

Indexed Universal Life Insurance

EMBRACE LIFE'S POTENTIAL

THE POWER OF INDEX INTEREST CREDITING

A policy that gives credit when credit's
due with the power of indexing



INDEXED UNIVERSAL LIFE INSURANCE offers more than most people might expect. It provides you with income-tax-free death benefit protection for your beneficiaries.

It can also help ...

- Diversify your taxes and assets
- Provide financial help to your family in a time of need
- Supplement your retirement income, generally tax-free, via policy loans
- Pay medical bills during an illness
- Pay off debts like credit cards and student loans
- Pay down — or pay off — a mortgage
- Pay college tuition
- Assist with charitable giving
- Assist with legacy planning

It can help you get the most from your life insurance.

While indexed universal life insurance can provide many possible benefits, please note that exercising one or more of them will likely mean reducing or eliminating other benefits.



INDEXED UNIVERSAL LIFE INSURANCE: HOW IT WORKS

An indexed universal life insurance policy falls under Section 7702 of the IRS tax code. Section 7702 was created by the IRS to ensure that only actual life insurance policies receive the tax-advantaged treatment afforded to life insurance, such as income-tax-free death benefits and income-tax-deferred cash value growth within the policy.

In addition to the tax advantages provided in life insurance, a properly structured indexed universal life (IUL) policy can deliver the benefit of asset accumulation through the power of index interest crediting while safeguarding against any market losses. This means an IUL policy can be a powerful product to consider for anyone with a need for death benefit protection and a goal of accumulating wealth for retirement.

Features and Benefits	Indexed Universal Life Insurance ¹	Traditional Retirement Accounts
Income-Tax-Free Death Benefit ²	Yes	No
Market Volatility	Protected	Exposed ³
Income-Tax-Free Distributions ⁴	Yes	No
IRS Contribution Limits	No	Yes
Early Withdrawal IRS Tax Penalty	No	Yes
Surrender Penalties	Yes	No ³
Annual Income Limits	No	Yes
Required Minimum Distributions	No	Yes

This chart does not represent a comprehensive discussion of each product and its intended uses, benefits, features, limitations and costs.

¹ Indexed universal life insurance products contain fees, such as mortality and expense charges. Interest credited to an IUL is limited by caps, spreads and/or participation rates set by the issuing company.

² If properly structured, proceeds from life insurance are generally income-tax-free.

³ Refers to traditional retirement account assets invested in the market.

⁴ Assumes the policy is not a modified endowment contract (MEC).

Market volatility

The cash value of an IUL insurance policy can be allocated to fixed or indexed accounts. Interest earnings in an indexed account are linked to the performance of an external market index, like the S&P 500®. This means you have the opportunity to earn interest each year based on the performance of an external market index without ever being invested in the market itself.⁵ The policy also has a “floor.” This floor is the minimum guaranteed rate for the interest credited to the cash value of the policy, which ensures the policy cannot lose value due to poor index performance.

Income-tax-free distributions

Distributions from an IUL insurance policy are typically taken as loans, which are not considered income by the IRS (assuming the policy is not a modified endowment contract (MEC)), unlike distributions from traditional IRAs and 401(k)s, 403(b)s and 457(b)s. Keep in mind that policy loans and withdrawals will reduce available cash values and death benefits, and may cause the policy to lapse or affect any guarantees against lapse. Additional premium payments may be required to keep the policy in force.

IRS contribution limits

There are no IRS-imposed contribution limits on IUL policies, unlike the contribution limits on IRAs, Roth IRAs and other traditional retirement accounts. However, premiums are subject to both federal guideline rules and death benefit amount issued by the insurance carrier.

Early withdrawal IRS tax penalties

IUL policies do not have IRS early withdrawal tax penalties, unlike traditional IRAs and 401(k)s, which carry substantial penalties for withdrawals made before age 59 ½. Keep in mind that life insurance products contain fees, such as mortality and expense charges, and also contain restrictions, such as surrender charges.

Annual income limits

There are no annual income limits on IUL policies, unlike traditional retirement savings accounts and Roth IRAs.

Required minimum distributions

IUL insurance policies do not have required minimum distributions (RMDs), unlike employer-sponsored qualified retirement plans, which generally require minimum distributions at age 73 and thereafter.

An IUL insurance policy can be especially useful for those who are likely to max out traditional retirement products or who earn too much income to participate in them, as well as for anyone concerned about their tax liability during their retirement years. IUL provides a way to build tax-free income during retirement, to help with college tuition or a home purchase, and to have cash on hand for emergency use.

