

The Truth Behind the Cost of an IUL

IUL Expense
Ratio



IUL Expenses vs.
Alternatives



Net Rate of
Return



Asset Charges ⓘ
as % of NSV + Cumulative Income

0%

Asset Charge ✕
Monthly charge to the Current Value allocated to the Select Index. Calculated as: total asset charge / (NSV + cumulative income) / years.

Cost of Insurance ⓘ
as % of NSV + Cumulative Income

0.05%

Cost of Insurance ✕
Charge to provide a death benefit. Calculated as: total cost of insurance / (NSV + cumulative income) / years.

Policy Charges ⓘ
as % of NSV + Cumulative Income

0.05%

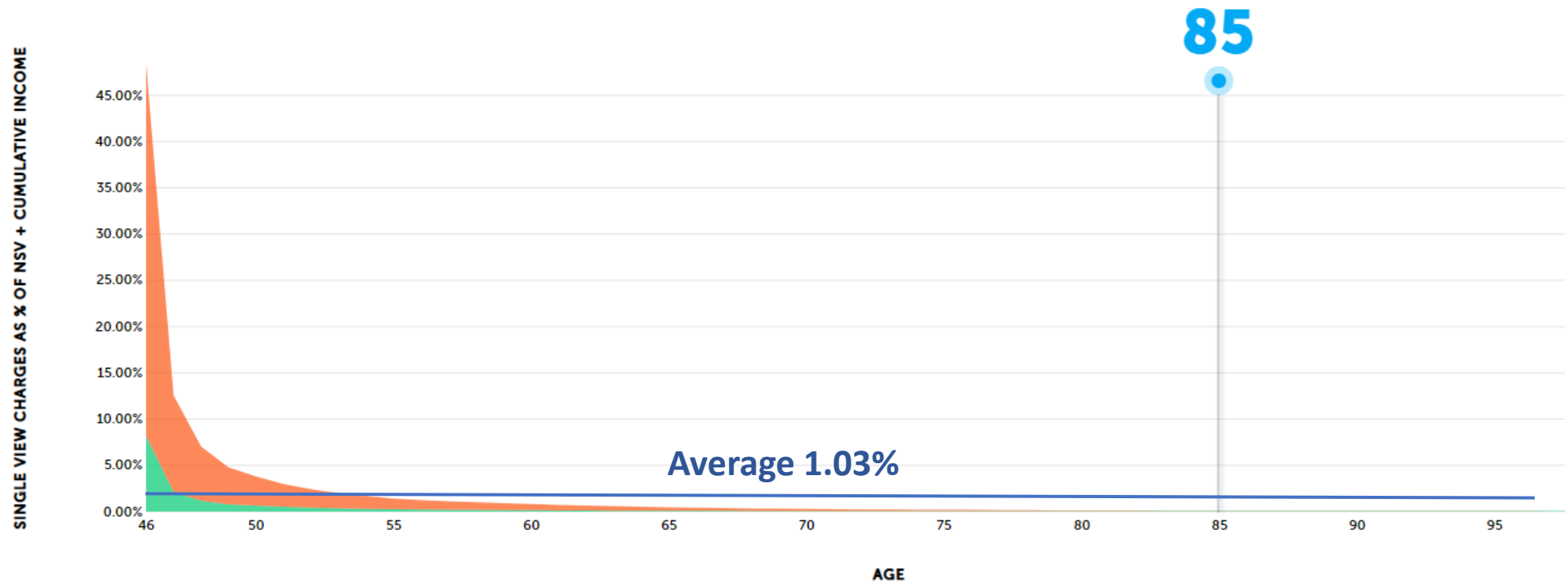
Policy Charge ✕
All other charges within the policy including premium charge, rider charges, monthly policy charge and expense charge. Calculated as: total policy charges / (NSV + cumulative income) / years.

Total Charges
as % of NSV + Cumulative Income

0.1%

Yearly Avg Charges
as % of NSV

Yearly Avg Charges
as % of DB



ⓘ Product data continues for extended period of time. Chart was limited by presentation configuration rules to age 100 for better visualization.

