Life

Sales Solutions ROAD MAP

NORTH AMERICAN®

A Sammons Financial Company

North American Company for Life and Health Insurance®

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Introduction: How to use this tool

The **North American Sales Solution Road Map** was designed exclusively for our MGAs and their staff. The purpose of the road map is to help you build deeper relationships with your financial professionals by providing you with a resource to help them succeed. It goes beyond the standard training material to actually give you:

- Financial professional and client profiles for each sales solution
- Key selling points and illustration tips

As independent financial professionals, it is up to you to choose whether any of the sales concepts contained in these materials might be appropriate for use with your particular sales strategy and clients. Please note that North American does not require you to use any of these sales concepts; they are resources that can be used at your option for your own individualized sales presentations if appropriate for the particular client and circumstances.

When you're on the phone with a financial professional trying to help them place business, grab this road map, flip to the applicable sales solution, and position yourself as the resource for financial professionals to turn to. Please note that North American does not require you to use any of these sales solutions or wording with financial professionals; they are resources we offer to be used at your discretion.

Happy selling!

If you have any questions about how to use this road map, please call Agent Solutions at 800-800-3656.

Annuity	Life	Senior Markets (Final Expense, Medical Supp.)	RIAs, Investments, Securities	Property & Casualty	Business
Annuity Maximization	Business Sales Ideas	Annuity Maximization	Annuity Maximization	Business Sales Ideas	Buy-Sell
Client Review	Client Review	Client Review	Business Sales Ideas	Client Review	Key Person
Estate Planning	College Funding	Estate Planning	Client Review	College Funding	Executive Bonus
Legacy Building	Estate Planning	Pension Maximization	College Funding	Estate Planning	Loan Regime Split Dollar
Longevity Planning	Income Protection	Smart Money	Estate Planning	Income Protection	Endorsement Split Dollar
Pension Maximization	Legacy Building		Income Protection	Retirement Planning	
Smart Money	Retirement Planning		Retirement Planning	Smart Money	
	Smart Money		Smart Money		

Any concept can be appropriate for any client if it meets their need. That said, if your primary business fits in one of the headings above then the concepts listed beneath it can be a good fit to supplement your current business.

Annuity Maximization

Maximizing annuity funds using life insurance

Concept

Using life insurance to maximize annuity funds can provide your clients' beneficiaries with the most value, without worry of income or estate taxes.

Financial professional profile

Financial professional who specializes in both life insurance and annuity sales, or who works in an insurance professional role.

Client profile

Typically age 45 to 79 and has an annuity that isn't needed for current income. Wants to leave money to heirs and/or access cash value down the road.

Product options

- **Protection Builder IUL® 2** – low-cost guaranteed death benefit[1] with cash value growth potential
- **Smart Builder® IUL 3** – death benefit protection plus early cash value potential

Key selling points

- *The premium paid is immediately leveraged into a larger, potentially tax-free death benefit for beneficiaries.[2]*
- *Cash value grows tax-deferred with an IUL policy.[3]*
- *Accelerated death benefits can provide access to a portion of the death benefit if the insured is diagnosed with a qualifying illness, subject to eligibility requirements.*

Illustration design tips

- *Consider a product with cash value accumulation for the client who still wants to know they can access funds if needed.*
- *Single premium is convenient but can cause the policy to be a MEC.[4] Although that will still provide a generally tax-free death benefit, distributions from interest credited to the fixed or index accounts may be taxable. Consider using a Premium Deposit Agreement if creating a MEC is disadvantageous for the client.*
- *Use your own internal rate of return report (IRR) or InsMark to present the value of the concept.*

Neither North American Company nor its financial professionals 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.

InsMark is an independent company that provides illustration software and related marketing services for the insurance and financial services industry.

THE PREMIUM DEPOSIT AGREEMENT IS NOT INTENDED TO BE USED FOR INVESTMENT PURPOSES.

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Buy-Sell Agreements

Help ensure proper transition of a business

Concept

Buy-sell plans actually have two parts—the legal plan (written by an attorney) and the funding. One popular funding source is to use a life insurance policy to fund the buyout.

Financial professional profile

Financial professional who works with business owners or may have a relationship with Certified Public Accountants (CPAs) or attorneys who work with business owners.

Client profile

Business owner or partner.

