

Protection Builder IUL®

Client review now to protect tomorrow



Proposing IUL through a client review

Sales idea

Financial professionals help their clients choose a life insurance policy because it best fits their needs at the time, but have those needs changed? A client review can help ensure your client's needs and goals are still being met as their stages in life progress. And if they're not being met, you have an opportunity to make recommendations that would help meet their current needs.

As your clients age, they may have more disposable income to work with as they begin focusing more on preparing for retirement. In these situations, one of our Indexed Universal Life (IUL) insurance products could be a great solution. This multifaceted product line offers death benefit protection, as well as potential growth of the policy's cash value while helping to protect your clients from financial risks.

Here's how proposing an IUL product through a client review could work for you!

Hypothetical case study

A 55-year-old client purchased a Whole Life policy with a \$800,000 death benefit from his agent in 1988, which has now grown to \$1,500,000. His primary focus when purchasing the policy was to provide a death benefit to his spouse (now age 52) in the case of an unexpected death. Now that he is thinking more about retirement, he's agreed to meet with his financial professional for a client review.

On the day of the meeting, he had \$450,000 cash value in his Whole Life policy. When he purchased the policy, the goal was to have any dividends offset the premium within 18 years, which did not happen.

The client wants to retain the \$1,500,000 death benefit while continuing to grow cash value without having to continue paying premium. At this stage in life, he doesn't want to take too many risks; he'd like a product that can help offer protection. His top three priorities are **guaranteed death benefit, potential cash growth, and possible funding for future qualifying illnesses**. Among the different IUL products available, he chose the Protection Builder IUL.

With Protection Builder, he has a guaranteed death benefit of \$962,365 and the potential to grow the cash value to \$1,891,338 by age 65.¹



Sample Illustration

North American Company for Life and Health Insurance

One Sammons Plaza, Sioux Falls, SD 57193

Protection Builder IUL
Male 55 Preferred Non-Tobacco

Issue State: Iowa
Initial Specified Amount: \$1,891,338

This illustration reflects the following:

Premium Allocations: Fidelity Multifactor Yield IndexSM 5% ER ann pt to pt 100%

Death Benefit Qualification: Cash Value Accumulation Test (CVAT)

1035 exchange of \$450,000.00, assumed to be received in poly month 1

Riders, as listed on the page

Potential cash value growth at age 65

1035 amount from Whole Life Policy

Guaranteed Death Benefit to age 100

INTEREST AND COST SCENARIOS

Guaranteed

Maximum Charges

2.50% Guaranteed Interest for all premiums

Non-Guaranteed Assumed

Current Charges

Index Credits: 6.16%

End of Yr	Age	DB Opt	Annualized Premium Outlay *	Type	Policy Fund	Cash Value	Death Benefit	Policy Fund	Cash Value	Death Benefit
1	55/56	1	475,000.00	PE	440,443	376,137	1,891,338	459,568	395,262	1,891,338
2	56/57	1	25,000.00	P	462,573	399,553	1,891,338	502,583	439,564	1,891,338
	57/58	1	25,000.00	P	484,906	423,173	1,891,338	547,395	485,662	1,891,338
	58/59	1	25,000.00	P	507,459	448,298	1,891,338	594,821	535,660	1,891,338
	59/60	1	25,000.00	P	530,081	473,493	1,891,338	644,901	588,312	1,891,338
	60/61	1	25,000.00	P	552,792	498,776	1,891,338	697,845	643,829	1,891,338
	61/62	1	25,000.00	P	575,610	524,809	1,891,338	753,882	703,080	1,891,338
	62/63	1	25,000.00	P	598,240	550,654	1,891,338	812,986	765,400	1,891,338
	63/64	1	25,000.00	P	620,550	576,822	1,891,338	875,308	831,580	1,891,338
	64/65	1	25,000.00	P	642,564	602,694	1,891,338	941,152	901,282	1,891,338
			700,000.00							
11	65/66	1	0.00		640,379	605,654	1,891,338	997,090	962,365	1,891,338
12	66/67	1	0.00		637,062	608,768	1,891,338	1,056,893	1,028,598	1,891,338
13	67/68	1	0.00		632,421	610,557	1,891,338	1,120,812	1,098,948	1,891,338

41	95/96	1	0.00		0	0	1,891,338	6,564,899	6,564,899	6,564,899
42	96/97	1	0.00		0	0	1,891,338	7,016,768	7,016,768	7,016,768
43	97/98	1	0.00		0	0	1,891,338	7,499,861	7,499,861	7,499,861
44	98/99	1	0.00		0	0	1,891,338	8,016,336	8,016,336	8,016,336
45	99/100	1	0.00		0	0	1,891,338	8,568,499	8,568,499	8,568,499
			700,000.00							

Amounts shown in the Outlay column are annualized, but are illustrated based on the following frequency:

E= Extra Premium

*E= Extra Premium

The information presented is hypothetical and not intended to project investment results. Illustrations are not complete unless all pages are included. Web-based illustrations: December 2022.

**Illustrated Index Credits: 6.16% all years

Considerations

There are also some important considerations that should be covered with your clients. In the scenario mentioned, these considerations include:

- Cost of insurance charges (COIs) or other charges
- Loss of premium: Depending on funding, life insurance may not guarantee avoiding loss of premium
- Surrender charges: Withdrawals may be subject to surrender charges and the amount available for policy loans.²

Conclusion

This is just one example of how a client review can help meet your client's changing needs with life insurance. North American's IUL product line can be a great option to give your clients' the upgrade they need as their priorities change.

Questions?

Contact your Managing General Agent (MGA) for more information on conducting a client review.

1. Guarantee death benefits are subject to premium payment requirements.

2. In some situations loans and withdrawals may be subject to federal taxes. North American does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

The Fidelity Multifactor Yield Index 5% ER (the "Index") is a multi-asset index, offering exposure to companies with attractive valuations, high quality profiles, positive momentum signals, lower volatility and higher dividend yield than the broader market, as well as U.S. treasuries, which may reduce volatility over time. Fidelity is a registered trademark of FMR LLC. Fidelity Product Services LLC ("FPS") has licensed this Index for use for certain purposes to North American Company for Life and Health Insurance® on behalf of the Product. The Index is the exclusive property of FPS and is made and compiled without regard to the needs, including, but not limited to, the suitability needs, of the Company, the Product, or owners of the Product. The Product is not sold, sponsored, endorsed or promoted by FPS or any other party involved in, or related to, making or compiling the Index. The Company exercises sole discretion in determining whether and how the Product will be linked to the value of the Index. FPS does not provide investment advice to owners of the Product, nor to any other person or entity with respect to the Index and in no event shall any Product contract owner be deemed to be a client of FPS. Neither FPS nor any other party involved in, or related to, making or compiling the Index has any obligation to continue to provide the Index to the Company with respect to the Product. Neither FPS nor any other party involved in, or related to, making or compiling the Index makes any representation regarding the Index, Index information, performance, annuities generally or the Product particularly.

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Indexed Universal Life insurance products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

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