QoL Case Study

Term vs. Perm: Paying less now could cost more in the future

Our protection IUL provides guaranteed protection, cash value and an attractive return of premium rider, providing clients with a lifetime of flexibility.

Let's take a look at a case study example

Many clients default to term insurance solely based on the initial premium, without considering how their needs will evolve. The following scenario demonstrates how a permanent strategy can offer a more secure, cost-effective solution over a lifetime.

Meet Corey

- Male, 45-year old
- Preferred non-smoker

Goal: $1,000,000 in coverage for remaining mortgage, loss of income to spouse and estate settlement costs.

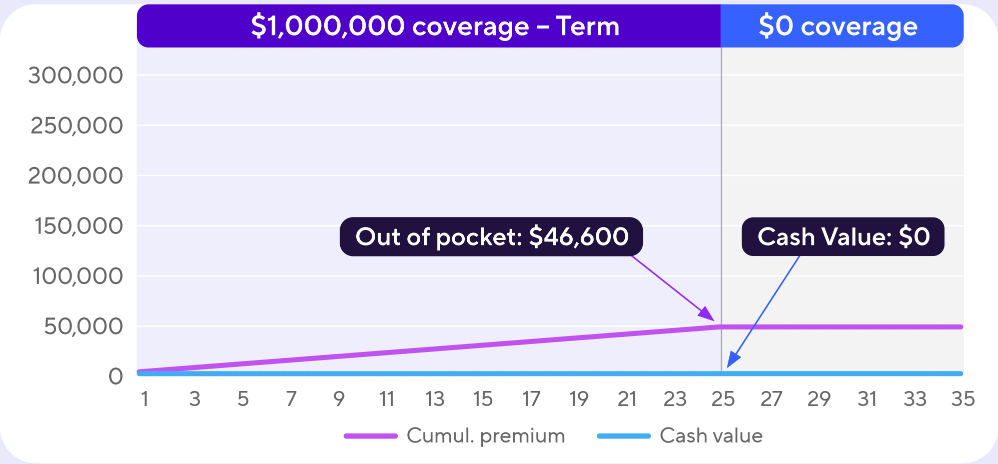
Misconception: The only affordable option is term, and permanent insurance is too expensive.

Policies issued by **American General Life Insurance Company** (AGL), Houston, TX except in New York, where issued by **The United States Life Insurance Company in the City of New York** (US Life).

Three ways to solve the same goal

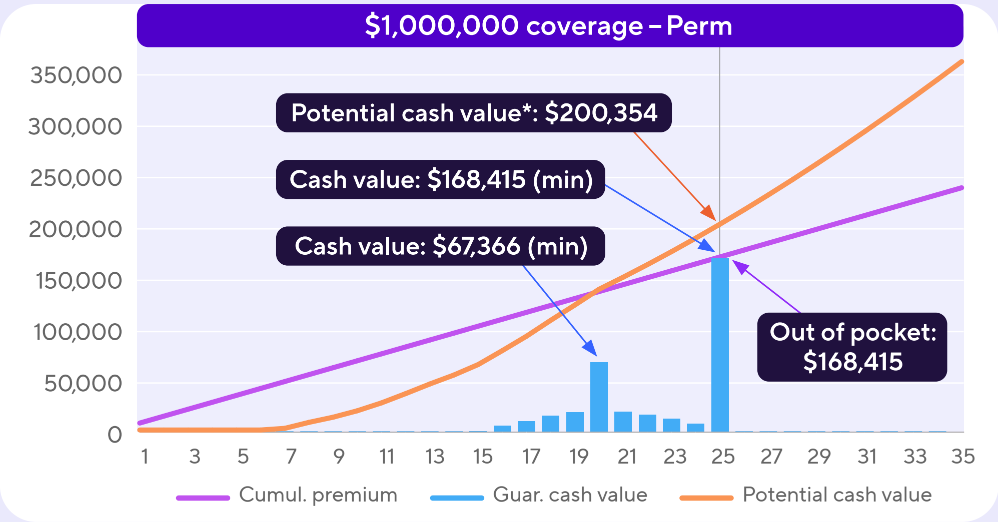
Option 1: Term only

Corey can purchase a 25-yr QoL Flex Term policy, which provides the coverage he is looking for.