Product options

- **ADDvantage® Term** – low-cost solutions for defined or short-term needs
- **Builder Plus IUL® 4**– death benefit protection plus potential for strong cash value accumulation.

Key selling points

- *Owners can know what can happen to business interests if a triggering event happens.*
- *There are two kinds of agreements – Entity Purchase or Cross-Purchase. Ownership of the policy varies depending on the type of agreement.*
- *Cash value can be used to help fund lifetime buyouts through loans or withdrawals.*[5]
- *Accelerated death benefits can also help with lifetime buyouts if the insured is diagnosed with a qualifying illness, subject to eligibility requirements. The policyowner must agree to accelerate the benefit, especially if the entity purchase agreement is done.*

NOTE: An attorney needs to draft the buy-sell agreement.

Illustration design tips

- *Make sure the policy ownership is structured correctly to match the type of buy-sell agreement being used. (Cross-Purchase is preferred if there are few owners.)*
- *InsMark software can be used to illustrate costs and benefits.*
- *Cash value accumulation in the Builder Plus IUL 4 can be used to help cover triggers other than death and can provide an exit strategy or retirement income (or buyout).*

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Executive Bonus

Recruit, reward and retain great employees

Concept

An executive bonus funded with life insurance is an agreement that allows the employer to pay for the employee's policy with generally no out-of-pocket cost to the employee. Unlike other employer incentives, the employer can offer this benefit to any employee they choose.

Financial professional profile

Financial professional who works with business owners or high-level executives of any industry.

Client profile

Business owner, executive, manager, director, or top salesperson with specialized knowledge or relationships and high compensation.

Product option

- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.

Key selling points

- *The life insurance policy is owned by the employee, and the employee names their own beneficiary.*
- *Cash value can be used to help supplement the employee's retirement income through loans or withdrawals.*[5]
- *An executive bonus structure is generally easy to set up and administer.*
- *Accelerated death benefits can provide access to a portion of the death benefit if the insured is diagnosed with a qualifying illness, subject to eligibility requirements.*
- *A restricted executive bonus (REBA) can also be used to provide limits to employee access and more employer control during working years.*

Illustration design tips

- *The bonus is taxable to the employee, and usually deductible to the employer.*[2]
- *A double bonus structure is typically used to eliminate out-of-pocket cost to the employee.*
- *InsMark software can be used to illustrate costs and benefits.*

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Key Person

Protect a business from financial loss

Concept

A life insurance policy can help to keep the business financially strong while the business recovers from the loss of a key employee.

Financial professional profile

Financial professional who works with business owners or may have a relationship with Certified Public Accountants (CPAs) or attorneys who work with business owners.

Client profile

Business owner, executive, manager, director, or top salesperson with specialized knowledge or relationships and high compensation.

Product options

- **ADDvantage Term** – low-cost death benefit protection
- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.
- **Smart Builder® IUL 3** – death benefit protection plus early cash value potential

Key selling points

- *Protect the business from financial loss at the loss of a key employee.*
- *Term products provide a death benefit-only solution.*
- *IULs can provide for additional lifetime benefits: an exit strategy or a source of liquid funds in the form of policy loans/withdrawals.*[5]

Illustration design tips

- *Remember this concept is designed to benefit the business, not the key person. The company is the owner and beneficiary of the policy.*
- *Focus on the financial loss to the business: loss of managerial skill and experience, decrease in sales, adverse impact on production, restrictions on company credit, expense of recruiting and training a replacement.*
- *An employer-owned life insurance policy form will be required.*

ADVANCED MARKETS

Executive Advantage℠

Loan Regime Split Dollar

Recruit, reward and retain great employees

Concept

A legally drawn agreement between employer and employee to split a life insurance policy for the benefit of the employee. Employer loans the money to the employee to fund a policy (owned by the employee) on the employee's life. The policy values and death benefit are assigned as collateral to cover the outstanding loan. The employee's beneficiary would receive the remaining death benefit amount. At a future point, the loan is paid back to the employer and the policy is entirely employee-owned.

Financial professional profile

Financial professional who works with business owners or high-level executives of any industry.

Client profile

Business owners and high-level executives seeking a discretionary and tailored compensation package that will not raise the employee's tax now but will provide tax-advantaged income later.

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Product option

- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.