ⓘ NSV is Net Surrender Value, DB is Death Benefit

*Excluding
10 Year
Funding Period

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as % of NSV + Cumulative Income

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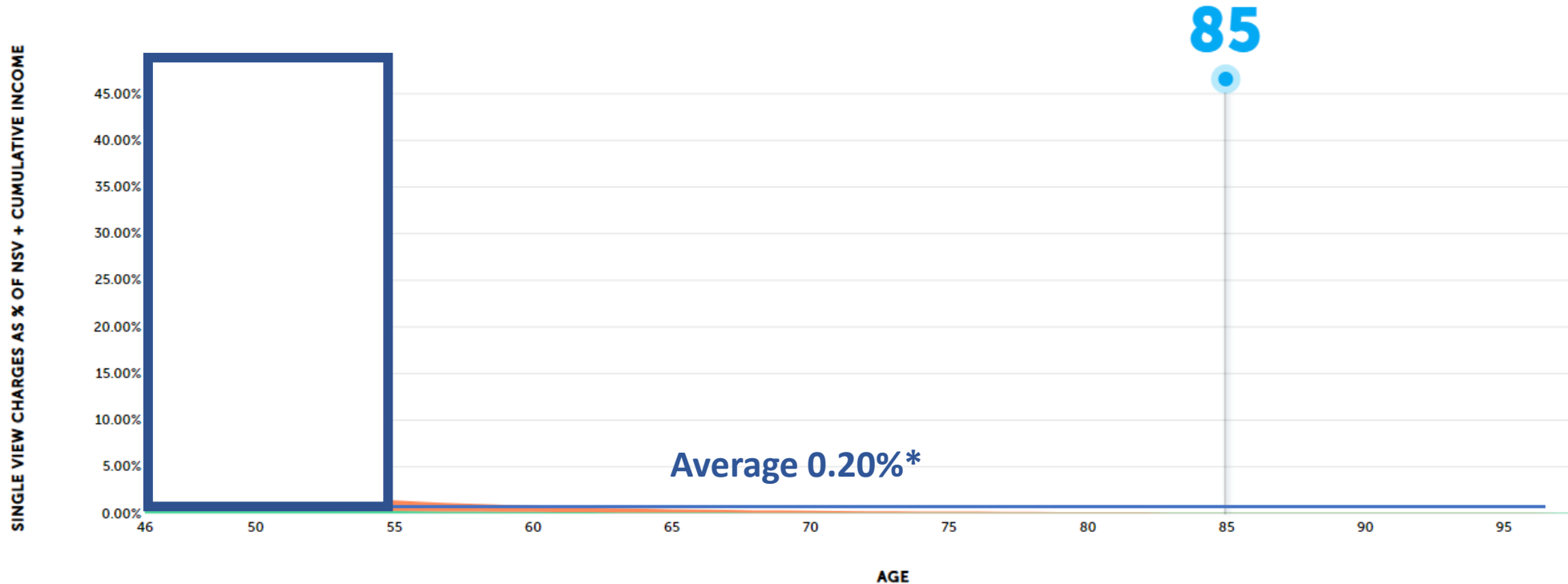
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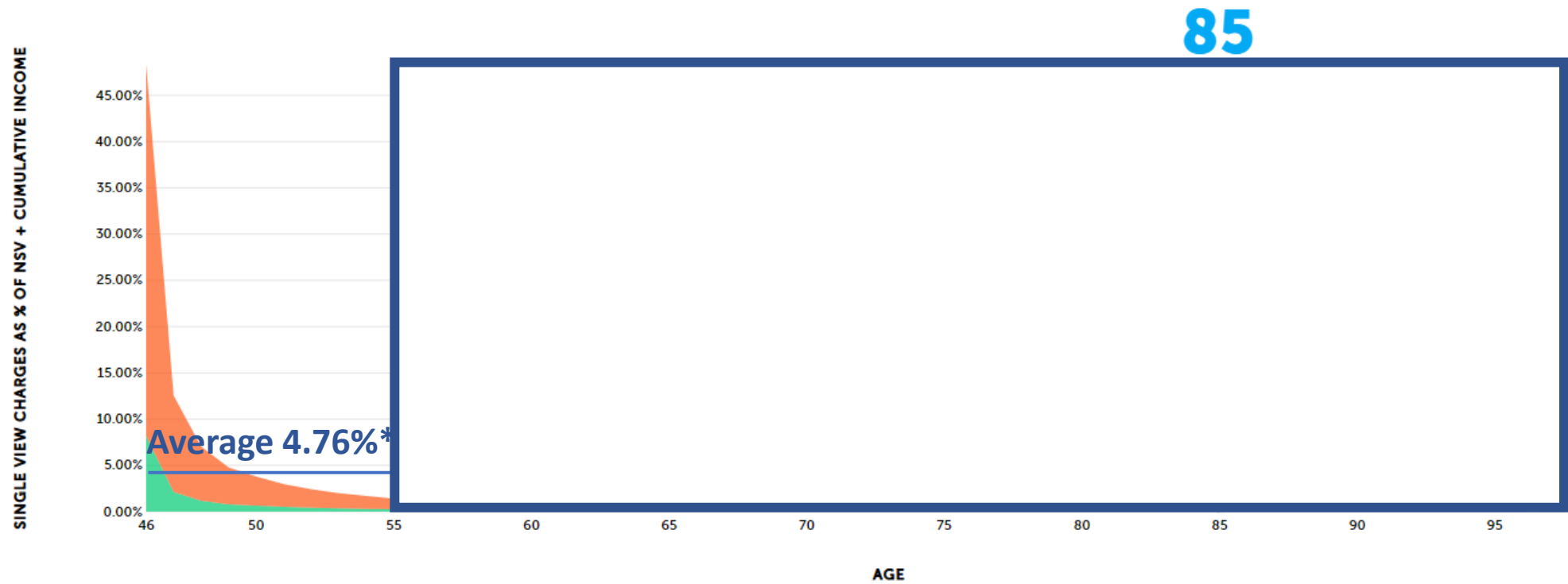
Total Charges
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*Only Including
10 Year
Funding Period

