



What Matters Most When Comparing Indexed UL Products?



One of the only major product lines to experience consistent growth over the past decade is Indexed Universal Life (IUL).¹ This is why it still attracts a steady stream of new carriers and products into the market.

Each creates new variations of the product, making it challenging for producers and their clients to compare IULs on an “apples to apples” basis. Where do you begin? It may be tempting at first to simply “spreadsheet” the various product options on the market.

Some comparisons may focus on searching for the highest maximum illustrated rates, while others may focus on how much potential income the product claims to generate from a given premium.

While the numbers may look attractive on paper, there may be more to them than meets the eye. A closer look reveals that some of the highest maximum illustrated rates or illustrated income streams in the industry are not coming from lean or innovative product design. Instead, they often rely on options that shift a higher level of risk onto your clients. Other times, higher “performance” may merely be illustrating a more optimistic set of assumptions about what interest rates and market performance will be into the future.

An effectively designed IUL product doesn't rely on higher-risk options to help meet your clients' needs. Nor do some other carriers' illustrations assume improbably ideal market conditions to show life-long value. It may be helpful to consider the following points when comparing IUL products with your clients.

Design — *CONSIDER:*

- Are the product design and options in the product competitive, yet simple enough that my clients would be able to understand his/her options available if I were not there to give guidance?
- Are there other riders or features embedded in the product that could add value for my clients?

Columbus Life's Indexed Explorer Plus[®]:

- Easy to understand crediting methods, with the ability to diversify allocations between a competitive fixed account, an uncapped monthly averaging account, and two annual point-to-point accounts (capped and uncapped).
- A Guaranteed Persistency Bonus enhances accumulation potential.
- Flexible features, such as a Premium Deposit Account Rider and a Dollar Cost Averaging Account, that provide options for how premiums can be paid into the policy or systematically transferred into current allocation elections.
- Access to powerful living benefits with the LifePlus Accelerated Death Benefit Rider.²

¹ LIMRA, U.S. Individual Life Insurance Sales Survey and LIMRA estimates, 1st Quarter 2019.

² Payment of Accelerated Death Benefits, if not repaid, will reduce the Death Benefit and affect the available loan amount and other policy values. Loans and withdrawals may generate an income tax liability, reduce the Account Value and the Death Benefit, and may cause the policy to lapse.

Competitive Spotlight

Accumulation — CONSIDER:

- Is the illustrated rate being used realistic? Do clients understand the differences in risk/volatility that the different indexes and segment lengths possess?
- Does the indexing option selected have extra fees? Spreads? Thresholds?
- Does the product have a competitive fixed rate account?

Columbus Life's Indexed Explorer Plus®:

- Simple, straightforward product design with indexed interest crediting tied to the S&P 500®.
- Clients select 0% or 1% minimum indexed interest rate floor at the time of application.³
- Our S&P 500® Uncapped Annual Point-to-Point Indexed Account with Spread has a threshold and spread rate providing clients with uncapped index returns with full market participation and the ability to earn interest credits from first dollar.
- Guaranteed Persistency Bonus beginning in the 11th policy year.⁴

Distribution — CONSIDER:

- Are any illustrated distributions utilizing loans that are fixed, variable or participating?
- If fixed, what is the maximum spread? Are zero-net-cost loans available in the policy? Under what conditions?

Columbus Life's Indexed Explorer Plus®

- Competitive standard fixed rate loans with potential for zero-net-cost loans in the 11th policy year.
- Maximum standard fixed loan interest rate spread of 0.5%.⁵
- Regardless of the allocation of funds (fixed or indexed accounts), Participating Index Loans allow clients' policy cash values to potentially grow, despite any outstanding loan.

An IUL that simply fits

Responsibly designed IULs, like Columbus Life's Indexed Explorer Plus®, focus not only on providing a Death Benefit but also on helping your clients balance risk and reward, and do so with options that are easy to understand. We've focused on creating an IUL that simply fits, and that you

can feel good about selling to your clients. In the end, that's far more important to us than showing up at the top of a spreadsheet. See for yourself why we're excited about our enhanced planning solutions. Call your Regional Vice President or our Sales Desk at 800.677.9696, option 4, or email clsalesdesk@columbuslife.com.

³ Rate floors apply to the Account Value. The Account Value will be reduced by Costs of Insurance and other policy expense charges.

⁴ The bonus is calculated as the persistency bonus rate x the Indexed Account Value at the end of the last day of the policy year after any applicable index interest credits have been credited. The persistency bonus rate is set at 0.25% for issue ages 0-29 and 0.50% for issue ages 30-79 and is subject to change for new issues based on issue date.

⁵ Current interest rate accurate as of date of publication. Loans will accrue interest. Loans and/or withdrawals may reduce the policy's Death Benefit and may be subject to additional changes and fees. Once a Standard Loan is selected, a Participating Indexed Loan may not be chosen or be outstanding.

IUL is a UL 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.

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Interest rates are declared by the insurance company at annual effective rates, taking into account daily compounding of interest. Product and feature availability, as well as benefit provisions, vary by state. **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.** Columbus Life does not provide tax or legal advice. Please advise your customers to contact their tax or legal advisors regarding their situations. The information provided is for educational purposes only. While the policy Account Value may be affected by changes in the S&P 500®, the policy does not actually participate in the stock market or the S&P.

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; Accelerated Death Benefit Rider series CLR-202 1409 and Premium Deposit Account Rider series CLR-205 1708. Product and rider provisions, availability, definitions and benefits may vary by state.

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