Key selling points

- *A discriminatory plan allowing a company to "cherry-pick" top employees for inclusion.*
- *The policy is owned by the employee but with restricted access to death benefit or values while the loan is outstanding.*
- *The premium loan interest can generally be handled 3 different ways:*
  - *Employee pays interest to employer annually.*
  - *Employer forgives loan interest, which results in an imputed value to the employee and is treated as a taxable bonus. (Generally most common.)*
  - *Interest accrues and builds, which results in needing larger values to repay the loan later.*
- *Low or no-cost plan for employer yet compelling opportunity for employee.*

Illustration design tips

- *At retirement, policy values are used to repay the loan balance with remaining values showing a retirement income stream.*
- *Premium payments (loans to employee) are not deductible to the employer or taxable to the employee. Interest payments to the employer may be taxable for the employer but not deductible to the employee. Forgiven interest has an imputed value and would be deductible to the employer and taxable to the employee*
- *InsMark software can be quite effective and will not only demonstrate the structure but also help identify the applicable federal rates (AFR) for imputed loan interest.*

For more resources, visit the Advanced Markets webpage.

InsMark is an independent company that provides illustration software and related marketing services for the insurance and financial services industry.

ADVANCED MARKETS

Endorsement Split Dollar

Recruit, reward and retain great employees

Concept

A legally drawn agreement between employer and employee to split a life insurance policy for the benefit of the employee. Employer funds a policy (owned by employer) on employee's life. The employer has access to all cash value and a portion of the death benefit. The employee's beneficiary would receive the remaining death benefit amount. Employee is taxed a small economic benefit for the death benefit protection.

Financial professional profile

A financial professional who works with business owners or high-level executives of any industry.

Client profile

Business owners looking to reward top talent with a higher level of company control than an executive bonus.

Key selling points

- *A discriminatory plan allowing a company to "cherry-pick" top employees for inclusion.*
- *The policy is owned by the employer. The employer has access to all cash value and death benefit that is equal to the greater of premiums paid or cash value. The employee gets the remaining death benefit.*
- *The employer may choose to transfer ownership at retirement (a common practice) which can provide a substantial retirement income potential for employee.*
- *Similar in concept to the Executive Bonus, but significantly more employer control. Still pretty easy to set up and administer.*

Product option

- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.

Illustration design tips

- *Premium payments are not deductible to employer or taxable to employee (as employer owns the policy and values). The employee pays tax on the economic benefit of their share of the death benefit.*
- *A rollout (transfer to employee at retirement) is common at which point there would be a significant deduction to employer and tax to employee. The account values in policy can be used by the employee to help cover the taxes.*
- *An illustration design similar to a retirement planning illustration is common using the Builder Plus IUL 4 to illustrate cash accumulation and retirement income distributions.*
- *InsMark software can be quite effective to illustrate this concept.*
- *An employer-owned life insurance policy form will be required.*

For more resources, visit the Advanced Markets webpage.

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Policy Review

Identify underperforming policies

Concept

Help an existing or potential client review the overall performance of their in-force life insurance policy and address any changing needs.

Financial professional profile

Financial professional who specializes in both life insurance and annuity sales, or who works in an insurance agent role. This concept is also great for property and casualty financial professionals.

Client profile

Can be of any age. Purchased a life insurance policy 3+ years ago, has an underfunded or underperforming policy, has had a change in health (positively or negatively), or has experienced another significant life event (ex. marriage, children, career change, home).

Product options

Indexed Universal Life insurance products

- **Protection Builder IUL® 2** – guaranteed death benefit[1] with access to potential cash value
- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.
- **Smart Builder® IUL 3** – death benefit protection plus early cash value potential

Key selling points

- *This is a great opportunity to approach existing clients for new sales or help prospective clients with their underperforming policies.*
- *Help clients solve for new needs in response to life events.*

Illustration design tips

- *Match the new proposed policy with the client's needs/goals/concerns. Can you get more coverage for the same premium? Can you get the same coverage for less premium (or shorter premium duration)? Can you get stronger or additional living benefits?*

College Funding

Thinking ahead with life insurance

Product option

- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.

Concept

Death benefit protection can make life insurance an attractive choice for establishing a self-completing plan to help fund a college education. Permanent life insurance that can accumulate cash value may be used to help pay for college costs.

Financial professional profile

Financial professional whose clients have young children and will need help paying for college down the road.

Client profile

Typically has a child or children up to age 13, is thinking about college tuition costs, and might want to help supplement income in retirement years.

