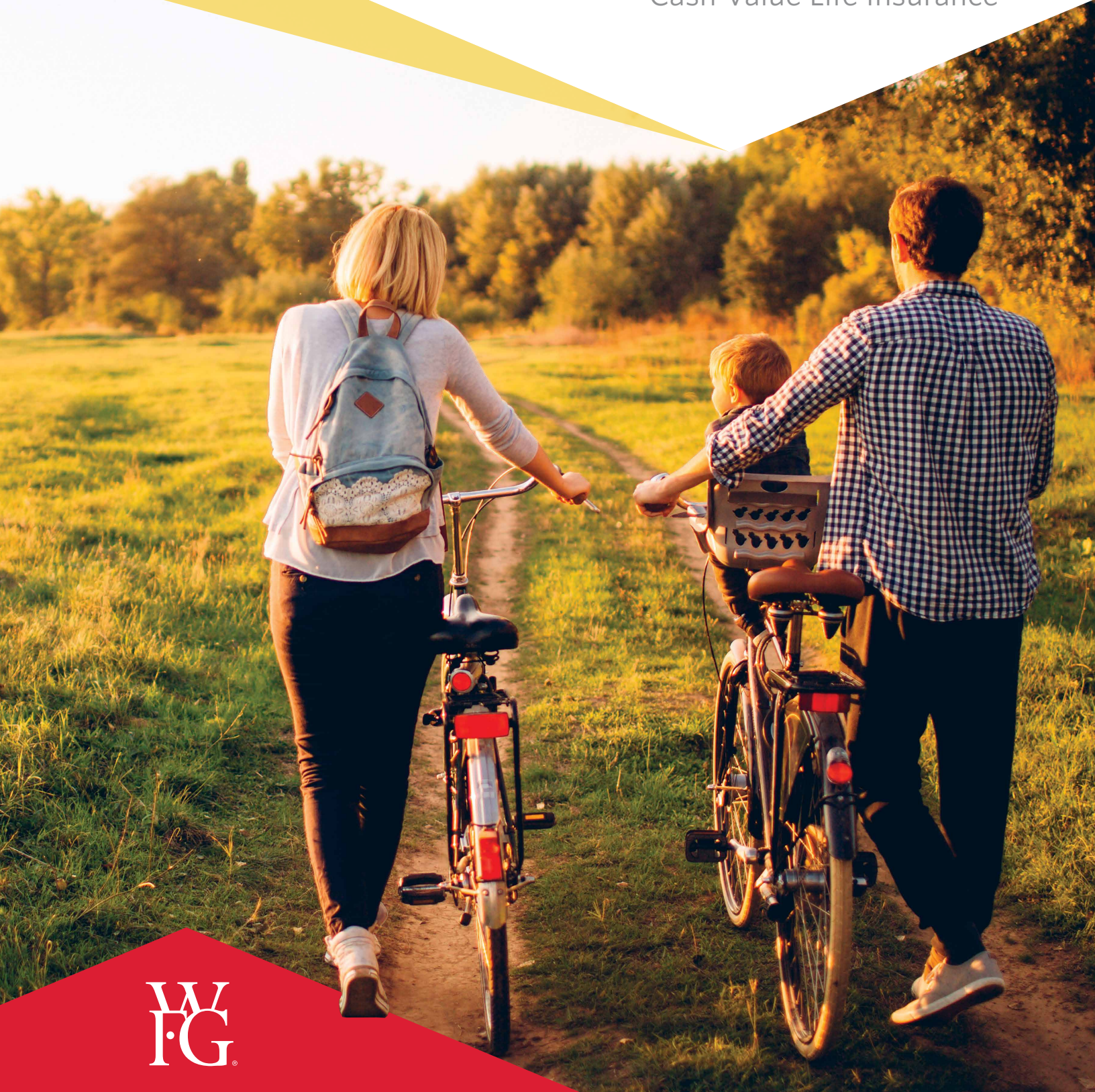


Indexed Universal Life Insurance

Cash Value Life Insurance



A Transamerica Company



Life insurance
helps provide
your family with
peace of mind.

Indexed Universal Life Insurance

Life insurance can be a cornerstone of a sound financial strategy that helps ensure your loved ones' futures are protected. However, determining the type of life insurance - either term or permanent - isn't always straight forward.

With term insurance, how many years should you have coverage? For permanent life insurance, should you choose whole, universal or another type, and which one will offer the best value for your needs?