It's important to remember that most life insurance policies are subject to medical underwriting and, in some cases, financial underwriting, and the costs of a life insurance policy, including premiums and cost of insurance charges, are dependent on your age and health at the time of application.

⁵ Indexed universal life insurance is not a registered security or stock market investment and does not directly participate in any stock or equity investments, or index. The index used is a price index and does not reflect dividends paid on the underlying stocks.

WHAT YOU NEED TO KNOW TAX DIVERSIFICATION IN

A simple way to visualize the impact of taxes on money is to divide assets into three buckets.



1. The Taxable Bucket represents accounts for which you typically receive a 1099 form each year. Here are some examples:

- Interest from certificates of deposit (CDs)
- Dividends and taxable distributions from mutual funds held in nonqualified accounts
- Dividends and capital gains from stocks
- Interest and capital gains from bonds
- Reinvested dividends



2. The Tax-Deferred Bucket may include:

- Traditional IRAs
- 401(k), 403(b) or 457(b) accounts
- Qualified and nonqualified annuities
- Appreciation of unsold mutual funds and securities
- Savings bonds

THREE BUCKETS



Most financial professionals recommend diversifying retirement assets so retirees can make sensible choices regarding how to position those assets to generate retirement income. Part of the diversification process should include tax diversification — placing some retirement assets into each of the available tax buckets.

3. The Income-Tax-Free Bucket includes:

- Roth IRAs
- Municipal bonds
- Appreciation of capital assets held until death
- Life insurance (if properly structured)

Tax-deferred retirement assets are taxed when withdrawn and may incur an additional 10% federal tax penalty if taken before age 59 ½. Roth IRA withdrawals are tax-free if taken after age 59 ½ and the account has been open for at least five years.

Bank products are FDIC-insured, whereas insurance products are guaranteed by the financial strength and claims-paying ability of the issuing company. Investments involve risk, including possible loss of principal.

Diversification does not ensure a profit or guarantee against losses.

STRATEGIES FOR TAXING SITUATIONS

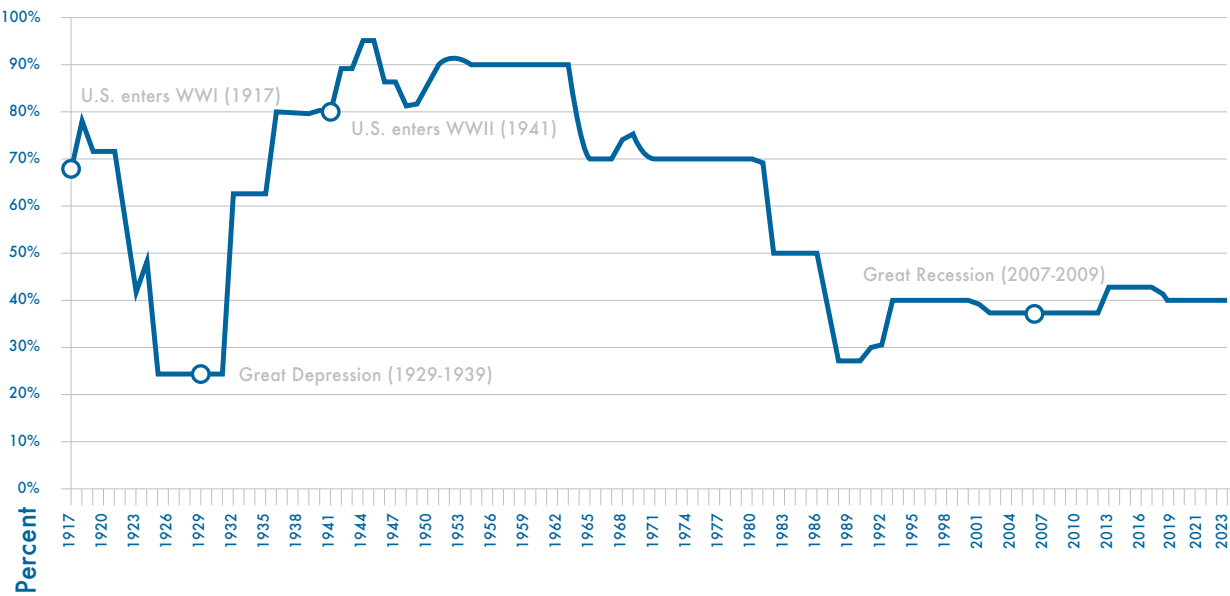
Due to reduced tax rates as a result of the Tax Cuts and Jobs Act, consumers have a window of opportunity to leverage the tax advantages of IUL insurance products for retirement planning. With the tax breaks set to expire Dec. 31, 2025, unless Congress acts, tax rates will see an increase in 2026 and beyond. If it makes sense for your situation, you may be able to reposition tax-deferred qualified funds that are not being used for retirement income to purchase an IUL insurance policy — paying taxes now at relatively low tax rates, rather than paying taxes later when tax rates will most likely be higher.