Key selling points

- *The policyowner has control of the policy's potential cash value. Should plans change, the cash value may be used for purposes other than college funding generally without tax consequences.*[2]
- *When the insured passes away, the death benefit passes generally income tax-free to beneficiaries. Any cash value grows on a tax-deferred basis.*[3]
- *Parents may access cash value to pay for college expenses on a tax-free basis through loans or withdrawals, as long as the policy is not a MEC.*[4]

Illustration design tips

- *The life insurance coverage should be on the primary income earner. Aim for the lowest death benefit possible that meets the client's needs and still provides ample funding for college should death occur before the first child enters college. Term death benefit life insurance may be considered to ensure a sufficient death benefit amount.*
- *Since the policy can also help to supplement retirement income, the client may want to keep the death benefit low for the longest period of time possible. Use the guideline premium test (GPT), which generally provides the best long-term illustrated performance.*
- *Illustrate variable interest participating policy loans*[6] *fixed interest participating policy loans,*[7] *and net-zero cost loans.*[8] *Planning for each scenario can increase your credibility and provide reasonable expectations.*
- *Set up the illustration as a defined benefit (a specific college cost) or a defined contribution plan (a specific premium payment).*
- *Determine whether the client will pay for annual college bills or to repay student loans. The older the child, generally the more beneficial it is to repay student loans, as this provides more time for the cash value to grow. Be mindful of when each child will enter and exit college.*
- *Determine whether to continue funding the policy after the college period is over. This decision depends upon the client's retirement goals.*

Neither North American nor its financial professionals 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 client's college funding program. However, even a well-conceived savings plan can be vulnerable. Should your client(s) 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 client's 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.

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Estate Planning

Build, preserve, and maximize an estate

Concept

Life insurance death benefit proceeds can provide the liquidity needed to pay off debt, replace income, help supplement retirement income, create an equitable inheritance between heirs, and even provide protection for businesses.

Financial professional profile

Financial professional who specializes in life insurance or works in an insurance professional role.

Client profile

Typically age 45 to 79 and has an estate worth $1 million or more. Wants a guaranteed death benefit and has a strong desire to leave the estate to heirs (and equalize the inheritance) without liquidating assets to pay taxes or attorney fees.

Product options

- **Protection Builder IUL® 2** – guaranteed death benefit[1] with cash value accumulation potential

Key selling points

- *Using life insurance to help build a legacy may also help outpace inflation and grow assets.*
- *Protect the client's legacy by preparing for estate taxes and probate costs, and pay off debts that can eat away at wealth.*
- *Maximize the available inheritance for each heir.*

Illustration design tips

- *Plan for not just the size of the estate today, but for the future value.*
- *Consider both federal and state taxes at death. Be aware that state tax exemptions may be quite different, and although a client may not have a federal tax concern, they may still be subject to state taxes at death. Tell your clients to consult a tax advisor.*
- *A guaranteed death benefit is often valued, and a product with cash value potential may provide an exit strategy if the client's coverage needs change.*
- *Consider estate needs other than taxes, including estate balancing for clients with non-liquid assets, estate building, and special bequests or goals.*

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Income Protection

Help your clients protect their family's future

Concept

Using life insurance to help replace the income lost by primary breadwinner(s) can help the breadwinner's heirs achieve their goals and/or can help fulfill the additional expenses that can occur with the loss of a family's non-breadwinner.

Financial professional profile

Financial professional who specializes in life insurance or who works in a financial professional role.

Client profile

Typically a client who has dependents that rely on him/her for their income and/or services. Wants to ensure that their dependents can maintain their lifestyles and realize their dreams.

Product options

- **ADDvantage Term** – low-cost solutions for defined or short-term needs. May be converted to permanent coverage should needs change.
- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes

Key selling points

- *Death benefit protection during working years can help support a family in the event of the loss of an income earner or the loss of services provided by a non-income earner.*
- *If an IUL is used, the policyowner has control of the policy's potential cash value which could be used for such purposes as college funding or help supplement retirement income.*
- *Accelerated death benefits can provide access to a portion of the death benefit if the insured is diagnosed with a qualifying illness, subject to eligibility requirements.*

Illustration design tips

- *Combine the immediate financial loss, ongoing expenses, and financial goals of the dependents.*
- *Immediate financial loss to the dependents may include debt repayment such as medical bills, household debt, and final expenses.*
- *Ongoing expenses may include daily living expenses, child care, and the cost of household services.*
- *Consider the impact to savings goals including college savings and retirement goals.*

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Legacy Building

Help maximize assets passed to beneficiaries

Concept

Life insurance is ideally suited for transferring assets. Legacy Building involves moving assets that are intended for heirs into a life insurance policy. The life policy then leverages those assets into a larger, generally income tax-free death benefit.

