

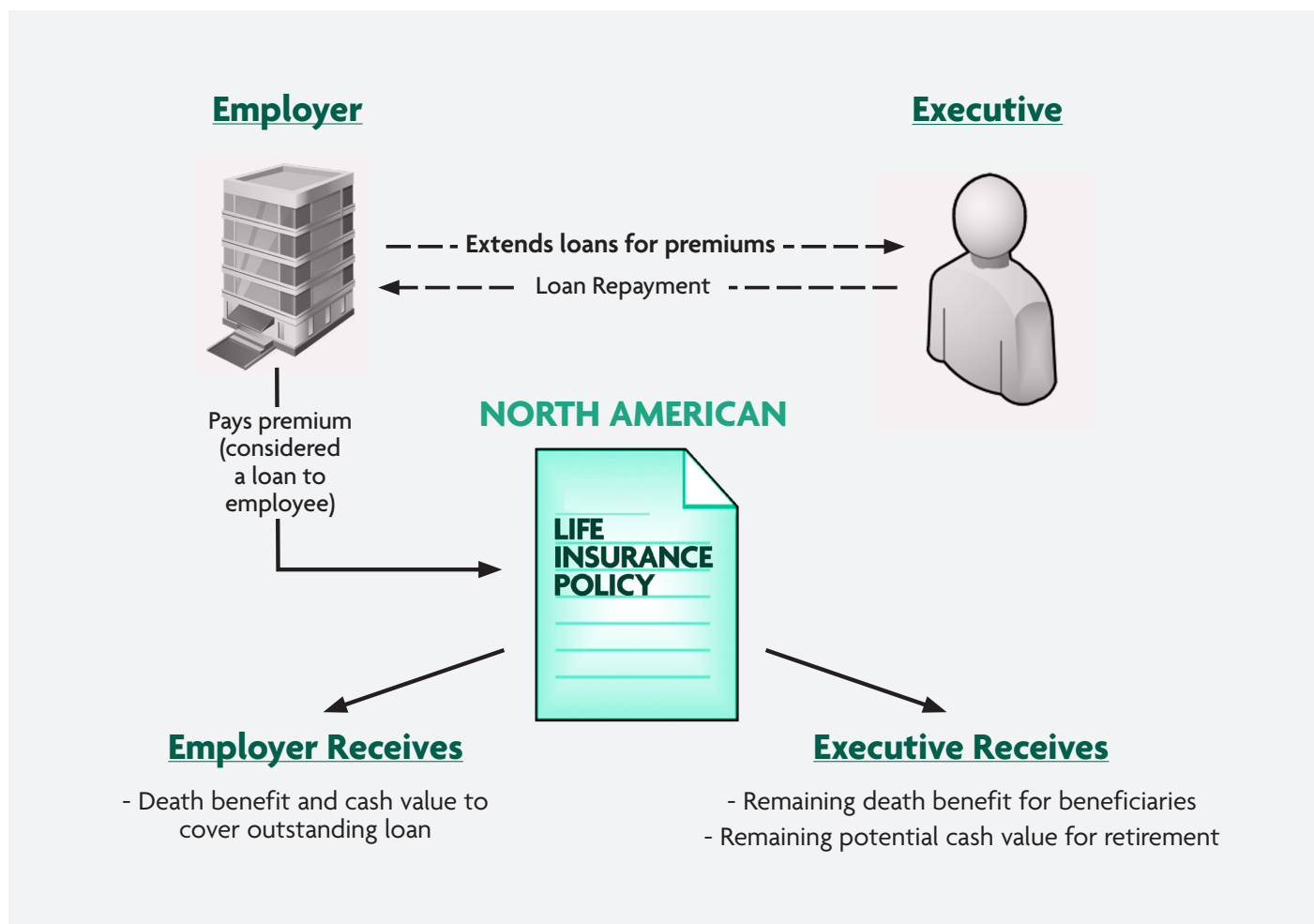
Executive AdvantageSM

Loan Regime Split Dollar

Sales Starter – Quick View

Executive Advantage is a loan regime split dollar arrangement through North American in which life insurance premiums, the death benefit, and cash values are split between two parties - the policyowner (usually an employee) and non-owner (usually an employer). This agreement can be useful for employers who want to recruit, retain, and reward select employees. See the example below to get an idea of how an indexed universal life (IUL) illustration might look, and read through the key takeaways.

How does it work?



How does it look?

SAMPLE CASE – BUILDER PLUS IUL® 3

45-year-old male, \$200,000/year premium, retires in year 21 – cash value from the life insurance policy is borrowed as a loan to repay the employer for loaned premium while a retirement income stream is secured.

