

A “Balanced” Approach to Accumulation IUL Case Design

Conventional Indexed UL strategies often prioritize minimizing the death benefit and using the maximum AG49-compliant illustrated rate to maximize projected income. While this approach may create compelling illustrations, it doesn’t always translate to real-world effectiveness. This has led to stress testing or reducing illustrative rates to provide more realistic outcomes, even if it means reduced illustrated income.

A more balanced alternative to case design can offer greater consumer value. By increasing the initial face amount, clients receive more coverage and higher lifetime benefits under Accelerated Benefit Riders. It also provides additional funding capacity, allowing clients to grow their “Tax-free Bucket” in their retirement plan if their investable cash flow increases—all without requiring higher premiums.

	Min Non-Mec	Balanced Solve
Premium	\$25,000	\$25,000
Face Amount	\$404,941	\$653,328
Income	\$67,500	\$64,572
Maximum Annual Contribution	\$25,000	\$40,176
Target Premium	\$7,590	\$12,245

Assumptions: 45-year-old Male, Preferred, \$25K annual premium for 20 years.
Income from 66-90, alternative loans (optimal switch, reduce specified amount).

Boosting Coverage and Retirement Savings Potential

The balanced approach offers an additional \$248,387 in coverage, which is an increase of over 61% versus a traditional design. The product includes a Chronic Illness Accelerated Benefit Rider (ABR) that will put more cash at the client’s fingertips when they need it the most. While the traditional design has a maximum lifetime benefit of \$304,941, the balanced approach increases the maximum lifetime benefit by 81%, raising it to \$553,328.

Additionally, the balanced design creates over \$14,000 in additional funding capacity per year. By the 10th policy year, there can be \$140,000 of additional funding capacity. It is important to remember that all testing that could limit how much premium you can contribute “rolls” forward.

Advisor Benefits and Product Compatibility

This consumer value packed approach can boost the Target Premium by 61% as the face amount increases. It’s a strategy that likely works with the majority of accumulation-focused IUL products, though case design will be a manual process. A good starting point is increasing the face amount from a maximum accumulation solve by 50% to deliver more value for both clients and advisors.

Contact Your Advisor Today:

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