Option 2: Perm Only

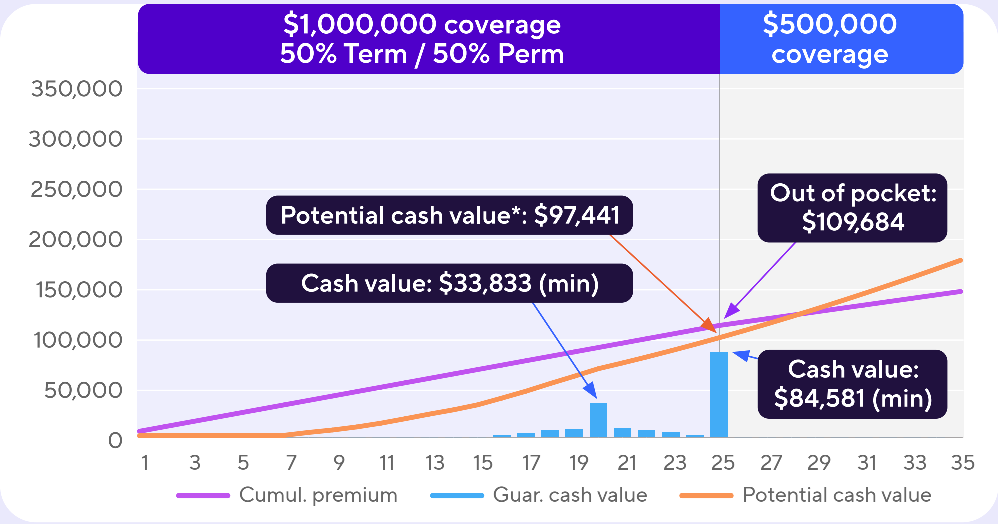
Corey can purchase a QoL Value+ Protector (IUL) with Enhanced Surrender Value policy, which provides the coverage he is looking for and lets him build cash value. While the upfront price is higher, he is buying flexibility and value for his later years.



*assumes 5.67% Rate of Return | Guaranteed cash value are Return of Premium options at year 20 and year 25

Option 3: Term + Perm

Corey can diversify** and purchase a QoL Value+ Protector (IUL) with Enhanced Surrender Value policy and a QoL Flex Term policy, which provides the coverage he is looking for, lets him build cash value, and provides some level of flexibility and value for his later years.



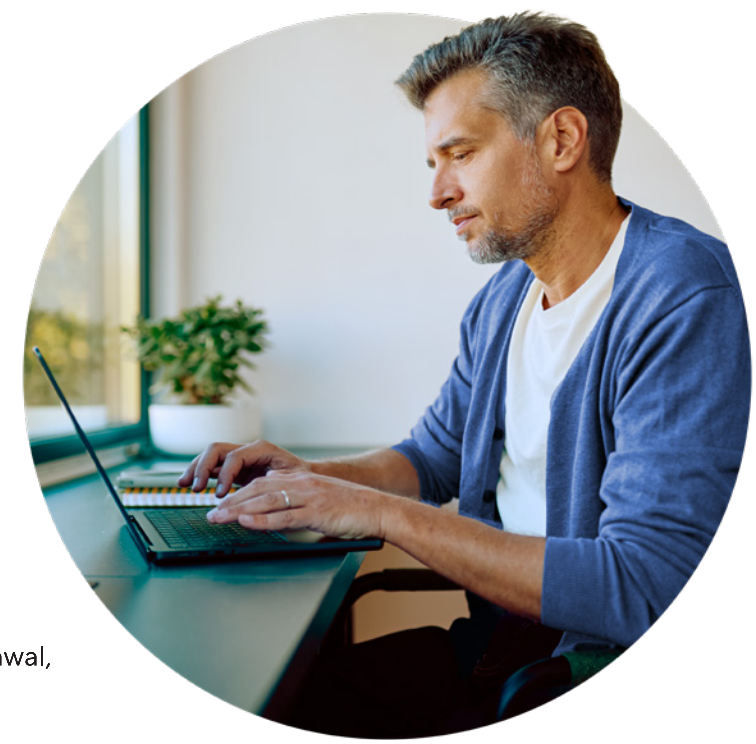
*assumes 5.67% Rate of Return | Guaranteed cash value are Return of Premium options at year 20 and year 25
**While this option illustrates a 50/50 split, you can adjust the allocation to suit your client.

