

# The Unique Asset

Advanced Markets



What “unique asset” can you add to a client’s portfolio to help ensure financial success...

during life *AND* after death

Is life insurance just a solution for one tragic event?

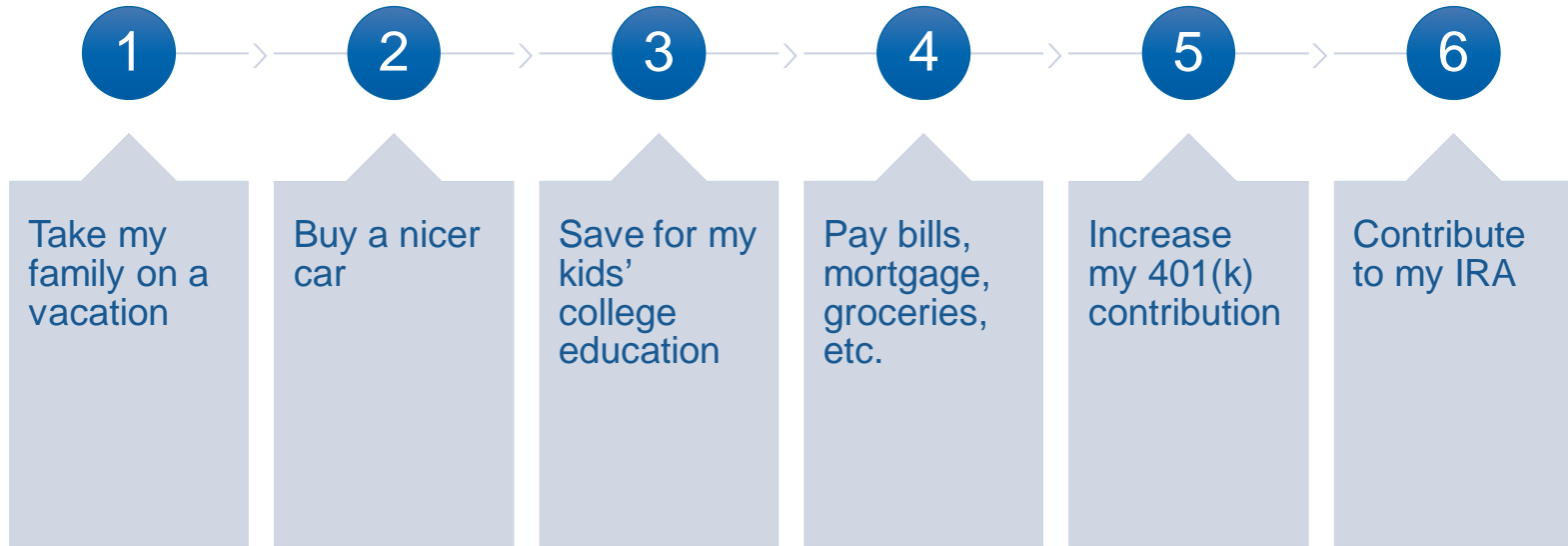
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*“Life insurance does help solve financial struggles at death, but I don’t really like to think about dying...”*

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*“I will do the right thing and buy term insurance for my family...”*

## *With the rest of my money, I will...*



*IUL will make sense to your clients, if they understand it helps them accomplish their goals versus competing with them.*

# Meet Ted and Lisa



Nice job!

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LISA RUNS SUCCESSFUL SMALL BUSINESS

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TED RECENTLY PROMOTED TO VP

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TED HAS 401(K) AT WORK

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LISA HAS SIMPLE IRA

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JOINT BROKERAGE ACCOUNT

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JOINT SAVINGS ACCOUNTS

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TERM INSURANCE

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HOME WITH MORTGAGE

---

RENTAL PROPERTY

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Does IUL make sense while Ted and Lisa  
are still alive?

*Or is life insurance just important at death?*

Income Advantage  
is an asset...

What are the other  
assets in their  
portfolio?



Diversified?



Uncorrelated?



Liquid?



## What about Fixed Assets?

They can mitigate investment/market risk by having some in their portfolio...

Bonds

Cash

Fixed  
annuities

Etc.



*What about IUL for that part of the portfolio?*

Is there a possibility that they will need funds at the “wrong” time?

