TriQuestUSA

IUL Cost Comparison

AGENT QUICK START GUIDE

Compare actual annual IUL policy charges imported from a carrier illustration with the modeled annual costs of a taxable equity account.

PURPOSE

Use the IUL Cost Comparison to compare actual annual policy charges imported from a carrier illustration with the modeled annual costs of a taxable equity account. The tool focuses on **cost** - not policy cash value versus investment account value.

What the Calculator Does

- Imports actual annual IUL policy-charge data from supported carrier illustration PDFs.
- Models a taxable equity account using the same funding schedule shown in the illustration.
- Calculates annual and cumulative equity costs from taxes, management fees, and optional term-insurance costs.
- Shows when cumulative equity-account costs become greater than cumulative IUL policy costs.
- Provides a year-by-year validation ledger so the equity calculation can be audited.

CRITICAL IMPORT REQUIREMENT

The complete illustration PDF must contain the carrier's **detailed cost / policy charges report**. If that report is missing, the calculator cannot reliably import the annual policy costs. Current supported carriers are **Columbus Life** and **Allianz**.

Recommended Workflow

1	Create or load the client case.
2	Import the complete carrier illustration PDF and verify the imported policy information.
3	Set the equity comparison assumptions, including the historical return window, taxes, management fee, and term cost.
4	Review the **Policy Fees Comparison** and the crossover results.
5	Open **Equity Account - Cost Validation Detail** and verify the modeled equity costs.
6	Generate the **Client Print** report after the assumptions and results have been reviewed.

1. File Management

Client Name is the case identity. **Save** updates the active case. **Save As** creates a separate saved case. **Load Case** restores a saved case. **Export** and **Import** move a case between computers as a portable case file. **Delete** removes the selected saved case. **New Case** clears the active workspace but does not delete saved cases.

2. Import the IUL Illustration

Click **Import Illustration PDF** and select the complete carrier illustration. After import, verify the four policy identifiers shown by the app: **Carrier, Product, Issue Age, and Rows Imported**.

- **Columbus Life:** the app reads the Annualized Expense Charges & Deductions cost report.
- **Allianz:** the app reads the detailed Policy Charges Ledger.
- Do not rely on an import if the detailed carrier cost report was omitted from the illustration PDF.
- Rows Imported should reflect the annual cost rows available in the carrier report.

GOOD PRACTICE

Enter the client name before saving. After loading a saved case, confirm the client name and imported illustration information before making changes.

3. Set Comparison Assumptions

FIELD	HOW IT IS USED
Return Method	Select the market-return method used for the hypothetical equity account. Historical S&P; selections use the selected historical window; Fixed Return uses the entered fixed percentage.
Start Year / Stop Year	Defines the historical S&P; return window. When the comparison extends beyond the selected window, the sequence loops back to the Start Year.
Compare Through Age	Sets the ending age for the cost comparison and client report.
Capital Gains / Qualified Dividend Tax Rate	Applied to the modeled qualified-dividend income. Market appreciation itself is not taxed annually.
Ordinary Income Tax Rate	Applied to the modeled ordinary investment-income yield.
State Tax Rate	Applied to the annual taxable investment income modeled by the calculator.
Qualified Dividend Yield	Annual dividend-yield assumption modeled separately from S&P; price appreciation. Reinvested dividends increase cost basis.
Ordinary Income Yield	Annual ordinary taxable investment-income assumption. Use 0% when none is being modeled.
Management Fee	Annual advisory/management fee. The app uses Average Account Value / Fee Base rather than simply charging the fee on the full year-end value.
Term Cost / Year / Through Age	Optional annual term-insurance cost included on the equity side through the selected age.
Fixed Return %	Used only when Fixed Return is selected.
Invert Index Years	Reverses the selected historical return sequence for sequence-testing purposes.