Financial professional profile

Annuity producer looking to add life insurance to their sales, or a financial professional who works in a life insurance professional role.

Client profile

Typically age 60 to 79 and has assets that are not needed for current or expected future living needs. Wants to leave money for heirs and/or a charitable interest. May also want a guaranteed amount for their legacy or tax-advantaged tools without probate costs. Might own an irrevocable life insurance trust (ILIT).

Product options

- Protection Builder IUL® 2 – guaranteed death benefit[1] with cash value accumulation potential

Key selling points

- *Assets for legacy building may come from: inheritances, annuities, retirement plan assets or required minimum distributions not needed for retirement, savings accounts, money markets, funds from sale of business, real estate, etc.*
- *When your clients complete a beneficiary designation on a life insurance policy, they are using a form of a non-probate transfer, which means the death benefit can pass directly to the beneficiary.*
- *With life insurance, the premium can provide a larger death benefit immediately after issue, and any cash values grow generally tax-deferred.[3]*
- *Should the client's needs change, funds in a life insurance policy are accessible through loans, withdrawals[5], or accelerated death benefits (if the insured is diagnosed with a qualifying illness). Accelerated death benefits are subject to eligibility requirements.*

Illustration design tips

- *Demonstrate value by using InsMark or your own internal IRR. Focus on the death benefit returns and their value as an after-tax return for beneficiaries.*
- *The client may seek to spread out premiums through Premium Deposit Agreement to avoid MEC status.[4]*
- *Legacy building can also be done on a systematic payment basis—for example, required minimum distributions from qualified plans.*
- *A policy that is owned by the insured will be included in the size of their estate and must be factored in when calculating potential estate tax issues.[2] An ILIT can help avoid those issues. An alternative can be to have the policy owned by the beneficiaries.*

Trusts should be drafted only by an attorney familiar with such matters. Neither North American nor its financial professionals give tax advice.
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The Premium Deposit Agreement is not intended to be used for investment purposes.

Longevity Planning

Help clients prepare for an extended retirement

Concept

As life expectancy increases, clients face "longevity risk" or the potential for assets to run out during retirement—especially if the client develops new needs like a desire to travel, a new home, new hobbies, gifting assets, or an unexpected illness. Longevity planning with life insurance provides death benefit protection during working years, and access to potential cash value during retirement.

Financial professional profile

Financial professional familiar with presenting the advantages of cash value life insurance as well as the cost of insurance and premium requirements associated with such products.

Client profile

Typically age 25 to 60 and in need of death benefit protection plus potential for income replacement. Values flexibility and control in retirement planning.

Product options

- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.
- **Protection Builder IUL® 2** – guaranteed death benefit[1] with strong cash value accumulation potential
- **ADDvantage Term** – low-cost additional coverage if needed during working years

Key selling points

- *Death benefit protection during working years can help support a family in the event of the loss of an income earner.*
- *Cash value access during retirement years is flexible to cover many potential needs, not just insufficient assets but also new expenses—including hobbies, a new home, the desire to gift assets, or health care.*
- *Accelerated death benefits can provide access to a portion of the death benefit if the insured is diagnosed with a qualifying illness, subject to eligibility requirements.*

Illustration design tips

- *Make sure the death benefit is enough to replace the client's income during working years. Consider a supplemental term policy if necessary.*
- *Consider illustrating distributions in retirement tailored to the client's specific goals or needs.*
- *Consider the value of the Protected Death Benefit[10] feature (on all our IUL products) and using a lump-sum loan distribution at retirement to fund a SPIA to provide an income stream.*

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Pension Maximization

Help maximize pension benefits with life insurance

Concept

Help your clients maximize their pension benefits by electing the single-life option and using life insurance death benefit and potential cash value to provide for the surviving spouse.

Financial professional profile

Financial professionals who specialize in both life insurance and annuity sales, or who work in an insurance representative role.

Client profile

Typically age 55 to 65 and married, with a defined benefit pension plan. Seeking to maximize monthly income and has not yet begun receiving pension benefits.