You should consult with a qualified tax advisor to determine the best approach for paying those taxes. It is important that you understand how the taxes will be paid and how it could impact your retirement accounts. It is also important to keep in mind that increased taxable income from the conversion may have several consequences, including (but not limited to) a need for additional tax withholding or estimated tax payments, the loss of certain tax deductions and credits, higher taxes on Social Security benefits and higher Medicare premiums.

Also, keep in mind that any recommendation to liquidate funds held in a securities product, including those within an IRA, 401(k) or other retirement plan, can be conducted only by individuals currently registered to provide investment advice. You should speak with a financial advisor for guidance.



HISTORY OF U.S. TAX RATES (1913-2023)



Source: Bradford Tax Institute. "History of Federal Income Tax Rates: 1913 - 2023." https://bradfordtaxinstitute.com/Free_Resources/Federal-Income-Tax-Rates.aspx. Accessed Feb. 17, 2023.



INDEXED UNIVERSAL LIFE INSURANCE ...

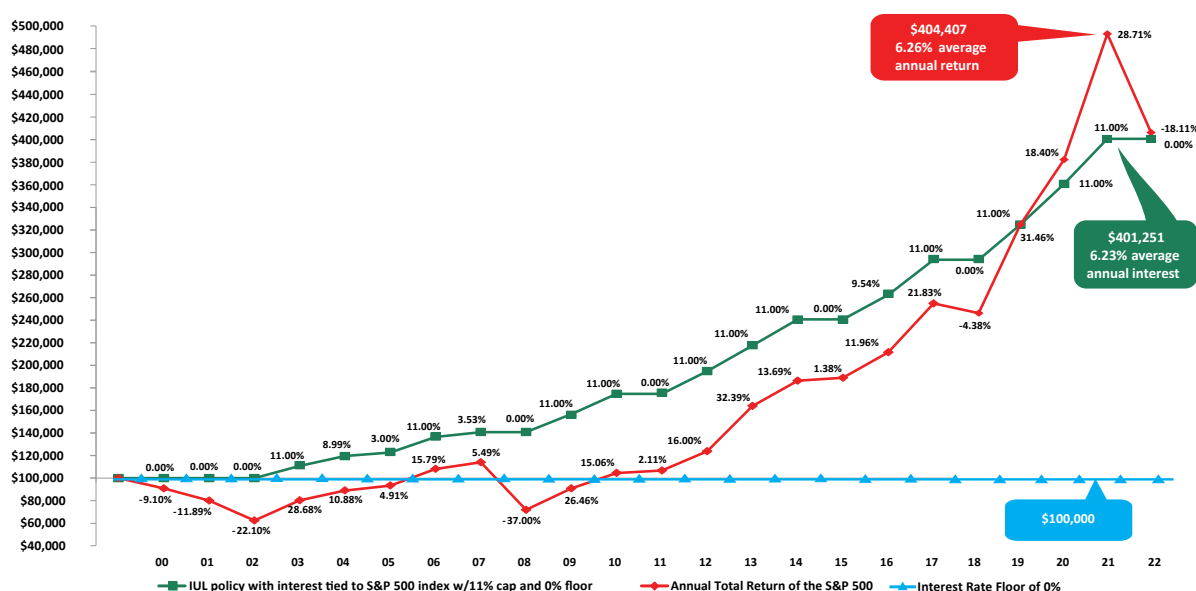
... can provide protection and opportunity for growth when you may need it the most.

It combines the traditional death benefit protection and tax advantages provided by life insurance, plus the potential for cash value growth linked to the performance of a stock market index with a minimum guaranteed interest rate floor.

Strengthen your financial strategy with IUL and the power of indexing.

THE POWER OF INDEX INTEREST CREDITING & THE BENEFITS OF DOWNSIDE PROTECTION

USING INDEXED UNIVERSAL LIFE INSURANCE



The hypothetical graph above is for informational purposes. It is designed to demonstrate how IUL works and how it might have performed had it existed over the period depicted here and based on the following assumptions, which are not guaranteed. It does not include any charges for the mortality costs of life insurance nor any investment fees or taxes, so the actual values would be less than what is shown here. It does not represent any specific product and does not reflect the costs of any optional riders or the effects of any withdrawals on policy values. Past performance may not be used to predict or project future results.

