

INDEXED UNIVERSAL LIFE (IUL)

Market-linked growth. Zero risk of loss. Tax-free retirement income.

What Is an IUL?

An Indexed Universal Life policy (IUL) is like a supercharged whole life policy. It still gives you a **death benefit** and **builds cash value** — but instead of a fixed growth rate, your money can grow based on how the stock market performs. And here's the magic: **you can never lose money because of a market crash.**

IULs use a "floor and cap" system. Your floor is usually 0% — if the market crashes 30%, your policy doesn't go down. Your cap is typically 10–12% — in a great market year, you get credited up to that limit.

"Imagine you're playing a game where you can't lose your chips, but you CAN win more. If the market goes up, you get a share of the winnings. If the market drops — you just stay put. Your pile never shrinks."

Floor & Cap — How Your Growth Works

WHAT THE MARKET DID	WHAT HAPPENS TO YOUR IUL
Market drops -20%	Your policy: 0% (floor protects you)
Market goes up +6%	Your policy: +6% (full credit)
Market goes up +18%	Your policy: +11% (cap applies)
Market crashes -40%	Your policy: 0% (still protected)

KEY FEATURES OF AN IUL POLICY

- ✓ Permanent life insurance — lasts your entire life
- ✓ Cash value grows linked to a market index (like the S&P; 500)
- ✓ Floor of 0% — you CANNOT lose money in a market crash
- ✓ Tax-deferred growth — your money grows without annual taxes
- ✓ Tax-free loans — borrow your own money with zero income tax
- ✓ Flexible premiums — pay more in good years, less in lean ones
- ✓ Can fund a tax-free retirement income stream

IUL as a Tax-Free Retirement Tool

Here's something your financial advisor might not mention: the IRS taxes your 401(k) and IRA when you withdraw in retirement. But with an IUL, you can take **policy loans** — which are **not considered taxable income**. Many people use IULs to create a supplemental retirement income stream completely off the IRS's radar.

This strategy — sometimes called a "LIRP" (Life Insurance Retirement Plan) — is used by wealthy families, business owners, and people who want to diversify away from 401(k) tax risk.

Real Life Stories

■ Patrick — The Self-Employed Musician Who Outsmarted the IRS

Patrick was a session musician in Nashville. No 401(k). No pension. No employer benefits. At 38, he started putting \$800/month into an IUL. By 62, his cash value had grown to over \$480,000 — market-linked gains, zero losses during the 2008 crash, zero losses in 2020. He now takes \$3,200/month in policy loans — completely tax-free — to supplement his Social Security. His IRS form shows no 'retirement income.' His kids will receive the remaining death benefit. Patrick calls it: 'The retirement plan no one told me existed.'

■■■ Sandra — Protected During Two Market Crashes

Sandra was 45 when she opened an IUL in 2007 — the year before the 2008 financial crisis wiped out 40% of the stock market. While her neighbors watched their 401(k)s collapse, Sandra's IUL cash value stayed flat that year (0% floor). It didn't grow, but it didn't lose a single dollar. In 2009 when the market recovered, she received a 10.5% credit. She went through the COVID crash of 2020 the same way — zero losses. By 65, her policy was worth \$310,000. She says: 'I slept better knowing the crashes couldn't touch me.'

■ The Chen Family — Funding College Without Student Loans

David and Lisa Chen started an IUL for their newborn daughter in 2005. They put in \$300/month for 18 years. When she turned 18, the cash value had grown to over \$95,000. They borrowed from the policy to fund four years of college — no student loans, no bank interest. The policy kept growing while they borrowed. After college, their daughter started paying back the loan at her own pace. The death benefit remains in place. Three generations will benefit.

IUL vs. 401(k) — A Quick Comparison

FEATURE	401(k) / IRA	IUL
Market loss risk	Can lose everything	0% floor — never lose
Taxes at withdrawal	Fully taxable	Tax-free loans
Death benefit	No	Yes — always
Contribution limits	IRS limits apply	No IRS limit
Access before 59½	Penalties apply	Accessible anytime
Market upside	Full (+ full downside)	Capped but protected

Could an IUL be your tax-free retirement secret?

Let us show you a personalized illustration — what your money could look like in 20 years.

IUL policies involve caps, participation rates, cost of insurance, and policy fees that affect performance. Illustrations are not guarantees. Speak with a licensed professional for a complete personalized review.