Product options

- **Protection Builder IUL® 2** – guaranteed death benefit[1] with cash value growth potential

Key selling points

- *By taking the single-life pension option and using some of the extra monthly income to purchase a life insurance policy, the client can "maximize" the pension by providing a total monthly income that is higher (even when you factor in the life insurance premiums) than selecting a joint-and-survivor pension option. The death benefit is used to provide an income stream for the surviving spouse.*
- *If the client's spouse predeceases them, the death benefit can either be discontinued or retained for legacy building.*
- *A low-cost, guaranteed death benefit is key to making this concept work.*
- *Accelerated death benefits can provide access to a portion of the death benefit if the insured is diagnosed with a qualifying illness, subject to eligibility requirements.*

Illustration design tips

- *Calculate the life insurance amount. Find what the surviving spouse benefit would be if a joint-and-survivor option were taken. That amount represents the target monthly income for the spouse. Next, identify the lump sum required to generate that monthly income. To do that, run a SPIA with no period certain (or use an alternate savings vehicle) to find the amount needed to generate that target income for the spouse's life. The single premium amount represents the life insurance death benefit needed.*
- *Decrease the face amount to the lowest amount required to meet the insured's needs. The lower the cost of the insurance, the more money available for the retiree each month. One way to reduce the premium is to adjust the life insurance death benefits as needs change. Since the life insurance is being used to supply an income stream for the surviving spouse, as the spouse gets older, the amount of needed funds may decrease. Search for the amount needed and adjust the coverage amount at regular intervals (at least every 10 years). For example, search for the spouse's single premium need (life insurance) at ages 65, 70, 75, 80, 85, and 90.*

Retirement Planning

Protection now, freedom later

Concept

Permanent life insurance provides death benefit protection during working years, while the potential accumulated cash values can be accessed during retirement to help supplement income.

Financial professional profile

Specializes in both life insurance and annuity sales, or works in an insurance representative role.

Client profile

Age 25 to 60, needs death benefit protection, and seeks to help supplement income in retirement, even if 15+ years away. May also have met contribution limits for other plans, be risk-averse, seek a tax-advantaged solution, or concerned about future tax rates. Might be a small business owner.

Product options

- **Builder Plus IUL® 4** – great long-term cash value accumulation potential through a strong income stream and opportunity to reduce the effects of volatility and taxes.

Key selling points

- *Death benefit protection can offer financial stability during working years, plus a potential tax-free income stream at retirement through loans or withdrawals on policy cash value.*[2,5]
- *Accelerated death benefits can provide access to a portion of the death benefit if the insured is diagnosed with a qualifying illness, subject to eligibility requirements.*
- *The automatic distribution option makes it easy for clients to access funds.*
- *Protected Death Benefit feature*[9] *provides protection against policy lapse due to excessive loans.*
- *Various loan options are available. See our IUL Marketing Guide for details.*

Illustration design tips

- *Return of Premium death benefit option generally results in most illustrated income.*
- *Consider a level death benefit as an alternative illustration to show more death benefit protection during working years.*
- *If the illustrated rate is above the net loan rate, a variable interest participating policy loan*[6] *or fixed interest participating policy loan*[7] *may result in the best illustrated solution.*
- *The Guideline Premium Test generally works better than CVAT.*
- *Consider leaving room in the face amount for potential future premium growth.*
- *Show policy performance. InsMark can be used to compare life insurance to an alternative planning vehicle. An IRR can also be effective.*
- *Avoid MEC status to maintain the generally tax-free income stream.*[4]

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Return of Premium is subject to eligibility requirements.

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Smart Money

Life insurance with a dual purpose

Concept

Smart money is money clients want to control and be able to access in times of need. Financial professionals can position life insurance as one option to show clients the value of death benefit protection along with the potential to build cash value while preserving access to as much cash value as possible.

Financial professional profile

Financial professional who specializes in both life insurance and annuity sales, or who works in an insurance representative role.

Client profile

Typically age 50 to 79 and has a need for death benefit protection, which often includes a desire to leave a legacy for heirs. Has funds that are not meeting current needs and desires the potential for cash value growth with limited exposure to cash value loss.