Yearly Avg Charges
as % of NSV

Yearly Avg Charges
as % of DB



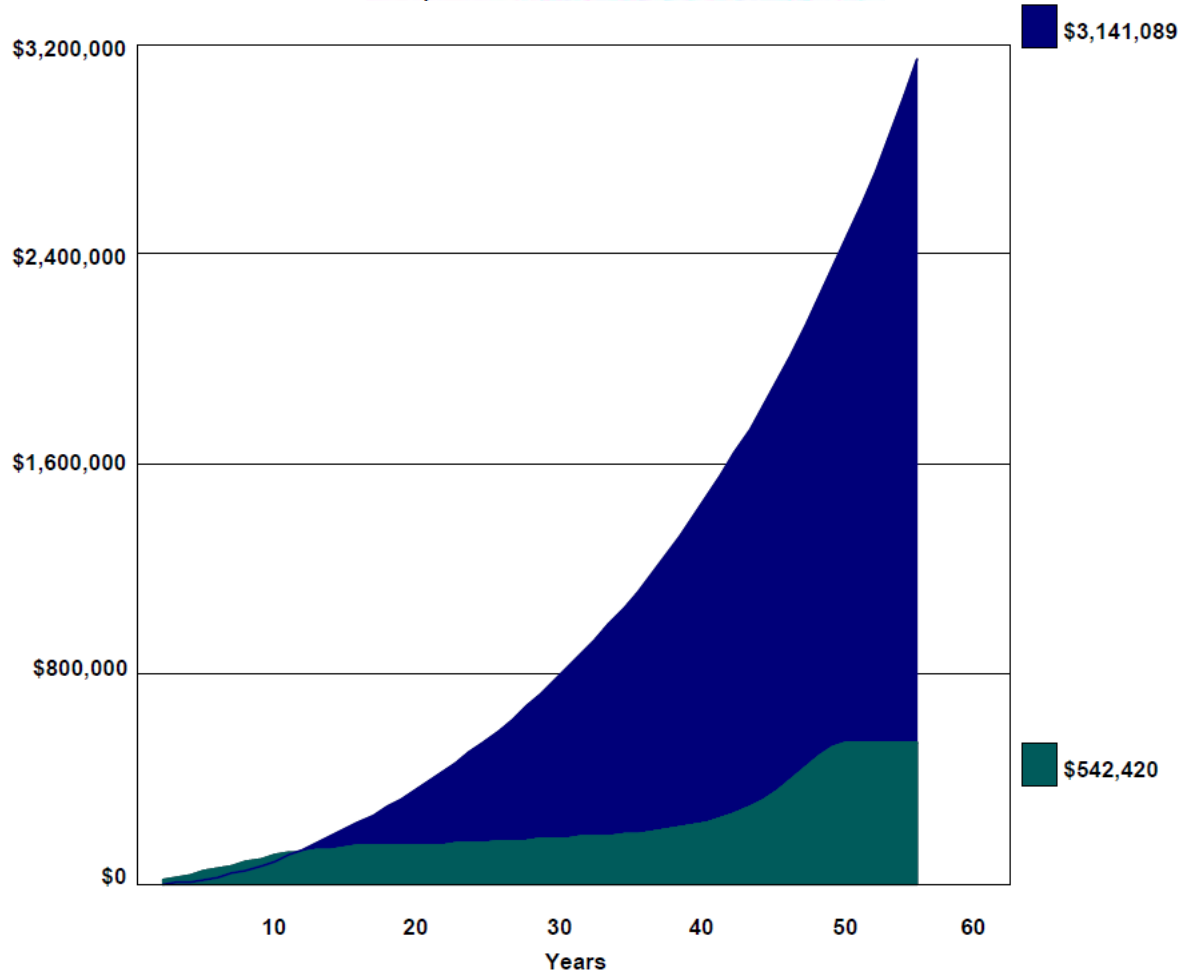
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ⓘ NSV is Net Surrender Value, DB is Death Benefit

