



## The Myth About IUL Persistency Bonuses

At Columbus Life, we focus on developing competitive products that are easy for you to explain to clients, so they may have a clear understanding of how the product can help support their financial plans. We are proud of the straightforward design of our Indexed Explorer *Plus*® Universal Life and its competitive persistency bonus, which supports the product's accumulation potential.

We know that all IULs are not created equal, and some include features that may not be as clear or transparent as others. One way IUL products differ is in the structure of each carrier's persistency bonus — an attractive feature often presented to clients. **It is a common myth that all IUL persistency bonuses are guaranteed, when in actuality that may not be entirely true.** Before discussing the possible rewards provided by this type of bonus, make sure to understand the small print and just how guaranteed the persistency bonus will be for your clients.

### What is a Persistency Bonus?

A persistency bonus is simply a bonus credit that the insurance carrier may give your clients if their policy stays in force for a predetermined period of time. In this industry, it is widely seen as starting in year 11. Beginning in the 11th year, the insurance carrier may deposit a certain percentage amount into the client's account value as a persistency bonus, or a reward. While the idea of additional money being credited to your client's account value may seem like a great idea, be sure you and your clients understand the probability of actually receiving that bonus. Some carriers offer guaranteed persistency bonuses while others may offer bonuses that are not truly guaranteed.



### Guaranteed vs. Non-Guaranteed Bonuses

Depending on how a carrier has designed its bonus, some are considered guaranteed while others are classified as non-guaranteed. If the bonus is non-guaranteed, a carrier could potentially illustrate a persistency bonus, but when it comes time to credit the client's account value, the carrier

may simply decide not to. Having a persistency bonus is a great selling point, but, depending on the carrier, it is not always guaranteed and the carrier may not be contractually obligated to credit the bonus.

*Continued on reverse*

## Guaranteed vs. Non-Guaranteed Bonuses (Continued)

The same can be said for carriers that claim they have a guaranteed persistency bonus. If you look at the fine print, you will note that some of these carriers offer a guaranteed bonus *only if there is a positive return in the market*, which can be an important factor to point out to clients.

Another factor that can come into play is withdrawals. It is possible for carriers to claim that they have a persistency bonus, but the fine print may state that if clients access their account value, they may no longer be entitled to their guaranteed or non-guaranteed persistency bonus.

Let's take a look at how the guaranteed persistency bonus on Columbus Life's Indexed Explorer *Plus* stacks up against some of its core competitors:

	How Guaranteed Is Each Carrier's IUL Persistency Bonus?		
	Contractually Guaranteed	Guaranteed Only With Positive Market Returns	Non-Guaranteed
Columbus Life	X		
Minnesota Life			X
Life of the Southwest		X	
Allianz		X	
Pacific Life			X
AIG			X
Midland		X	

These insurance carriers represent a sampling of Columbus Life's competitors. Midland includes rate bonus of 1.00% guaranteed in years 11+.

### Columbus Life's Philosophy: A Persistency Bonus Clients Can Count On

At Columbus Life, we have designed our IUL's persistency bonus in a way that ensures both you and your clients know what to expect. Our persistency bonus is not only guaranteed, it credits your clients account value regardless of the performance of the S&P 500® index! As long as your clients have value in their indexed account(s), they can expect to receive their persistency bonus annually, beginning in year 11. The same is true if your clients accessed their account value. Regardless of loans or withdrawals, they will still be eligible to receive their IUL guaranteed persistency bonus!

## Want to learn more about our Indexed Explorer *Plus*? Contact your Regional Vice President or the Sales Desk at 800.677.9696, option 4.

The S&P 500 Index is a product of S&P Dow Jones Indices LLC ("SPDJ") and has been licensed for use by Columbus Life Insurance Company. Standard & Poor's®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and these trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by Columbus Life. Columbus Life's Indexed Explorer Plus is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates, and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions or interruptions of the S&P 500 Index.

IUL is a universal life policy. It has insurance related costs. Premiums paid must produce sufficient cash value to pay insurance charges. Indexed returns do not protect against lapse if premiums and returns do not provide sufficient cash value to cover loan interest and insurance costs. Your clients must understand that loan risk means loans may well not be zero cost. Such loan risk and interest costs will reduce account value and will contribute to a risk of policy lapse if account value becomes insufficient to cover charges.

Index returns do not guarantee the policy will stay in force.

**Life insurance products are not bank products, are not a deposit, are not insured by the FDIC nor any other federal entity, have no bank guarantee, and may lose value.**

Payment of benefits under the life insurance policy is the obligation of, and is guaranteed by, Columbus Life. Guarantees are based on the claims-paying ability of Columbus Life. Products are backed by the full financial strength of Columbus Life.

Columbus Life Insurance Company, Cincinnati, Ohio, is licensed in the District of Columbia and all states except New York.

Flexible Premium Adjustable Life Policy with Indexed Options ICC17 CL 88 1708. Product and rider provisions, availability, definitions and benefits may vary by state.

Competitor information is obtained from sources believed to be reliable, but its accuracy or completeness is not guaranteed. This data is for informational purposes and is not intended as a solicitation or recommendation of any insurance product. Premium rates and underwriting classes may vary by company.

© 2020 Columbus Life Insurance Company. All rights reserved.



**Columbus Life  
Insurance Company**

A member of Western & Southern Financial Group