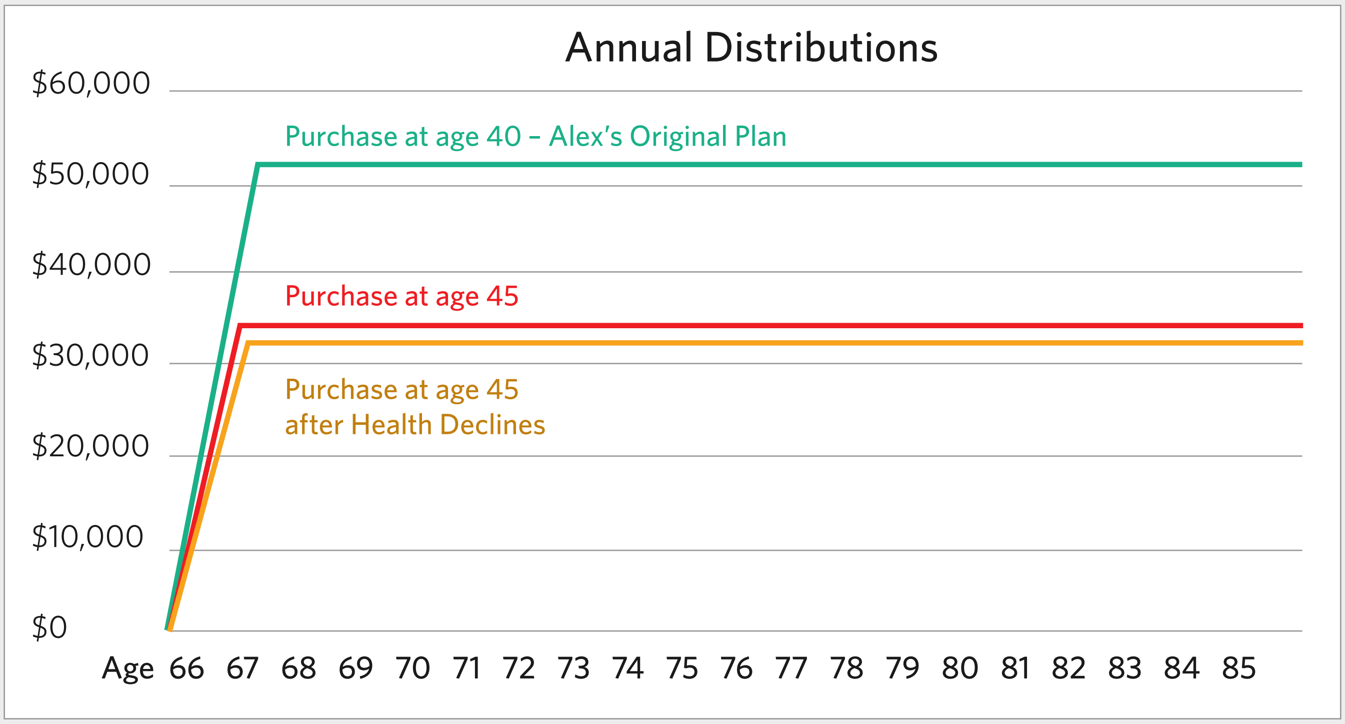
Alex is a healthy 40-year-old who owns a successful business and has already maxed out contributions to his qualified retirement plan.

During your initial meeting with Alex, you showed him how his Income Advantage IUL policy could perform, assuming he contributed $1,000 per month for 25 years ($300,000 in cumulative contributions), and then started taking 20 years of distributions beginning at age 66.*

The solve for 20 years of projected income starting at age 66 results in $51,685 per year ($1,033,000 in cumulative distributions).

The following chart shows what could happen if Alex waits 5 years to purchase his Income Advantage IUL policy.