*When assets are down?  
Prior to retirement?*

TED OR LISA GET SICK

TED LOSES HIS JOB

THEIR PARENTS OR KIDS GET SICK

LISA'S BUSINESS FAILS

ANOTHER PANDEMIC OCCURS

LAWSUIT FROM RENTAL PROPERTY



# How is IUL a diversified asset during their accumulation years?



“Zero is your Hero” ...

*Don't forget about the Annual Reset...*



Return of premium



Tax diversification



Lower annual fees/costs

## 2024 CREDITING RATE HISTORY

Below is a summary of the interest rates that have been credited to actual Income Advantage IUL policies based on the performance of the S&P 500. It also includes the renewal participation and cap rates. These rates are for informational purposes only. Past performance is not indicative of future results.

### 100% PARTICIPATION STRATEGY

Segment Start Date	Beginning S&P 500 Value	Segment End Date	Ending S&P 500 Value	S&P 500 Change	Cap Rate	Segment Crediting Rate	Renewal Cap Rate
1/10/2023	3,919.25	1/10/2024	4,783.45	22.05%	10.00%	10.00%	10.00%
2/10/2023	4,090.46	2/10/2024	5,026.66	22.89%	10.00%	10.00%	10.00%
3/10/2023	3,861.59	3/10/2024	5,123.69	32.68%	10.00%	10.00%	10.00%
4/10/2023	4,109.11	4/10/2024	5,160.64	25.59%	10.00%	10.00%	10.00%
5/10/2023	4,137.64	5/10/2024	5,222.68	26.22%	10.00%	10.00%	10.00%
6/10/2023	4,298.86	6/10/2024	5,360.79	24.70%	10.00%	10.00%	10.00%
7/10/2023	4,409.53	7/10/2024	5,633.91	27.77%	10.00%	10.00%	10.00%
8/10/2023		8/10/2024					
9/10/2023		9/10/2024					
10/10/2023		10/10/2024					
11/10/2023		11/10/2024					
12/10/2023		12/10/2024					

Average crediting rate since product introduction (3/10/2016): 7.90%

## 2023 CREDITING RATE HISTORY

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100% PARTICIPATION STRATEGY							
Segment Start Date	Beginning S&P 500 Value	Segment End Date	Ending S&P 500 Value	S&P 500 Change	Cap Rate	Segment Crediting Rate	Renewal Cap Rate
1/10/2022	4,670.29	1/10/2023	3,919.25	(16.08%)	10.00%	0.00%	10.00%
2/10/2022	4,504.08	2/10/2023	4,090.46	(9.18%)	10.00%	0.00%	10.00%
3/10/2022	4,259.52	3/10/2023	3,861.59	(9.34%)	10.00%	0.00%	10.00%
4/10/2022	4,488.28	4/10/2023	4,109.11	(8.45%)	10.00%	0.00%	10.00%
5/10/2022	4,001.05	5/10/2023	4,137.64	3.41%	10.00%	3.41%	10.00%
6/10/2022	3,900.86	6/10/2023	4,298.86	10.20%	10.00%	10.00%	10.00%
7/10/2022	3,899.38	7/10/2023	4,409.53	13.08%	10.00%	10.00%	10.00%
8/10/2022	4,210.24	8/10/2023	4,468.83	6.14%	10.00%	6.14%	10.00%
9/10/2022	4,067.36	9/10/2023	4,457.49	9.59%	10.00%	9.59%	10.00%
10/10/2022		10/10/2023					
11/10/2022		11/10/2023					
12/10/2022		12/10/2023					

Average crediting rate since product introduction (3/10/2016): 7.63%



# Additional IUL Attributes That Enhance Ted and Lisa's Portfolio During their Accumulation Years

CASH VALUE  
LIQUIDITY

UNCORRELATED  
ASSET

TAX FREE  
GROWTH

TAX FREE  
DISTRIBUTIONS

CREDITOR  
PROTECTION

ENHANCES  
ABILITY TO  
OBTAIN CREDIT

FUNDS THE PORTFOLIO AT  
PREMATURE DEATH

*What if everything before retirement goes according to plan?*

*Are there any benefits to having the IUL during your retirement years?*



YES!

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Even if everything went perfectly up to retirement...

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They still managed all the risks during their accumulation years

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And now they have a great source of tax-free retirement income!