Equity Account Growth	Equity Account Dividend	Dividend Tax Rate	Income Tax Rate	Max Fund IUL Interest Rate
6.00%	0.90%	23.80%	37.00%	6.90%

Equity Account:
1.03% Management Fee

55 Year Comparison of Cumulative Plan Costs



At Year 55

Equity Account Costs* \$3,141,089

Max Fund IUL Costs* \$542,420

Comparison of Plan Costs

Equity Account Growth 6.00%	Equity Account Dividend 0.90%	Dividend Tax Rate 23.80%	Income Tax Rate 37.00%	Composite Capital Gains Tax Rate 29.08%	Turnover Assumption 40.00%	Max Fund IUL Interest Rate 6.90%	Initial Death Benefit 1,000,000
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Equity Account:

1.03% Management Fee

Year	Male Age	(1) Premium	Equity Account				MaxFund IUL*			
			(2) Mgmt Fee	(3) Taxes	(4) Equity Account Total Annual Costs	(5) Equity Account Cum. Total Costs	(6) Cost of Insurance	(7) Policy Admin Charges	(8) Policy Total Annual Costs	(9) Policy Cum. Total Costs
1	46	76,336	825	697	1,522	1,522	2,123	10,471	12,594	12,594
2	47	76,336	1,688	1,649	3,337	4,859	2,123	10,471	12,594	25,188
3	48	76,336	2,589	2,781	5,370	10,229	2,123	10,471	12,594	37,782
4	49	76,336	3,530	4,045	7,575	17,804	2,123	10,471	12,594	50,376
5	50	38,042	4,097	5,064	9,161	26,965	2,123	7,407	9,530	59,906
6	51	68,677	5,019	6,322	11,341	38,306	2,123	9,858	11,981	71,887
7	52	68,677	5,980	7,675	13,655	51,961	2,123	9,858	11,981	83,868
8	53	68,677	6,982	9,110	16,092	68,053	2,123	9,858	11,981	95,849
9	54	68,677	8,027	10,620	18,647	86,700	2,123	9,858	11,981	107,830
10	55	68,677	9,117	12,205	21,322	108,022	2,123	7,111	9,234	117,064
11	56	0	9,511	13,235	22,746	130,768	902	4,364	5,266	122,330
12	57	0	9,918	14,108	24,026	154,794	882	4,364	5,246	127,576
13	58	0	10,342	14,896	25,238	180,032	856	4,364	5,220	132,796
14	59	0	10,782	15,643	26,425	206,457	824	4,364	5,188	137,984
15	60	0	11,240	16,376	27,616	234,073	839	4,364	5,203	143,187
16	61	0	11,718	17,114	28,832	262,905	884	90	974	144,161
17	62	0	12,215	17,865	30,080	292,985	982	90	1,072	145,233
18	63	0	12,733	18,638	31,371	324,356	1,093	90	1,183	146,416
19	64	0	13,274	19,438	32,712	357,068	1,229	90	1,319	147,735
20	65	0	13,837	20,268	34,105	391,173	1,366	90	1,456	149,191
21	66	0	14,424	21,133	35,557	426,730	1,505	90	1,595	150,786
22	67	0	15,036	22,031	37,067	463,797	1,721	90	1,811	152,597
23	68	0	15,673	22,967	38,640	502,437	1,956	90	2,046	154,643
24	69	0	16,338	23,942	40,280	542,717	2,221	90	2,311	156,954
25	70	0	17,031	24,958	41,989	584,706	2,580	90	2,670	159,624
26	71	0	17,754	26,016	43,770	628,476	2,988	90	3,078	162,702
27	72	0	18,507	27,120	45,627	674,103	3,089	90	3,179	165,881
28	73	0	19,292	28,271	47,563	721,666	3,116	90	3,206	169,087
29	74	0	20,110	29,470	49,580	771,246	3,036	90	3,126	172,213
30	75	0	20,963	30,720	51,683	822,929	2,810	90	2,900	175,113
		686,771	338,552	484,377	822,929		56,109	119,004	175,113	