If Alex waits to purchase until age 45:

- He is now only projected to get only **$34,216** per year
- He didn't pay premiums from age 40-45, saving him $60,000 BUT it **cost him $349,380 in projected cumulative distributions over the 20-year period**

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

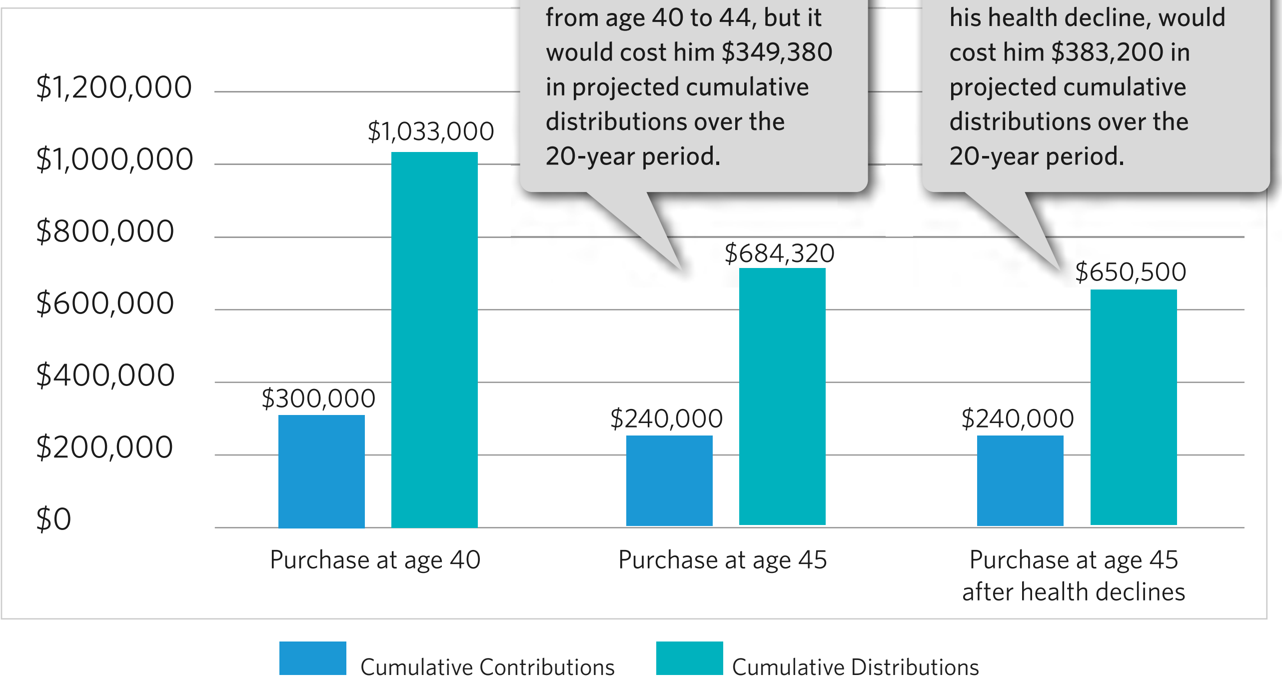
- Alex is now a Standard Nonsmoker, which increases his policy costs. He is now only projected to get **$32,525** per year.
- The $60,000 less in contributions during the five years he waited, plus his health decline, **cost him $383,200 in projected cumulative distributions over the 20-year period**

**Additional 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...

Waiting five years to purchase saved Alex $60,000 in contributions from age 40 to 44, but it would cost him $349,380 in projected cumulative distributions over the 20-year period.

The $60,000 less in contributions during the five years he waited, plus his health decline, would cost him $383,200 in projected cumulative distributions over the 20-year period.



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

If Alex waits until age 45, he does have the option to try to play catch-up and pay more premium each month to get back to a 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 on. This higher premium results in $360,720 in cumulative premiums over the 20-year period (instead of his original plan of $300,000 in cumulative premiums over the 25-year period).

To catch-up, Alex would have to pay $60,720 additional in contributions.
What could your client do with an extra $60,720?

Take the next steps...

If you have a client who is a good candidate for an IUL product but is hesitant to get started, make sure you show him some of these scenarios using the WinFlex illustration software. The scenarios can really help illustrate what your client might be giving up, just by waiting.