THE POWER OF PAYING A LITTLE MORE

Equation Generation® IV universal life

Did you know that paying more can potentially save your clients money? Paying a higher premium into their universal life policy in the early years can actually save money over the life of the policy. This case study shows you how.

THE SITUATION

- Let's compare Sam (age 40) and Joe (age 40);
- Each need $500,000 of permanent life insurance;
- Can afford to pay $400 to $500 per month.
- Like the flexibility of universal life;
- Want to manage their own investments.

TWO SOLUTIONS

Both men purchase a $500,000 Equation Generation IV bonus plan, level death benefit (Level Protector), and yearly renewable term (YRT) cost of insurance (COI) charges.

- Sam pays $425 per month.
- Joe pays a little more at $500 per month.

TWO VERY DIFFERENT OUTCOMES

		Sam	Joe
Premiums	Monthly	$ 425	$ 500
	Paid for[1]…	**60 years**	**30 years**
	Projected total outlay	**$ 306,000**	**$ 180,000**
Projected Account Value[2]	Year 10	$ 50,512	$ 61,431
	Year 20	$ 118,470	$ 146,764
	Year 30	$ 200,347	$ 259,751
	Age 85	$ 281,768	$ 328,240
	Age 100	**$ 48,944**	**$ 172,161**

By paying just **$75** more each month, Joe can potentially cut his payment period in **½** and **save $126,000** in premiums over the lifetime of his policy.[3]

Assumes standard non-smoker rates effective December 19, 2016. Policy illustration rate of 3%.

WHAT MAKES PAYING A LITTLE MORE SO POWERFUL?

- The extra payment of $75 per month builds up the account value in Joe's policy. With YRT, the cost of insurance rates are lower in the younger years. So more of the premium goes to increasing the account value.
- Cost of insurance charges are based on the net amount at risk (total death benefit minus account value). With the level death benefit option, as the account value increases the net amount at risk decreases and the insurance charges are lower. Joe's higher payments accelerate his cost savings.
- After 30 years, the account value in Joe's policy is used to pay the cost of insurance charges.

Show your clients how paying a little more can make a big difference!

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[1] Projected number of years premiums are required to keep policy in effect until age 100. [2] Account values are not guaranteed. [3] To keep the policy in effect, clients may have to pay higher premiums, or pay premiums for longer than illustrated.

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