Comparison of Plan Costs

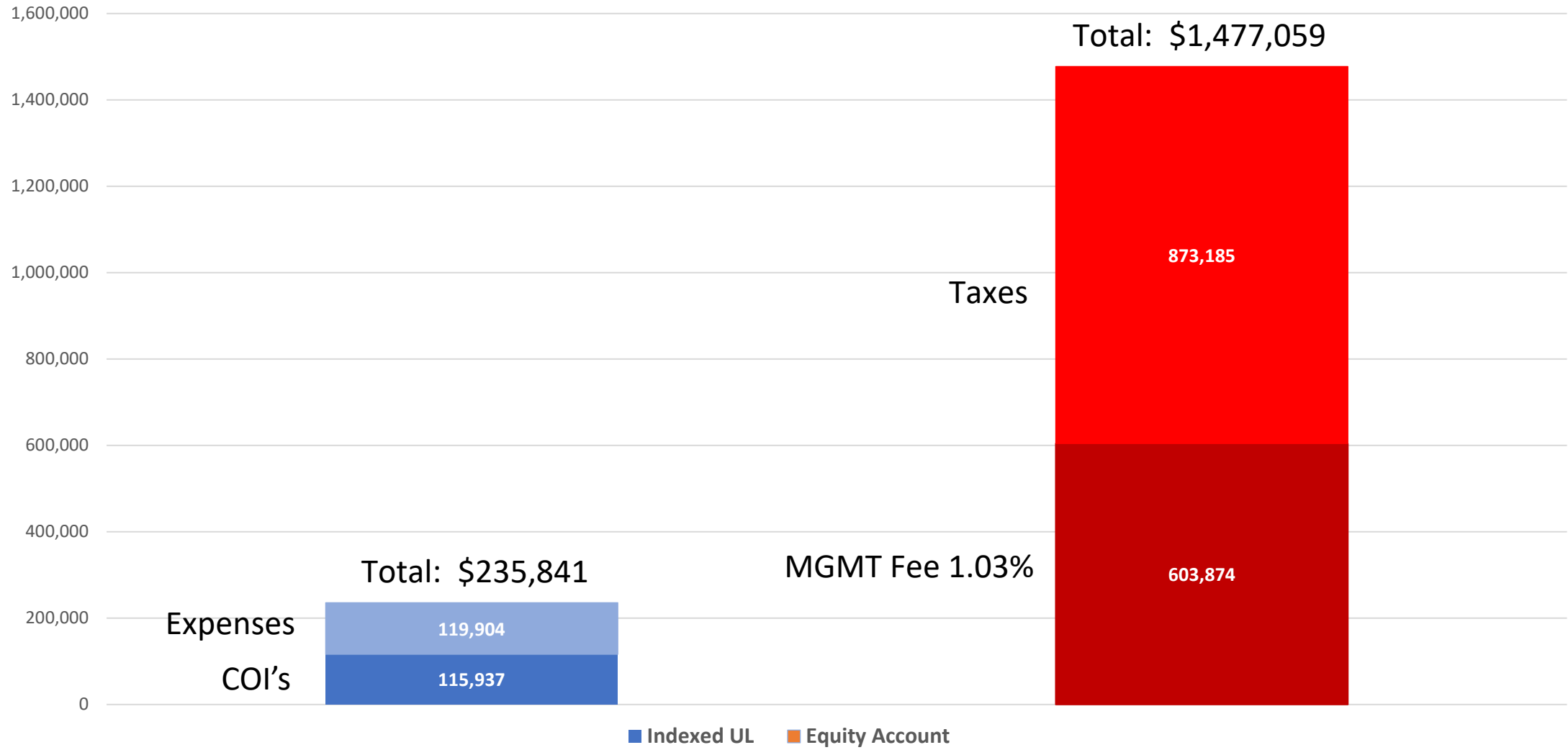
Equity Account Growth 6.00%	Equity Account Dividend 0.90%	Dividend Tax Rate 23.80%	Income Tax Rate 37.00%	Composite Capital Gains Tax Rate 29.08%	Turnover Assumption 40.00%	Max Fund IUL Interest Rate 6.90%	Initial Death Benefit 1,000,000
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Equity Account:

1.03% Management Fee

Year	Male Age	Equity Account				MaxFund IUL*				
		(1) Premium	(2) Mgmt Fee	(3) Taxes	(4) Equity Account Total Annual Costs	(5) Equity Account Cum. Total Costs	(6) Cost of Insurance	(7) Policy Admin Charges	(8) Policy Total Annual Costs	(9) Policy Cum. Total Costs
31	76	0	21,852	32,023	53,875	876,804	2,385	90	2,475	177,588
32	77	0	22,779	33,381	56,160	932,964	2,841	90	2,931	180,519
33	78	0	23,746	34,797	58,543	991,507	3,379	90	3,469	183,988
34	79	0	24,753	36,273	61,026	1,052,533	4,016	90	4,106	188,094
35	80	0	25,803	37,812	63,615	1,116,148	4,763	90	4,853	192,947
36	81	0	26,897	39,416	66,313	1,182,461	5,665	90	5,755	198,702
37	82	0	28,038	41,088	69,126	1,251,587	6,810	90	6,900	205,602
38	83	0	29,227	42,830	72,057	1,323,644	8,172	90	8,262	213,864
39	84	0	30,467	44,647	75,114	1,398,758	9,795	90	9,885	223,749
40	85	0	31,760	46,541	78,301	1,477,059	12,002	90	12,092	235,841
41	86	0	33,107	48,515	81,622	1,558,681	15,076	90	15,166	251,007
42	87	0	34,511	50,573	85,084	1,643,765	18,616	90	18,706	269,713
43	88	0	35,975	52,718	88,693	1,732,458	23,012	90	23,102	292,815
44	89	0	37,501	54,954	92,455	1,824,913	28,734	90	28,824	321,639
45	90	0	39,092	57,285	96,377	1,921,290	35,804	90	35,894	357,533
46	91	0	40,750	59,715	100,465	2,021,755	44,584	90	44,674	402,207
47	92	0	42,478	62,248	104,726	2,126,481	44,365	90	44,455	446,662
48	93	0	44,280	64,889	109,169	2,235,650	41,174	90	41,264	487,926
49	94	0	46,158	67,641	113,799	2,349,449	33,604	90	33,694	521,620
50	95	0	48,116	70,510	118,626	2,468,075	20,254	90	20,344	541,964
51	96	0	50,157	73,501	123,658	2,591,733	0	90	90	542,054
52	97	0	52,285	76,619	128,904	2,720,637	0	90	90	542,144
53	98	0	54,502	79,868	134,370	2,855,007	0	90	90	542,234
54	99	0	56,814	83,256	140,070	2,995,077	0	90	90	542,324
55	100	0	59,224	86,788	146,012	3,141,089	0	90	90	542,414
		686,771	1,278,824	1,862,265	3,141,089		421,160		121,254	542,414