		Employer's Tax Bracket 21.00%	Executive's Tax Bracket 37.00%	Builder Plus IUL3 Interest Rate 5.91%	Initial Policy Death Benefit 2,626,758	Assumed Long-Term AFR for All Years Illustrated 4.03%	Promissory Note Interest Rate 4.03%				
		Employer				Executive					
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Net Payment*	Cumulative Net Payments	Portion of Col. (2) Due as a Loan Receivable	Cumulative Charge to Earnings (2) - (3)	Net Payment*	Net Policy Loan Proceeds Available for Retirement Income	Year End Policy Accum Value**	Year End Policy Surrender Value**	Year End Policy Surrender Value** Net of Loan Due Employer	Year End Policy Death Benefit Net of Loan Due Employer
Year	Male Age										
1	45	200,000	200,000	200,000	0	2,982	0	186,983	104,240	-95,760	2,626,758
2	46	200,000	400,000	400,000	0	5,964	0	381,728	303,122	-96,878	2,626,758
3	47	200,000	600,000	600,000	0	8,947	0	585,238	510,769	-89,231	2,626,758
4	48	200,000	800,000	800,000	0	11,929	0	797,618	731,424	-68,576	2,626,758
5	49	200,000	1,000,000	1,000,000	0	14,911	0	1,019,301	961,381	-38,619	2,626,758
6	50	200,000	1,200,000	1,200,000	0	17,893	0	1,250,748	1,201,102	1,102	2,626,758
7	51	200,000	1,400,000	1,400,000	0	20,875	0	1,492,440	1,451,077	51,077	2,626,758
8	52	200,000	1,600,000	1,600,000	0	23,858	0	1,743,225	1,712,125	112,132	2,626,758
9	53	200,000	1,800,000	1,800,000	0	26,840	0	1,994,010	1,965,125	185,125	2,626,758
10	54	200,000	2,000,000	2,000,000	0	29,823	0	2,244,795	2,217,851	270,351	2,626,758
11	55	200,000	2,200,000	2,200,000	0	32,805	0	2,495,580	2,469,914	412,354	2,626,758
12	56	200,000	2,400,000	2,400,000	0	35,788	0	2,746,365	2,721,414	556,330	2,626,758
13	57	200,000	2,600,000	2,600,000	0	38,770	0	2,997,150	2,972,199	720,214	2,626,758
14	58	200,000	2,800,000	2,800,000	0	41,753	0	3,247,935	3,222,948	905,191	2,626,758
15	59	200,000	3,000,000	3,000,000	0	44,735	0	3,498,720	3,473,731	1,112,517	2,626,758
16	60	200,000	3,200,000	3,200,000	0	47,718	0	3,749,505	3,724,514	1,351,545	2,717,009
17	61	200,000	3,400,000	3,400,000	0	50,699	0	4,000,290	3,975,303	1,615,103	3,019,331
18	62	200,000	3,600,000	3,600,000	0	53,680	0	4,251,075	4,226,092	1,903,721	3,334,688
19	63	200,000	3,800,000	3,800,000	0	56,662	0	4,501,860	4,476,909	2,218,513	3,662,956
20	64	200,000	4,000,000	4,000,000	0	59,644	0	4,752,645	4,728,725	2,560,549	4,003,870
21	65	-4,000,000	0	0	0	4,059,644	4,390,000	7,023,252	2,396,193	2,396,193	3,800,843
22	66	0	0	0	0	0	390,000	7,525,389	2,237,411	2,237,411	3,667,234
23	67	0	0	0	0	0	390,000	8,069,474	2,084,886	2,084,886	3,537,392
24	68	0	0	0	0	0	390,000	8,658,703	1,939,889	1,939,889	3,411,868
25	69	0	0	0	0	0	390,000	9,296,161	1,803,474	1,803,474	3,290,859
26	70	0	0	0	0	0	390,000	9,985,216	1,676,866	1,676,866	3,174,648
27	71	0	0	0	0	0	390,000	10,728,027	1,560,517	1,560,517	2,958,080
28	72	0	0	0	0	0	390,000	11,526,094	1,454,866	1,454,866	2,734,346
29	73	0	0	0	0	0	390,000	12,371,427	1,358,566	1,358,566	2,502,318
30	74	0	0	0	0	0	390,000	13,265,026	1,271,166	1,271,166	2,262,048
		0	0	0	0	4,685,906	7,900,000				

Executive's 30 Year Summary

	Living Values [†]	Death Benefit
Builder Plus IUL3:	1,326,670	2,262,048
Less Loan Repayment Due Employer:	0	0
Equals Executive's Net Value:	1,326,670	2,262,048
Plus Cumulative After Tax Cash Flow:	7,900,000	7,900,000
Equals Executive's Total Net Value:	9,226,670	10,162,048

The information presented is hypothetical and not intended to project or predict investment results. Illustrations are not complete unless all pages are included. This illustration is not valid unless accompanied by a proposal from North American. InsMark Illustration August 31, 2023.

*See appropriate Net Payment Analysis for details.

The parties to the loan regime split dollar arrangement should seek their own independent legal and tax advice as to whether and how to enter into an economic split dollar arrangement based on the employer's and employee's unique circumstances.

Under a split dollar agreement classified as a welfare benefit plan, the employee must belong to a select group of management, which includes quantitative and qualitative elements. To meet the quantitative standard, plans should be limited to the top 15% of the workforce. To meet the qualitative test, a significant disparity should exist between the average compensation of the top-hat group and the average compensation of all other employees.

Under a loan split-dollar agreement, the employee enters into an agreement with the employer. North American Company for Life and Health Insurance is not a party to this agreement and North American's only obligation is to administer the policy it issues (consistent with the policy's terms and conditions).

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.

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. Builder Plus IUL 3 is issued on policy form series LS191, or state variation, including all applicable endorsements and riders, by North American Company for Life and Health Insurance®, West Des Moines, IA. Products, features, riders, endorsements, or issues ages may not be available in all jurisdictions. Limitations or restrictions may apply.

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