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*BUT...what if they don't think they need the IUL in their portfolio?*

Unique Asset - Lisa, Female, Age 40, Preferred Plus Non-Tobacco

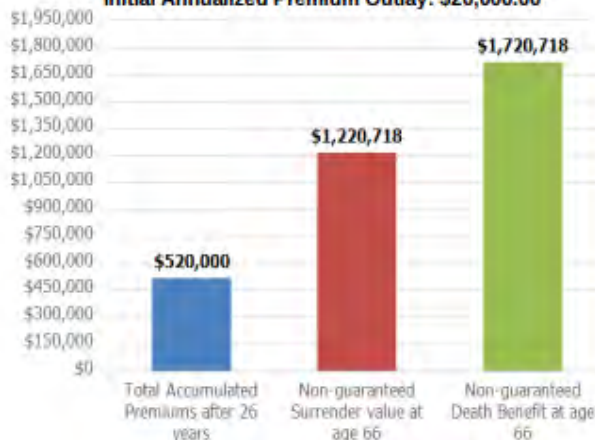
## Supplementing Your Retirement Using a 500,000 Income Advantage<sup>SM</sup> IUL Policy

Your policy will consist of two phases:

- **Accumulation Phase** - Premiums are paid as illustrated under the Premium Outlay section of this illustration. Accumulation values accumulate interest on a tax-deferred basis.
- **Disbursement Phase** – Disbursements are taken from the policy to supplement your retirement income resulting in a tax-advantaged income stream.

Let's look at their tax-free income potential...

**Accumulation Phase**  
(ages 40 through 66)  
Initial Annualized Premium Outlay: \$20,000.00



- At Age 45 - Non-Guaranteed Surrender Value exceeds total premiums paid.

**Disbursement Phase**  
(ages 67 through 120)  
Annualized Disbursement Amount: \$88,782.00\*\* for 54 Years



- At Age 120 - You will have received a total disbursement amount of \$4,794,228.00 (\$4,274,228.00 more than your total premium paid).

# How is IUL a diversified asset during their retirement years?



“Zero is your Hero” ...

*Don't forget about the Annual Reset...*



Tax diversification



Lower annual fees/costs



Index loan opportunity

# Low-cost IUL story

**“Remember, whatever you give back to the insurance company in the form of fees, is lost and gone forever.**

**What’s worse, you not only lose the fees, but you lose the opportunity cost on them as well.”**

**- David McKnight**



**Mutual of Omaha**  
Protect Your Kingdom

*So, is the “low-cost story” just related to life insurance?*

*Do fees and expenses take away from potential growth in other portfolio assets?*

# Cost and Expense Summary



Insured: Unique Asset - Lisa

Female, Age 40, Preferred Plus Non-Tobacco

Total Initial Death Benefit: \$500,000

 Death Benefit Option: Increasing years 1 - 26  
 Level years 27 - 80

Annual Premium: \$20,000.00

End of Policy Year	At Age	Annualized Premium Outlay	Annualized Deductions					Non-Guaranteed End of Year Values		
			Premium Charges	Expense Charges	Cost of Insurance Charges	Total Rider Charges	Surrender Charges	Accumulation Value	Surrender Value	Death Benefit
1	41	20,000	686	759	232	0	12,000	19,477	7,477	519,477
2	42	20,000	686	759	235	0	11,000	40,179	29,179	540,179
3	43	20,000	686	759	235	0	10,000	62,185	52,185	562,185
4	44	20,000	686	759	235	0	9,500	85,577	76,077	585,577
5	45	20,000	686	759	237	0	9,000	110,440	101,440	610,440
6	46	20,000	686	200	241	0	8,000	137,460	129,460	637,460
7	47	20,000	686	200	250	0	7,000	166,173	159,173	666,173
8	48	20,000	686	200	264	0	6,000	196,680	190,680	696,680
9	49	20,000	686	200	280	0	5,000	229,092	224,092	729,092
10	50	20,000	686	200	300	0	4,000	263,524	259,524	763,524
	<b>Subtotals</b>	<b>200,000</b>	<b>6,857</b>	<b>4,794</b>	<b>2,510</b>	<b>0</b>				
11	51	20,000	686	60	327	0	3,000	300,246	297,246	800,246
12	52	20,000	686	60	361	0	2,500	339,245	336,745	839,245
13	53	20,000	686	60	401	0	1,500	380,658	379,158	880,658
14	54	20,000	686	60	452	0	500	424,626	424,126	924,626
15	55	20,000	686	60	506	0	0	471,308	471,308	971,308
16	56	20,000	686	60	557	0	0	520,875	520,875	1,020,875
17	57	20,000	686	60	609	0	0	573,510	573,510	1,073,510
18	58	20,000	686	60	659	0	0	629,408	629,408	1,129,408
19	59	20,000	686	60	713	0	0	688,771	688,771	1,188,771
20	60	20,000	686	60	769	0	0	751,813	751,813	1,251,813
	<b>Subtotals</b>	<b>400,000</b>	<b>13,714</b>	<b>5,394</b>	<b>7,864</b>	<b>0</b>				