Indexed Universal Life (IUL) insurance¹ is one type of permanent life insurance that you may want to consider. This brochure provides a high-level overview of IUL, so please check with your agent to learn more.

What is IUL Insurance?

IUL is a life insurance policy that provides a death benefit. It is not a short-term savings vehicle nor is it ideal for short-term insurance needs. IUL insurance should only be purchased if you have the financial means to keep the policy in force for a substantial period of time.

An IUL policy offers:

- Federal tax-free death benefits
- Tax-deferred growth potential, although cash value growth is not guaranteed
- Tax-advantaged withdrawals and loans²
- A guaranteed minimum interest rate based on the claims-paying ability of the issuing insurance company

Interest is credited to index accounts based, in part, on changes in a specified market index or indexes between certain time periods. Depending on the product and the insurance company, there may be other elements that determine index interest. Generally, interest may be credited up to a certain maximum rate, usually referred to as a cap, or the company may specify a participation rate. Caps, participation rates and other non-guaranteed components of the index interest formula are set by and at the discretion of the issuing insurance company and are subject to change.

IUL insurance policies do not invest in the stock market or indexes, but offer a choice of fixed accounts and indexed accounts based on market indexes such as the S&P 500[®], the Dow Jones Industrial Average, EURO STOXX 50[®], Hang Seng or one of several other indexes.

¹ Index universal life insurance is not a security, and index universal life insurance policies are not an investment in the stock market or in financial market indexes. Index account interest is based, in part, on index performance. Past performance of an index is not an indication of future index performance.

² Loans and withdrawals will reduce the policy value and death benefit.

Guaranteed Floor

Index changes can be positive or negative. However, with an IUL insurance policy you won't be credited less than the policy's guaranteed minimum interest rate, or "floor." This ensures that the policy is never credited a negative rate of interest.

Avoiding loss is beneficial to your overall financial strategy, so the floor provides downside protection for the index account if there is a negative change in the index.

Fees and Charges

Life insurance fees and charges are based on several factors such as the age, gender, lifestyle and health of the insured person. Generally, the cost of insurance is higher at older ages.

IUL fees and charges can include:

- The monthly cost of insurance
- Policy and rider charges
- Administrative charges
- Premium expense charges

Additionally, if a policy is surrendered during the first several years (generally the first 10 to 20 years), charges may apply.

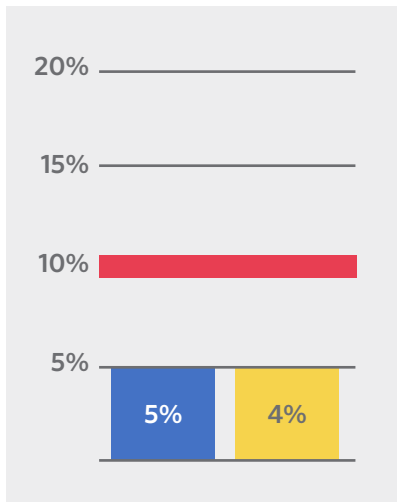


Interest Crediting

The hypothetical examples below show the amount of interest credited to an IUL's cash value given the rates shown and different market environments.

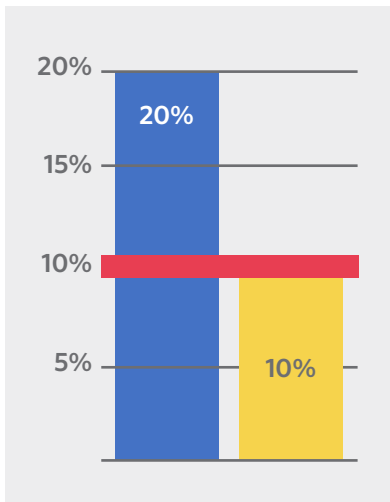
Example 1

Market Performance = 5%
Participation Rate = 80%



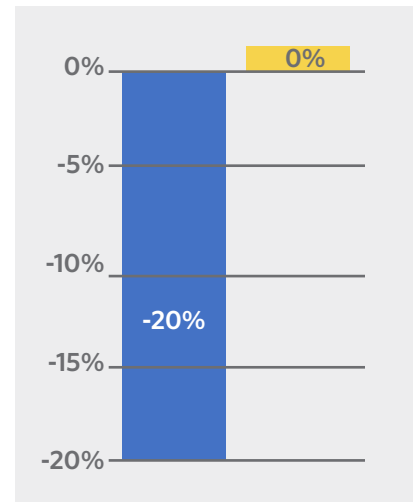
Example 2

Market Performance = 20%
10% Cap Rate



Example 3

Market Performance = -20%
0% Floor Rate



■ Market Performance
 ■ Indexed Account Performance
 ■ Cap Rate (10%)