Total Expenses At Age 85



Net Rate of Return Comparison

Equity Account Growth 6.00%

Equity Account Dividend 0.90%

Dividend Tax Rate 23.80%

Income Tax Rate 37.00%

Max Fund IUL Interest Rate 6.90%

Initial Death Benefit 1,000,000

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Income Tax Rate 37.00%

Max Fund IUL Interest Rate 6.90%

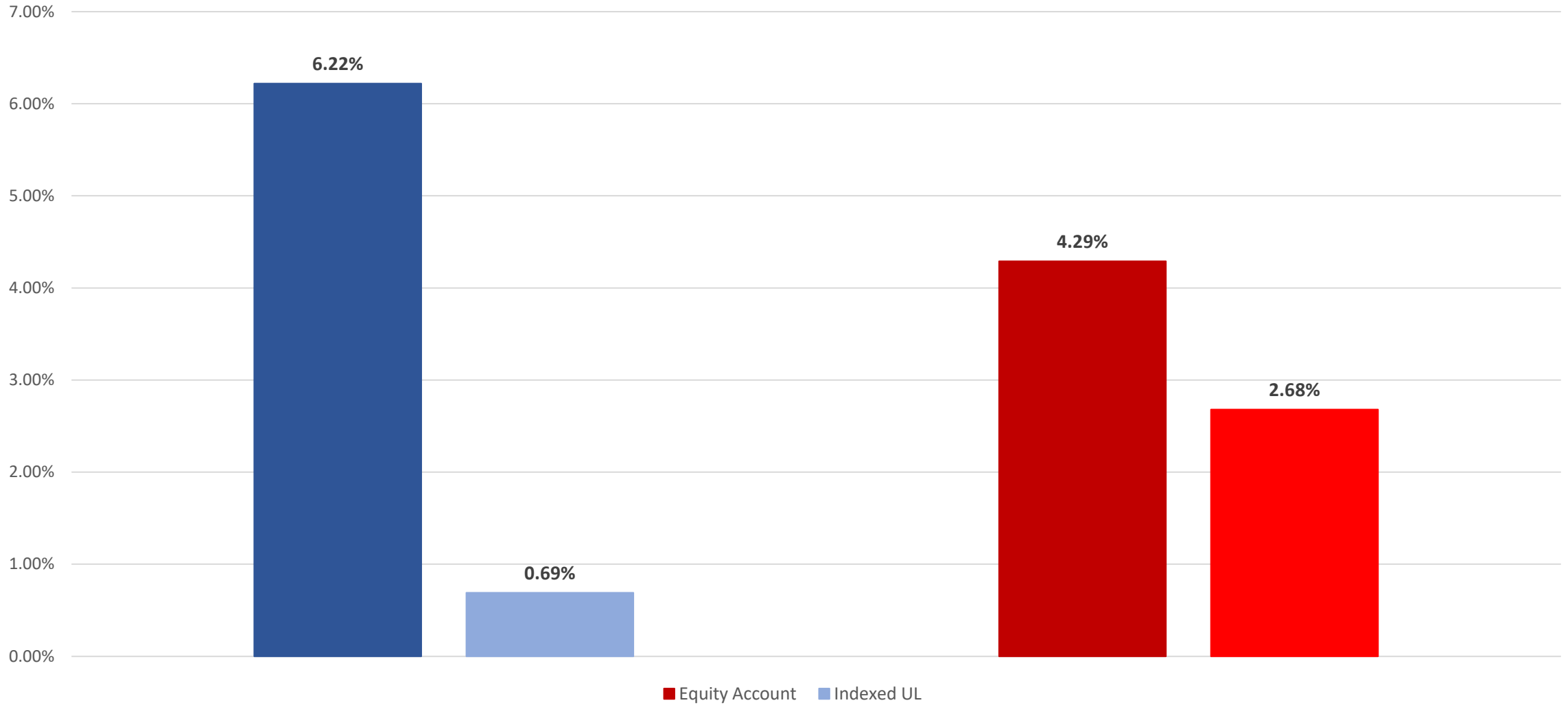
Initial Death Benefit 1,000,000

		Net Rate of Return of After Tax Values		Net Rate of Return of Max Funded Indexed UL Values	
		(1)	(2)	(3)	
Year	Male Age	Equity Account	Year End Surrender Value*	Death Benefit	
1	46	4.90	-65.91	1299.55	
2	47	4.80	-25.01	239.91	
3	48	4.73	-11.72	111.11	
4	49	4.67	-5.73	67.56	
5	50	4.61	-2.49	47.32	
6	51	4.57	-0.59	35.69	
7	52	4.54	0.73	28.31	
8	53	4.51	1.87	23.29	
9	54	4.49	2.69	19.71	
10	55	4.47	3.35	17.09	
11	56	4.45	3.89	10.13	
12	57	4.43	4.29	9.32	
13	58	4.41	4.59	8.67	
14	59	4.40	4.77	8.15	
15	60	4.38	4.92	7.71	
16	61	4.37	5.08	7.38	
17	62	4.36	5.21	7.21	
18	63	4.35	5.33	7.06	
19	64	4.35	5.43	6.94	
20	65	4.34	5.51	6.82	
21	66	4.33	5.59	6.72	
22	67	4.33	5.66	6.68	
23	68	4.32	5.72	6.64	
24	69	4.32	5.77	6.60	
25	70	4.32	5.82	6.57	
26	71	4.31	5.86	6.53	
27	72	4.31	5.90	6.46	
28	73	4.31	5.94	6.40	
29	74	4.30	5.97	6.34	
30	75	4.30	6.01	6.28	

		Net Rate of Return of After Tax Values		Net Rate of Return of Max Funded Indexed UL Values	
		(1)	(2)	(3)	
Year	Male Age	Equity Account	Year End Surrender Value*	Death Benefit	
31	76	4.30	6.04	6.23	
32	77	4.30	6.07	6.25	
33	78	4.30	6.09	6.27	
34	79	4.29	6.12	6.29	
35	80	4.29	6.14	6.30	
36	81	4.29	6.16	6.32	
37	82	4.29	6.18	6.33	
38	83	4.29	6.19	6.35	
39	84	4.29	6.21	6.36	
40	85	4.29	6.22	6.37	
41	86	4.28	6.23	6.37	
42	87	4.28	6.25	6.38	
43	88	4.28	6.25	6.39	
44	89	4.28	6.26	6.39	
45	90	4.28	6.26	6.39	
46	91	4.28	6.27	6.39	
47	92	4.28	6.27	6.37	
48	93	4.28	6.27	6.35	
49	94	4.28	6.28	6.33	
50	95	4.28	6.29	6.31	
51	96	4.27	6.30	6.30	
52	97	4.27	6.32	6.32	
53	98	4.27	6.33	6.33	
54	99	4.27	6.34	6.34	
55	100	4.27	6.35	6.35	