# Benefits of the Index Loan Option



Which assets allow you to earn money on “borrowed” money?

***None of them!  
Tell your clients!***



Allows for interest crediting on borrowed funds, if the index performs above the loan rate being charged



Next logical question...  
*What is the max loan charge?*

# Financial Alternatives

How do tax-free index loans compare to withdrawals from other portfolio assets?

Rate on Annuity 5.00%

Money Market Rate 7.50%

Management Fee 1.00%

Rate of CDs 5.00%

Muni Fund Rate 4.50%

Management Fee 0.75%



Benefit  
\$500,000Payment  
\$20,000Interest Rate  
6.30%Tax Bracket  
35%

Year	Age	Net Annual Outlay	Net Surrender Value	Net Death Benefit	After - Tax Surrender Value	Annuity	Money Market Fund	Certificate of Deposit	Municipal Bond Fund
26	66	20,000	1,220,718	1,720,718	975,467	879,699	897,918	824,029	883,237
27	67	-88,782	1,207,502	1,631,936	935,181	821,362	840,095	759,142	823,979
28	68	-88,782	1,194,177	1,538,005	894,203	760,109	780,060	692,147	762,519
29	69	-88,782	1,180,823	1,438,625	852,549	695,794	717,728	622,974	698,775
30	70	-88,782	1,167,534	1,416,297	810,241	628,262	653,011	551,553	632,662
T@	70	164,872	1,167,534	1,416,297	810,241	628,262	653,011	551,553	632,662
31	71	-88,782	1,154,072	1,401,954	767,085	557,354	585,818	477,811	564,092
32	72	-88,782	1,140,500	1,368,867	723,079	483,801	516,054	401,673	492,973
33	73	-88,782	1,126,873	1,332,305	678,213	407,857	443,620	323,060	419,212
34	74	-88,782	1,113,266	1,291,979	632,488	329,445	368,415	241,892	342,710
35	75	-88,782	1,099,774	1,247,586	585,916	248,485	290,333	158,086	263,364
T@	75	-279,038	1,099,774	1,247,586	585,916	248,485	290,333	158,086	263,364
36	76	-88,782	1,086,525	1,198,816	538,527	164,893	209,263	71,556	181,070
37	77	-88,782	1,073,288	1,192,718	490,112	78,585	125,091	-17,785	95,718
38	78	-88,782	1,060,084	1,187,107	440,627	-10,707	37,698	-110,031	7,194
39	79	-88,782	1,046,927	1,182,024	390,018	-104,464	-53,039	-205,274	-84,620
40	80	-88,782	1,033,819	1,177,500	338,217	-202,908	-147,247	-303,613	-179,846
T@	80	-722,948	1,033,819	1,177,500	338,217	-202,908	-147,247	-303,613	-179,846
41	81	-88,782	1,020,752	1,173,554	285,150	-306,274	-245,060	-405,148	-278,611
42	82	-88,782	1,007,737	1,170,230	230,748	-414,809	-346,616	-509,983	-381,047
43	83	-88,782	994,792	1,167,579	174,944	-528,771	-452,057	-618,225	-487,289
44	84	-88,782	981,889	1,165,606	117,635	-648,430	-561,533	-729,984	-597,479
45	85	-88,782	968,869	1,164,182	58,630	-774,073	-675,198	-845,376	-711,764

*Can Ted and Lisa use IUL to hedge their retirement risks?*

# Tax Bracket Risk

What will Ted and Lisa's tax bracket be in retirement?