Product option

- **Smart Builder® IUL 3** – with Waiver of Surrender Charge Option Rider[10] – designed for strong first-year cash value potential

Key selling points

- *Transferring a lump sum into a Smart Builder IUL 3 policy immediately leverages those funds into a larger legacy for the client's beneficiary, while allowing them to retain access for those just-in-case needs.*
- *Competitive interest rates can help provide the potential for compelling cash value growth, while preserving access to as much cash value as possible.*
- *Accelerated death benefits can provide access to a portion of the death benefit if the insured is diagnosed with a qualifying illness, subject to eligibility requirements.*

Illustration design tips

- *Run a single-premium scenario to create a MEC, which has a similar tax treatment to an annuity.[2]*
- *The CVAT provides the most compelling illustration by allowing a very low initial face amount, which maximizes the guaranteed column performance.*
- *Solving for the minimum death benefit results in a death benefit that matches the current-year minimum face amount for the premium.*
- *Make sure the client is aware of cost-of-insurance and other charges.*

Trusts should be drafted only by an attorney familiar with such matters. Neither North American nor its financial professionals give tax advice.

Glossary

Accelerated Death Benefits
In the event that the insured is diagnosed with a qualifying critical, chronic, or terminal illness, the policyowner may be able to accelerate a portion of the death benefit for living needs.[11]

Automatic Distribution Option
The policyowner can request monthly, quarterly, semi-annual or an annual distribution of the available account value. This is a feature of our indexed universal life insurance products.

Cash Value Accumulation Test (CVAT)
This insurance qualification test helps the financial professional find the lowest death benefit that will still qualify as life insurance. It limits cash value relative to the death benefit.

Guideline Premium Test (GPT)
This insurance qualification test helps the financial professional find the lowest death benefit that will still qualify as life insurance. It limits premiums paid relative to the death benefit.

Irrevocable Life Insurance Trust (ILIT)
This type of trust is used to keep policy ownership out of an individual's estate. It is often used where a life insurance policy's death benefit will be used to pay estate taxes.

InsMark
This independent third-party software allows for easy comparison of various financial products, including life insurance, for planning purposes.

Modified Endowment Contract (MEC)
With this type of life insurance policy, interest credited to the policy may be taxable upon receipt. Further, unpaid loan interest on a MEC may be taxable.

Protected Death Benefit
In some cases, clients may determine that they do not require the level of death benefit coverage as originally issued on the policy. This guarantee on our IUL products allows the client to choose their minimum death benefit amount while they continue to access accumulated cash value through loans or withdrawals. See the IUL Marketing Guide for details.

Single Premium Immediate Annuity (SPIA)
The client pays a single premium up-front and receives a certain amount of money periodically (for example, quarterly) for a designated period or for the rest of their life.

Waiver of Surrender Charge Option Rider
The election of the Waiver of Surrender Charge Option Rider can help your clients avoid costly surrender charges should the need to surrender the policy arise. When the option is selected, it can create greater cash surrender value in the beginning policy years (the cost of life insurance premiums). Refer to the illustration software for more information. Available on Smart Builder IUL 3. Rider must be selected at the time of application.

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Why North American?

The financial services industry is changing. You're continually working to **refine your agency, explore new opportunities**, and **generate more revenue**. At North American, we understand the landscape and are evolving right along with you. We're here to be a trusted partner and are committed to the brokerage space for the long term.

Help to generate additional revenue for your agency

In a world of shrinking margins, we want to help you take on the challenge of generating new revenue for your agency. Think of our regional vice presidents and wholesalers as an extension of your team. We're all driven by the same goal–growing your business. We'll do this by providing creative sales solutions, fresh marketing tools, helping to recruit, motivate and retain producers for your agency, and through support from the most committed wholesaling teams in the business. We choose to work with a core group of agencies, so we can go deeper into their business and truly focus on what's important for each agency.

Comprehensive portfolio with next-level value

We offer highly competitive products across the board – term and a wide variety of indexed universal life products. But the value doesn't stop there. We offer features like living benefits for no additional premium.

Connections on every level

The relationships we have with you and your agency team matter to us. That's why we take a relationship-centered approach to working with you. From our top leaders, to our new business and underwriting team, all the way to our sales team, our philosophy doesn't change. We strive to be accessible, consistent, and reliable.

Stability you can trust

As the industry continues to change and evolve, our private ownership, **A+ ratings**,* and long-term vision only make the above areas that much stronger. As a company based in the U.S. with a history of stable leadership, we can focus on organic growth instead of acquisitions. We're here for the short-term wins, as well as the long-term commitments. You can take comfort that your business partner is strong and stable.

