

# Finding opportunities in your retirement planning

## Indexed Universal Life Insurance Sales

### Quick look

As you help clients plan for their future needs and retirement, make life insurance part of the conversation. Indexed universal life (IUL) insurance can provide death benefit protection and the potential for an income stream later on.

### Hypothetical scenario

Your client is 45 years old. He and his wife have two children. He has \$1,000/month to set aside toward his long-term goals and hopes to retire at age 65. He is healthy (preferred class) with no other life insurance and limited retirement savings. A needs analysis identified an outstanding mortgage, college funding concerns, and income replacement for a total death benefit need of \$800,000.



### Hypothetical case study

You run a Builder Plus IUL<sup>®</sup> 4 illustration using a level death benefit option for minimum death benefit. To meet your client's death benefit needs, you recommend supplementing the indexed universal life sale with an ADDvantage<sup>®</sup> Term policy.

#### ILLUSTRATION

##### **ADDvantage<sup>®</sup> Term** 20-year term

**Death benefit:** \$340,000  
**Monthly Premium:** \$44.62

#### ILLUSTRATION

##### **Builder Plus IUL<sup>®</sup> 4**

**Death benefit:** \$501,956  
**Monthly Premium:** \$1,000  
**Annualized distributions:** \$38,196 starting at age 65  
**Total Premiums Paid:** \$240,000  
**Accumulated Income Starting at Age 65–95:** \$1,145,880

### Did You Know?

North American's ADDvantage<sup>®</sup> Term policies are convertible<sup>1</sup> (full or partial conversion) during the majority of the level term period to either an increase in an existing policy or a new policy. Converting to the existing IUL policy could increase the income stream in retirement by increasing the guideline premiums which may allow more premium to be put into the policy.

Source: North American Illustration Software, July 2024. Illustrated using S&P500<sup>®</sup> Annual Pt-to-Pt %0 index at 50% and Fidelity Multifactor Yield Index<sup>SM</sup> 5% High Par Annual Pt-to-Pt option at 50% at 6.55%. Fixed interest participating policy loan interest rate of 5.70%.<sup>2</sup> The information presented is hypothetical and not intended to project or predict investment results. Illustrations are not complete unless all pages are included.

# Benefits of North American's IUL products



## Immediate financial protection

Death benefit protection for their loved ones.



## Downside protection, upside potential

Interest credited is never less than zero percent and can reach as high as the interest rate cap, if the selected index has a cap in place. The index account can't lose money due to poor index performance.



## No maximum contribution limit

Life insurance is not a qualified plan, so it is not subject to tax-qualified plan<sup>3</sup> contribution limits. However, there are limits on the amount of premium that may be paid into a policy to qualify as life insurance.



## Generally tax-free distributions

Cash values within your policy can be taken as generally income tax-free loans and withdrawals, as long as the policy is not a Modified Endowment Contract (MEC).<sup>5,6</sup>



## Accelerated death benefit endorsement

Can offer financial assistance in the event of a qualifying illness at a time when clients may be left wondering how they'll pay the bills.<sup>4</sup>

## Case design tips

- Make a lump sum premium deposit with a Premium Deposit Agreement, which can make automatic future premium payments while helping to avoid a MEC.<sup>5</sup>
- Aim for a minimum non-MEC death benefit: The lower death benefit may allow the policy to accumulate greater cash value.
- Be mindful of the projected cash value versus the death benefit to help ensure the client's needs are being met.

## Need help with your retirement planning cases?

**Contact your MGA for a North American illustration or marketing materials.**

1. Conversions are allowed according to the following schedule: • 10-year term length: the earlier of 7 years or age 70 • 15-year term length: the earlier of 12 years or age 70 • 20-year term length: the earlier of 15 years or age 70 • 30-year term length: the earlier of 20 years or age 70

The conversion period is never less than 5 years regardless of issue age.

2. The net cost of a Fixed Interest Participating Policy Loan could be negative if the credits earned are less than the interest charged. The net cost of the loan could also be larger than under standard policy loans if the amount credited is less than the interest charged. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the maximum interest rate charged less any guaranteed bonus. In brief, fixed interest participating rate loans have more uncertainty than standard policy loans in the interest rate credited.

3. The tax-deferred feature of the indexed universal life policy is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your client's needs. Before purchasing a policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

4. Accelerated death benefits are subject to eligibility requirements. There is no additional monthly deduction or premium charge for the Accelerated Death Benefit Endorsement. However, the actual payment received in connection with any acceleration will be discounted and is lower than the death benefit amount accelerated. In addition, there is an administrative fee required each time an election is made. Amount can vary by state. Critical illness benefit is not available on ADDvantage Term in California.