How the Equity Taxes Are Modeled

Core tax method. S&P; price appreciation remains unrealized and is not taxed annually. The calculator taxes modeled qualified dividends at the capital-gains / qualified-dividend rate, taxes modeled ordinary investment income at the ordinary-income rate, and applies the state-tax assumption to annual taxable investment income. Reinvested taxable income increases cost basis.

AUDIT TRAIL

The **Equity Account - Cost Validation Detail** is the audit trail. Use it whenever a result appears unusually large or small. It shows the exact year-by-year calculation, including market year, beginning value, funding, return, market gain/loss, dividends, tax basis, unrealized gain, taxes, average fee base, management fee, term cost, ending value, annual cost, and cumulative cost.

Management-Fee Timing

The fee is based on an average annual account value. This is an annual approximation intended to avoid assuming that the entire year's market appreciation was present and subject to the fee for the full year.

Reading the Three Result Areas

REPORT	WHAT TO LOOK FOR
Policy Fees Comparison	The primary side-by-side ledger. Left: actual imported IUL charges. Center: modeled equity-account costs. Right: cumulative policy cost, cumulative investment cost, and the difference.
Crossover Chart	Plots cumulative IUL policy costs and cumulative equity-account costs. The crossover marker identifies the first year cumulative equity costs exceed cumulative policy costs. If equity costs are already higher from Year 1, the app identifies that condition instead of presenting a false crossover.
Equity Account - Cost Validation Detail	Year-by-year audit report for the hypothetical equity account. Use this to validate taxes, fee calculations, funding, return sequence, basis, and cumulative cost.

Understanding the Decade Totals and Highlighting

Yellow TOT rows are cumulative checkpoints. The Year 10 total represents Years 1-10; Year 20 represents Years 1-20; Year 30 represents Years 1-30, and so on. **Green shading** identifies years after the cumulative equity cost has moved above cumulative IUL cost.

Client Print

The client report is designed in **landscape format**. It removes agent-operating controls and keeps the client name, carrier/product/issue age, relevant assumptions, four key result boxes, the side-by-side comparison ledger, and the cumulative-cost crossover chart. Assumptions that are not being used are omitted from the client report when appropriate.

Suggested Client Conversation

The calculator is most useful when the discussion stays focused on the **cost structure** rather than presenting the result as an investment-performance forecast.

- Start with the funding schedule: the equity account receives the same funding amounts used in the illustration comparison.
- Explain that the IUL side uses carrier-provided annual policy charges imported from the illustration.
- Explain that the equity side is hypothetical and depends on the assumptions selected for returns, taxes, management fees, and term insurance.
- Use the cumulative totals and crossover chart to show how recurring costs compound over time.
- If the client questions an equity cost, use the validation report to show exactly where it came from.

Common Checks Before Presenting

CHECK	CONFIRM
Illustration	Complete PDF includes the detailed cost/policy-charges report.
Import	Carrier, product, issue age, and imported row count are reasonable.
Historical window	Start and Stop Year reflect the intended comparison period.
Taxes	Dividend, ordinary-income, and state-tax assumptions match the intended hypothetical.
Management fee	Fee percentage reflects the account being compared.
Term cost	Annual term cost and stopping age are appropriate, or set to zero when not being modeled.
Validation	Year 1 and later-year equity calculations are understandable and internally consistent.
Client report	Landscape report contains only the assumptions relevant to the case.

Important Interpretation Notes

- The IUL charges come from the imported carrier illustration and should be read in conjunction with the carrier illustration and its assumptions.
- The equity account is a hypothetical comparison, not an actual investment account or a prediction of future results.
- Historical return sequences do not guarantee future returns.
- The comparison is sensitive to the selected tax rates, income yields, management fee, term cost, historical window, and comparison age.
- Use the validation detail when explaining unusually large cumulative equity costs; recurring percentage fees can compound substantially as account values grow.

AGENT USE STANDARD

Use the tool to explain and audit the **cost comparison**. Do not present the hypothetical equity account as a forecast, and do not treat imported illustration charges as a substitute for reviewing the carrier illustration itself.