Common IUL Terms

Market Performance: The increase or decrease in the underlying stock market index that the IUL's interest is based on over the course of the crediting period

Cap Rate: The maximum rate used to determine how much excess interest is credited to the policy's cash value

Floor Rate: The minimum amount of interest guaranteed to be credited to the policy's cash value

Participation Rate: The percentage of an index's gains credited to the policy's cash value

IUL and Taxes³

Following are some of the tax advantages and consequences of an IUL insurance policy:

- The guaranteed death benefit passes to the beneficiary free from federal income tax
- The policy's premiums are not tax deductible
- Transfers within the policy can be made tax-free: the policy value may be moved between the index account(s) and the fixed account several times per year depending on the policy's restrictions
- Any earnings grow tax deferred, however taxes on any overall gain are due if the policy is surrendered or lapses
- Generally, once the policy's cash value is sufficient, the policy owner can take a tax-free loan from the policy⁴, however:
 - The policy's death benefit and cash value are reduced by the amount of any outstanding loan and interest charges apply
 - If the policy is surrendered or lapses while there is an outstanding loan, taxes will be due to the extent the loan exceeds the cost basis of the policy
- Partial surrenders (withdrawals) are also available but are subject to limitations

IUL Features

When considering an IUL, some features to keep in mind include:

- A cap or participation rate applies to the interest rate determined for the policy's index accounts
- There is the potential for tax-deferred cash value accumulation to use later in life
- There are policy riders available to customize a policy to help meet long-term objectives, but, generally, they are an additional cost
- IUL policies are not an investment in the stock market and do not participate in any stock or equity investment
- Costs, which are higher than term insurance, can include:
 - Premium expense charges
 - Per unit charges
 - Administrative charges
 - The cost of insurance
 - Costs attributed to riders
 - Surrender charges

³ Neither World Financial Group Insurance Agency, LLC, its subsidiaries, **nor its agents** may provide tax and/or legal advice. Anyone to whom this material is promoted, marketed or recommended should consult with and rely on their own independent tax and legal professionals regarding their particular situation and the concepts presented herein.

⁴ Loans, withdrawals and death benefit accelerations reduce the policy value and death benefit. Withdrawals may be subject to partial surrender charges if they occur during a surrender charge period and result in a face amount decrease. Provided the policy is not and does not become a modified endowment contract (MEC), withdrawals are tax-free to the extent that they do not exceed the policy basis (generally premiums paid less withdrawals) and policy loans are tax free as long as the policy remains in force. If the policy is surrendered or lapses, the amount of the policy loan is considered a distribution from the policy and is taxable to the extent that such a loan, plus the other distributions at that time, exceed the policy basis.



Your WFGIA agent can help determine if an IUL policy is a good fit for you.

What's **Next?**

If you are considering an IUL insurance policy, make sure you read the consumer brochure for the specific product you're considering, and that you thoroughly understand the features, benefits and costs associated with it. Your WFGIA agent can provide you with more information about the features and benefits, answer any questions about the policy and help you determine if IUL insurance is suitable for your needs. Additionally, the agent can provide you with information on other types of life insurance that may be right for you.

This brochure is intended to provide a general overview of indexed universal life insurance and does not represent any particular product or insurance company.

A WFGIA agent must be life insurance licensed with World Financial Group Insurance Agency, LLC or one of its subsidiaries and properly appointed with an IUL product provider to sell Indexed Universal Life insurance.

WorldFinancialGroup.com

World Financial Group Insurance Agency, LLC (In California, doing business as World Financial Insurance Agency, LLC), World Financial Group Insurance Agency of Hawaii, Inc., World Financial Group Insurance Agency of Massachusetts, Inc., and /or WFG Insurance Agency of Puerto Rico, Inc. (collectively WFGIA), offer insurance products.

California License #0679300

Headquarters: 6400 C Street SW, Cedar Rapids, IA 52499. Phone: 770.453.9300

World Financial Group and the WFG logo are registered trademarks of Transamerica Corporation.

© 2018-2024 Transamerica Corporation

WFGUS10020R5/9.24