Disclosure

A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance and ability to meet its obligations to policyholders. A+ is the second highest rating out of 15 categories and was affirmed for North American Company for Life and Health Insurance® as part of Sammons Financial Group on September 3, 2026. For the latest rating, access www.ambest.com .

S&P Global Ratings awarded its "A+" (Strong) rating for insurer financial strength on February 26, 2009 and affirmed on May 22, 2024 to North American as a member of Sammons ® Financial Group, Inc. The "A+" (Strong) rating is the fifth highest out of 22 available ratings. S&P Global Ratings is an independent, third-party rating firm that rates on the basis of financial strength. Ratings shown reflect the opinion of the rating agency and are not implied warranties of the company's ability to meet its financial obligations.

S&P Global Ratings is an independent, third-party rating firm that rates on the basis of financial strength. Ratings shown reflect the opinion of the rating agency and are not implied warranties of the company's ability to meet its financial obligations. a) Awarded to North American as part of Sammons® Financial Group Inc., which consists of Midland National® Life Insurance Company and North American Company for Life and Health Insurance®. b) S&P Global rating assigned February 26, 2009 and affirmed on June 10, 2026.

A+ (Stable) Rated by Fitch Ratings. Fitch Ratings, a global leader in financial information services and credit ratings, on June 10, 2026, assigned an Insurer Financial Strength rating of A+ Stable for North American. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information, read the Fitch Ratings https://www.fitchratings.com/research/insurance/fitch-ratings-affirms-sammons-financial-group-inc-ratings-outlook-stable-10-06-2026.

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.

1. Guaranteed death benefits are subject to premium payment requirements.

2. Neither North American Company for Life and Health Insurance nor its financial professionals 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 or before commencing any charitable giving plan.

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 this policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

4. 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)

5. In some situations loans and withdrawals may be subject to federal taxes. Neither North American Company nor its agents 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 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.

6. The net cost of a variable 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 on variable loans. In brief, variable policy loans have more uncertainty than standard policy loans in both the interest rate charged and the interest rate credited.

7. 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 rate loans have more uncertainty than standard policy loans in the interest rate credited.

8. Net Zero-Cost Loans are loans charged and credited at the same interest rate percentage for a net zero cost. The policy year and amount available vary by product. Please refer to the specific product marketing guide or contact the marketing department for details.

9. If the policy has a Premium Guarantee Rider attached to it, such rider will be terminated upon the election of the Protected Death Benefit. The Protected Death Benefit cannot be elected if the Overloan Protection Benefit is in effect.

10. Surrender charges will not be waived if the policy is surrendered under an external 1035 exchange (except in FL). A decrease charge will be assessed if a reduction in the specified amount is requested during the waiver of surrender charge period. However, if a partial withdrawal results in a reduction of the specified amount, the withdrawal charge is waived. There is an additional charge for this rider and it must be applied for at the time of application.

11. 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.

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.

ADDvantage Term (policy form series LS174 or state variation including, all applicable endorsements and riders) is issued 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.

Protection Builder IUL® 2, Smart Builder IUL® 3, and Builder Plus IUL® 4 are issued on the state version of policy form P100/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.

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.

Permanent life insurance requires monthly deductions to pay the policy's charges and expenses, some of which will increase as the insured gets older. These deductions may reduce the cash value of the policy.

Under an endorsement split dollar arrangement, the value of the life insurance afforded the employee is taxable to the employee. The employer should provide the employee with tax reporting

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based on requirements specified in the tax code. The parties to the endorsement split-dollar arrangement should seek their own independent legal and tax advice as to whether and how to enter into an endorsement 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.

To ensure the death benefit proceeds of any employer-owned policy retains its tax-favored treatment, it is essential to comply with the notice and consent requirements of IRC Section 101(j). 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).

Under an endorsement split dollar arrangement and loan regime 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).

The terms and conditions of the REBA are not part of the policy issued North American Company for Life and Health Insurance and as such North American is unable to enforce directly any restrictions on the policy that are part of the REBA agreement.

Removing funds from an annuity may result in surrender charges and/or income taxes.

Removing funds from a qualified plan, including an Individual Retirement Account, may result in a taxable income distribution.

Trusts should be drafted only by an attorney familiar with such matters. Neither North American nor its agents give tax advice.

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