Net Rate of Return Comparison

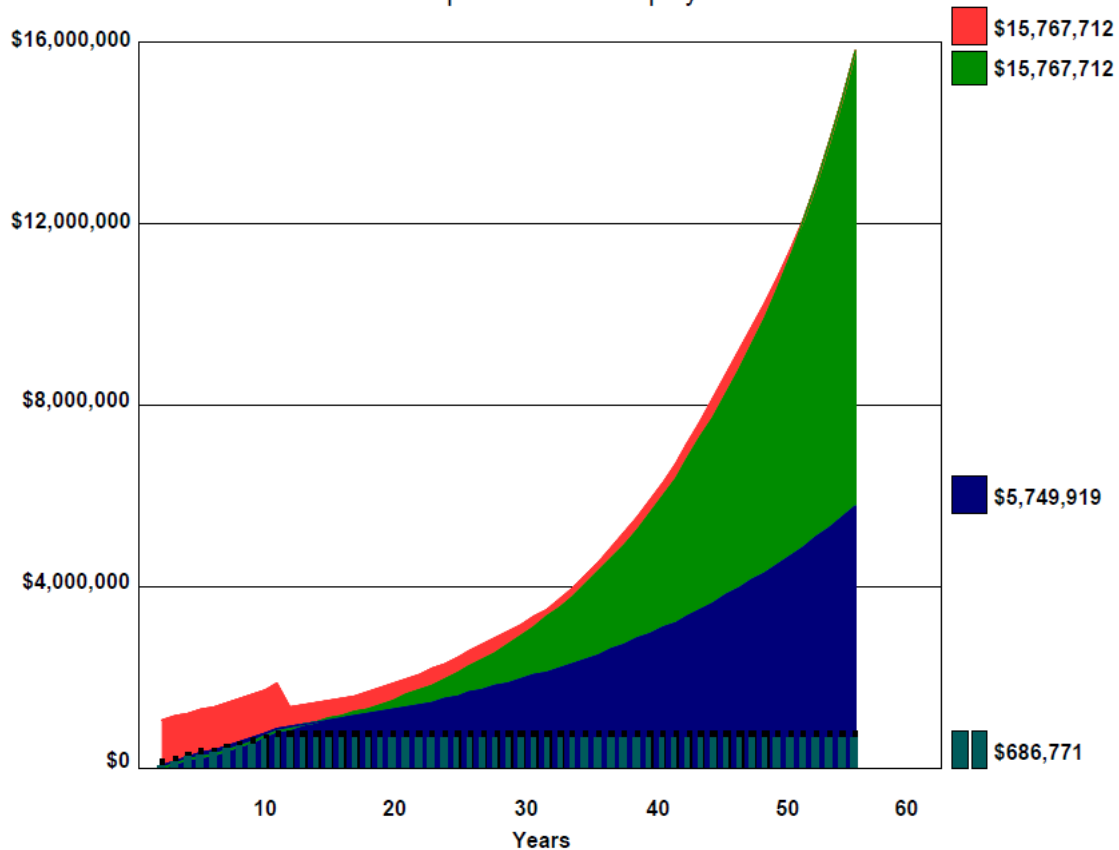
IRR and Fee Drag At Age 85



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1.03% Management Fee

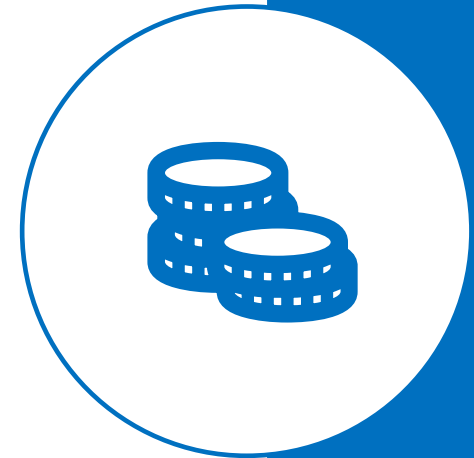
55 Year Comparison to an Equity Account



At Year 55	
Cumulative Net Payments	\$686,771
Equity Account Values	\$5,749,919
Surrender Value of Max Fund IUL	\$15,767,712
Death Benefit of Max Fund IUL	\$15,767,712

Analysis Conclusion

- Indexed Universal Life expenses are front loaded primarily due to upfront acquisition costs
- Indexed Universal Life expenses over time can be less expensive than fees and taxes of alternatives such as an equity account
- The IUL expenses as a percentage of the account value tend to very cost efficient during retirement years when used to provide supplemental tax free retirement income



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