# Indexed Universal Life Insurance (IUL):
# A Perfect Combination of Protection and Wealth Growth

Indexed Universal Life Insurance (IUL) is a flexible life insurance solution that combines long-term protection with the potential for market-linked growth. It provides a death benefit designed to financially protect beneficiaries, while also building cash value tied to a market index, such as the S&P 500.

This structure allows policyholders to participate in market upside without being directly exposed to market downturns, creating an opportunity for more efficient growth and financial flexibility when used as part of a Stream Plan.

**Client Profile and Maxed Leverage Guidelines for PanAmerican**

- **Single pay: 40% out of pocket, max age of 60**
- **Two pay: 50% out of pocket, max age of 60**
- **Min health rating: standard non-tobacco**

### Highly Leveraged

IUL offers lifelong death benefits with high leverage, providing the same sum assured at significantly lower premiums than traditional whole life insurance, making it a more efficient solution for long-term protection and planning.

### Index Linking Mechanism

Policyholders may choose between a fixed-income strategy or an index strategy. The fixed account offers low risk and helps mitigate volatility. The index account is linked to a market index, providing transparent, rules-based return potential.

### Investment Attributes

Policyholders can flexibly structure their protection plan and choose a payment period aligned with their assets. Designed to reduce financial pressure and support long-term planning.

## Unique Advantages of IUL

**Principal protected. Upside defined. Risk controlled.**
The account guarantees a 0% floor to protect principal against index losses, while a 9% cap locks in gains when the index rises.

**High Security**
Backed by a strong legal and insurance framework, funds are protected and remain undisputed assets owned exclusively by the policyholder.

**Tax-Efficient Wealth Protection**
Tax-advantaged insurance premiums can potentially help shield assets from erosion caused by inheritance taxes, gift taxes, and capital gains taxes.

**Effective Asset Segregation**
An IUL policy can help separate personal assets, enhance protection, and support greater financial privacy.

**Directed Inheritance**
Designated beneficiaries receive proceeds directly, reducing the risk of disputes and limiting exposure to issues related to marriage, creditors, or estate complications.

**Straightforward Claims Process**
With only one primary exclusion, suicide within the first two years, claims are generally handled with clarity and efficiency, minimizing uncertainty for beneficiaries.