5. For most policies, withdrawals are free from federal income tax to the extent of the investment in the contract, and policy loans are also tax-free so long as the policy does not terminate before the death of the insured. However, if the policy is a Modified Endowment Contract (MEC), a withdrawal or policy loan may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable. A MEC is a contract received in exchange for a MEC or for which premiums paid during a seven-year testing period exceed prescribed premium limits (7-pay premiums).

6. 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 withdrawal charges, processing fees, or 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 S&P 500® Index

### THE S&P MidCap 400® Index

These Indices do not include dividends paid by the underlying companies.

The S&P MidCap 400®, and the S&P 500® ("the Indices") are products of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and have been licensed for use by North American Company for Life and Health Insurance® ("the Company"). S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). It is not possible to invest directly in an index. The Company's Product is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, or any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the Company's Product or any member of the public regarding the advisability of investing in securities generally or in the Company's Product particularly or the ability of the Indices to track general market performance. Past performance of an index is not an indication or guarantee of future results. S&P Dow Jones Indices' only relationship to the Company with respect to the Indices is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The Indices are determined, composed and calculated by S&P Dow Jones Indices without regard to the Company or the Company's Product. S&P Dow Jones Indices has no obligation to take the needs of the Company or the owners of the Company's Product into consideration in determining, composing or calculating the Indices. S&P Dow Jones Indices has no obligation or liability in connection with the administration, marketing or trading of the Company's Product. There is no assurance that investment products based on the Indices will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment adviser, commodity trading advisory, commodity pool operator, broker dealer, fiduciary, "promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDICES OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE COMPANY, OWNERS OF THE COMPANY'S PRODUCT[S], OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDICES OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. S&P DOW JONES INDICES HAS NOT REVIEWED, PREPARED AND/OR CERTIFIED ANY PORTION OF, NOR DOES S&P DOW JONES INDICES HAVE ANY CONTROL OVER, THE COMPANY'S PRODUCT[S] REGISTRATION STATEMENT, PROSPECTUS OR OTHER OFFERING MATERIALS. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE COMPANY, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

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 Midland National® Life Insurance Company (the "Company") 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.

FPS does not make any warranty or representation as to the accuracy, completeness, or availability of the Index or information included in the Index and shall have no responsibility or liability for the impact of any inaccuracy, incompleteness, or unavailability of the Index or such information. Neither FPS nor any other party involved in, or related to, making or compiling the Index makes any representation or warranty, express or implied, to the Product contract owner, the Company, or any member of the public regarding the advisability of purchasing annuities generally or the Product particularly, the legality of the Product under applicable federal securities, state insurance and tax laws, the ability of the Product to track the performance of the Index, any other index or benchmark or general stock or bond market or other asset class performance, or the results, including, but not limited to, performance results, to be obtained by the Company, the Product, Product contract owners, or any other person or entity. FPS does not provide investment advice to the Company with respect to the Product, to the Product, or to Product contract owners. 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 the Product, the Product contract owners, or 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. In the event that the Index is no longer available to the Product or Product contract owners, the Company may seek to replace the Index with another suitable index, although there can be no assurance that one will be available.

**Fidelity Product Services LLC disclaims all warranties, express or implied, including all warranties of merchantability or fitness for a particular purpose or use. Fidelity Product Services LLC shall have no responsibility or liability with respect to the Product.**

**Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purpose only, not for conversions.**

Indexed Universal Life 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®4 is issued on the state version of policy form PI00/ICC22P100 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.

ADDvantage Term (policy form series LS174), or appropriate state variation including all applicable endorsements and riders, is issued by North American Company, West Des Moines, IA. Products, features, riders, endorsements, or issues ages may not be available in all jurisdictions. Limitations or restrictions may apply.

Neither North American Company nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

The primary purpose of life insurance is to provide a death benefit to beneficiaries. Because of the uncertainty surrounding all funding options except savings, it is critical to encourage your clients to make personal savings the cornerstone of your clients' college funding program. However, even a well-conceived savings plan can be vulnerable. Should your clients die prematurely, their savings plan could come to an abrupt end. To protect against this unexpected event, life insurance may be the only vehicle that can help assure the completion of a funding plan. In addition to the financial protection aspect of insurance, the tax-deferred buildup of cash values can be part of your clients' college savings plan. Generally, if the policy is not a Modified Endowment Contract then tax-free withdrawals can be made up to the contract's cost basis. Moreover, if the policy is not a Modified Endowment Contract, then loans in excess of the cost basis are also tax free as long as the policy remains in force.

Sammons Financial® is the marketing name for Sammons® Financial Group, Inc.'s member companies, including North American Company for Life and Health Insurance®. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, North American Company for Life and Health Insurance.