1. The red line represents a \$100,000 investment in the stock market that tracks the performance of the S&P 500 Index, including dividends.
2. The green line represents \$100,000 used to purchase an IUL policy and allocated to an index interest crediting method tied to the performance of the S&P 500 Index, assuming a hypothetical cap rate of 11% and an interest rate floor of 0%. In years in which no interest is credited, policy charges and rider fees will continue to be deducted from the policy's cash value.
3. The blue line represents the interest rate floor. Even if the market performs poorly, the policy will never receive interest credits less than the minimum guaranteed interest rate of 0%.

Indexed universal life insurance is not a direct investment in the stock market. Please note, it is not possible to invest directly into the S&P 500® Index. Past performance of the S&P 500® is not an indication of future performance and is not guaranteed.

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MORE THAN YOU MIGHT EXPECT

With an income-tax-free death benefit, cash value accumulation potential, tax-free distributions via policy loans and tax-free accelerated death benefits, which can be used for long-term care and chronic illness expenses, IUL could provide:

- Death benefit protection
- Income-tax-free supplemental retirement income
- Benefits to help address health care costs
- Legacy solutions

FINANCIAL FLEXIBILITY WHEN YOU NEED IT

Whether it's providing you with the death benefit you need, supplementing your retirement income or providing cash during an unexpected emergency, IUL can help support you when you need it most.

Living benefits

The main benefit of life insurance is the death benefit protection it provides, but most IUL insurance policies also offer accelerated death benefits. This means you may be able to utilize a portion of the death benefit while you're living. With accelerated death benefits, the owner can accelerate a portion of the death benefit should the insured be diagnosed with a qualifying event, typically a terminal illness diagnosis. The funds can be used for any purpose the owner chooses, such as assisting with illness expenses.

Accelerated death benefits are subject to eligibility requirements. An administrative fee may be required at the time of election. The death benefit will be reduced by the amount of the death benefit accelerated. Because benefits are paid before death, a discount may be applied to the death benefit accelerated. As a result, the actual amount received could be less than the amount of the death benefit accelerated.

Policy loans

Policy loans allow you to borrow money on an income-tax-free basis by using your cash value accumulation — even before age 59½, assuming your policy is not a modified endowment contract (MEC) — though policy loans are not recommended early in the policy as it can cause the policy to lapse. Depending on the product, fixed and variable loan interest options may be available. The difference between these loans lies in how the interest rate charge and interest rate credited for the loan balance are determined. It's important to remember that policy loans will reduce the available cash value and the death benefit and may cause the policy to lapse or affect guarantees against lapse.

Partial surrenders

With partial surrenders, you can generally withdraw money from the policy income-tax-free based on the amount of premiums paid. This will reduce the policy's cash value as well as the death benefit. Your policy's cash value growth is credited on an income-tax-deferred basis. Partial surrenders up to your cost basis may generally be taken tax-free as long as your policy remains in force and is not a modified endowment contract. Surrender charges apply to your contract for a specified number of years based on the product used if you make withdrawals or surrender your policy. For surrender charges specific to your policy, refer to your policy illustration. Policy loans are not subject to surrender charges typically after the first policy year.

Long-term care and chronic illness riders

Many IUL insurance policies offer riders and benefits that can assist with unexpected health care costs. These riders allow policy owners to use a part of the death benefit to help pay for long-term care and expenses related to chronic illness. Policy charges and availability depend on the product. Long-term care and chronic illness riders are subject to eligibility and generally come with an additional cost. These riders are not a replacement for long-term care insurance.

Important Considerations

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender charges. Index interest crediting will be subject to caps, spreads and/or participation rates. If policy performance is less than favorable, it's possible that the IUL insurance policy may not earn any interest and additional premium payments may be required to keep the policy in force.

SET YOUR OWN EXPECTATIONS

With indexed universal life,
you can ...

- Choose the amount of death benefit protection that is right for you and your family
- Set the amount of premium(s) and the number of years to pay
- Decide the frequency of planned premiums (monthly, quarterly, semiannually, annually)
- Determine if you want a level death benefit or one that increases over time

Make sure you have the right combination of protection and growth potential in your life insurance policy. Indexed universal life can be an effective way to help you address your needs and goals and an opportunity to help meet and exceed your expectations.



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Our firm provides insurance products and services.

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