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# Case Study

| Year | Age | Premium Financing: Annual Premium Payment (1) | Cumulative Loan Balance (2) | Annual Loan Rate (3) | Client Annual Out of Pocket (4) | Projected Cash Accumulated Value (5) | Projected Cash Surrender Value Net Of Bank Lonk (6) | Gross Death Benefit (7) | Projected Benefits for Valued Client: Annual Net Income (9) | Death Benefit Net of Loan (10) | Internal Rate of Return (11) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 45 | 1,000,000 | 849,150 | 8.05% | 200,000 | 999,999 | 102,255 | 2,998,810 | | 2,148,865 | 5274.21% |
| 2 | 46 | | 664,004 | 5.27% | 200,000 | 1,061,664 | 334,910 | 2,998,810 | | 2,314,740 | 612.25% |
| 3 | 47 | | 719,408 | 5.00% | | 1,127,783 | 339,195 | 2,998,810 | | 2,274,402 | 246.30% |
| 4 | 48 | | 757,000 | 5.13% | | 1,198,864 | 406,274 | 2,998,810 | | 2,241,700 | 141.12% |
| 5 | 49 | | 797,993 | 5.27% | | 1,274,271 | 445,155 | 2,998,810 | | 2,201,117 | 94.12% |
| 6 | 50 | | 841,454 | 5.27% | | 1,333,515 | 486,065 | 2,998,810 | | 2,157,150 | 69.66% |
| 7 | 51 | | 883,232 | 5.46% | | 1,145,586 | 334,124 | 2,998,810 | | 2,110,580 | 94.46% |
| 8 | 52 | | 893,138 | 5.68% | | 1,545,485 | 585,567 | 2,998,810 | | 2,060,082 | 44.73% |
| 9 | 53 | | 893,837 | 5.68% | | 1,545,881 | 551,165 | 2,998,810 | | 2,066,772 | 37.19% |
| 10 | 64 | | 1,047,050 | 5.56% | | 1,758,881 | 701,043 | 2,998,810 | | 1,957,773 | 31.77% |
| | | 1,000,000 | | | 400,000 | | | | | | |
| 11 | 55 | | 1,105,057 | 5.59% | | 1,879,976 | 766,549 | 2,998,810 | | 1,893,342 | 27.54% |
| 12 | 56 | | 1,167,668 | 5.59% | | 2,008,888 | 837,548 | 2,998,810 | | 1,831,442 | 24.21% |
| 13 | 57 | | 1,232,284 | 5.59% | | 2,147,771 | 994,057 | 3,049,011 | | 1,813,447 | 20.12% |
| 14 | 58 | | 1,301,328 | 5.59% | | 2,295,591 | 994,125 | 1,196,774 | | 1,950,745 | 20.12% |
| 15 | 59 | -1,301,706 | | | | 2,832,450 | 1,170,000 | 1,910,555 | | 1,950,050 | 18.48% |
| 16 | 60 | | | | | 2,282,226 | 1,170.300 | 2,083,223 | | 2,063,353 | 18.48% |
| 17 | 61 | | | | | 2,222,222 | 1,387,751 | 2,183,133 | | 2,063,133 | 15.69% |
| 18 | 62 | | | | | 3,026,770 | 1,386.621 | 2,170,801 | | 2,170,881 | 15.21% |
| 19 | 63 | | | | | 3,354,554 | 1,395,965 | 2,282,464 | | 2,284,484 | 15.29% |
| 20 | 64 | | | | | 3,674,654 | 1,833,412 | 2,998,885 | | 2,399,995 | 14.68% |
| | | | | | 400,000 | | | | | | |
| 21 | 65 | | | | | 3,730,000 | 1,588,871 | 2,234,343 | 175,000 | 2,333,340 | 14.19% |
| 22 | 66 | | | | | 3,999,999 | 1,443,330 | 2,303,332 | 175,000 | 2,333,337 | 13.33% |
| 23 | 67 | | | | | 4,928,427 | 1,440,005 | 2,270,487 | 175,000 | 2,233,457 | 13.18% |
| 24 | 68 | | | | | 4,226,426 | 1,404,110 | 1,998,888 | 175,000 | 2,293,390 | 13.18% |
| 25 | 69 | | | | | 4,266,423 | 1,410,084 | 2,198,282 | 175,000 | 2,199,282 | 13.18% |
| 26 | 70 | | | | | 5,776,885 | 1,395,914 | 2,198,883 | 175,000 | 2,198,330 | 13.18% |
| 27 | 71 | | | | | 6,685,177 | 1,225,004 | 2,000,001 | 175,000 | 2,000,001 | 12.79% |
| 28 | 72 | | | | | 6,665,575 | 1,285,505 | 1,885,552 | 175,000 | 1,950,000 | 12.29% |
| 29 | 73 | | | | | 6,805,505 | 1,250,155 | 1,055,547 | 175,000 | 1,333,747 | 12.49% |
| 30 | 74 | | | | | 6,970,000 | 1,218,832 | 1,708,748 | 175,000 | 1,708,746 | 12.29% |
| | | | | | 400,000 | | | | 1,750,000 | | |

**Client: Valued Client, 45, Male Preferred NS, Panamerican IUL**
**Agent: Valued Agent, Initial Loan Rate 6.05%, Policy Crediting Rate 7.00%, Initial Death Benefit $2,149,685**

Mr. X is a successful professional with significant assets and a family he wants to provide for. He is 45 years old and has a spouse and two adult children. One child is actively involved in the family finances, while the other lives abroad and has little interest in managing family assets. Mr. X's goal is to transfer his wealth fairly, protect his family, and minimize potential taxes.

Without proper planning, dividing his assets could create complications: the child abroad might receive an inheritance that they cannot manage effectively, while concentrating assets with the other child could create fairness concerns. Mr. X found himself concerned about balancing efficiency, fairness, and flexibility.

After consulting with a professional advisor, Mr. X decided to keep funds for living expenses and purchase a $2,149,685 Indexed Universal Life (IUL) insurance policy from Panamerican. The policy offered a 7.00% crediting rate with a low initial loan rate of 6.05%, providing both growth potential and liquidity.

While Mr. X is alive, the policy can also serve as collateral for a loan if his family or business ever requires cash quickly. In the event of his passing, the IUL provides a substantial death benefit that can be distributed according to his wishes, protecting both children and preserving the value of his assets in a tax-efficient way.

This strategy allows Mr. X to secure his family's future, maintain flexibility in fund utilization, and benefit from potential market-linked returns—removing uncertainty and giving him peace of mind.