*Are you sure?*

- *Do you think taxes will increase or decrease in the future?*

Life Insurance can...

- Manage Tax brackets
- Avoid taxation of Social Security income and LTCG income
- Avoid Medicare excess premiums

# Sequence of Returns Risk

Once they start taking income in retirement...

What happens if they need to draw income from assets during down years?

- *Especially early on in retirement years?*

Life Insurance can...

- Be a source of uncorrelated funds in those down years
- Reduce the likelihood of needing to sell other assets in a down market

# Longevity Risk

What if Ted and Lisa's spend too much in retirement?

*Or they underestimate their expenses?*

- *We don't know what inflation will do to the best retirement income plans*

Life Insurance can...

- "Refill the bucket" with tax-free income for the surviving spouse
- Reduce the financial strain at the first spouse's death

# Health Care Risk

What if Ted or Lisa need care in retirement?

*What if they both need care?*

- *Will they deplete assets too quickly?*
- *Will it cause an increased tax burden?*

Life Insurance can...

- Allow for tax-free distributions or an acceleration of the death benefit
- Leave other assets untouched to provide income for retirement
- Avoid increased taxes and Medicare excess premiums

# Social Security Risk

What happens when Ted or Lisa's passes away?

*They will stop receiving one benefit check*

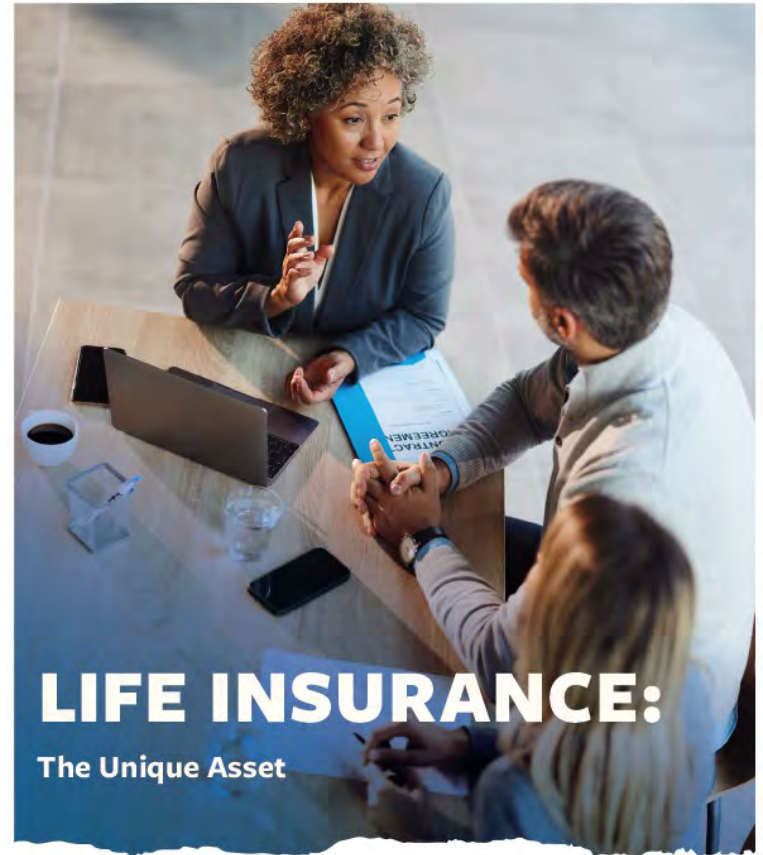
- *Do they have another income stream to turn on?*

Life Insurance can...

- Replace the lost check with tax-free income
- Avoid increased taxation of Social Security income and LTCG income
- Avoid Medicare excess premiums

# New Producer Guide

#618939





IUL is truly a “unique” asset to add to your client’s portfolio

*And United’s IUL tops the list when it comes to the competitive advantages it offers*

# Why United is Unique...

Treat all customers  
the same

Illustrations are simple  
and transparent

Cap on loan rates

Guaranteed Refund  
Option

Low-Cost Model

COIs have not  
increased

# Meet Your Advanced Markets Partners



**Ron Lee**  
**JD CLU ChFC CAP**  
VP Advanced Markets and  
Brokerage Field Relations



**Stephen Alloy**  
**JD MBA CLU ChFC MSFS**  
Advanced Markets Consultant



**Michelle Owens**  
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