Summary Table of Three Options – at Year 25

		Guaranteed values		Non-guaranteed values		
	Out of pocket	Cash value	Surrender policy (net out of pocket)	Potential cash value	Surrender policy (net out of pocket)	Continued coverage option
Term only	$46,600	$0	-$46,600	$0	-$46,600	No
Perm only	$168,415	$168,415	$0	$200,354	$31,939	Yes
Term + Perm	$109,684	$84,581	-$25,103	$97,441	-$12,243	Yes

By continuing coverage beyond policy year 25, the IUL provides **flexibility and value:**

- Cash out: Opportunity at years 20 and 25 for return of premium or return of premium + growth
- Continued coverage:
  - Permanent coverage beyond the term
  - Accelerated Benefits Riders while coverage is in-force:
    - Chronic Illness
    - Critical Illness
    - Terminal Illness



What did Corey do?

After his financial professional provided the comparison to him, Corey's mindset shifted from paying for a "maybe" with term to paying for something with "certainty." Corey chose the IUL policy for capital preservation and flexibility. His money remains preserved and continues to work for him whether he:

- **Lives:** he can access the cash through loan or withdrawal, and through ABRs – chronic illness, critical illness and terminal illness.
- **Dies:** his family gets the death benefit
- **Surrenders the policy:** he keeps his principal

A strategy for your practice

As a financial professional, your clients rely on you to find appropriate financial strategies for them. Traditional term life insurance is a lost expense if the client outlives the policy. By using an IUL policy (potentially in combination with a term policy) with a return of premium rider, you turn that cost into long-term, strategic agility: this strategy allows your clients the flexibility to make decisions when they need to be made, not years or decades before.

Here's what you can do to start applying this strategy to your practice:

Learn more about our IUL product and riders by downloading the QoL Value+ Protector product guide, and the Enhanced Surrender Value Rider brochure.

When having an upcoming conversation around protection products with a client, easily apply this concept by running quotes for them for both term / IUL products, or a combination. Use these as a basis for the conversation with your client.

Step 1: Show them the term quote as the "floor protection."

Step 2: Ask them, "In XX years, when you've paid #[total term premium], would you prefer to have a "thank you" note from the insurance company, or a check for every dollar you gave to them?"

Step 3: Frame the IUL quote not as 3x the cost, but as the term cost plus a forced savings component that guarantees a 100% return of what they paid in.

Accelerated Benefit Riders Disclosure

An Accelerated Death Benefit Rider (ABR) is not a replacement for Long Term Care Insurance (LTCI). It is a life insurance benefit that gives you the option to accelerate some of the death benefit in the event the insured meets the criteria for a qualifying event described in the policy. The rider does not provide long-term care insurance subject to California insurance law, is not a California Partnership for Long-Term Care program policy. The policy is not a Medicare supplement.

ABRs and LTCI provide different types of benefits. An ABR allows the insured to access a portion of the life insurance policy's death benefit while living. ABR payments are unrestricted and may be used for any purpose. LTCI provides reimbursement for necessary care received due to the inability to perform activities of daily living or cognitive impairment. LTCI coverage may include reimbursement for the cost of a nursing home, assisted living, home health care, homemaker services, adult day care, hospice services or respite care for the primary caretaker and the benefits may be conditioned on certain requirements or meeting an elimination period or limited by type of service, the number of days or a maximum dollar limit. Some ABRs and all LTCI are conditioned upon the insured not being able to perform two or more of the activities of daily living or being cognitively impaired. The activities of daily living are bathing, continence, dressing, eating, toileting, and transferring.

This ABR pays proceeds that are intended to qualify for favorable tax treatment under section 101(g) of the Internal Revenue Code. The federal, state, or local tax consequences resulting from payment of an ABR will depend on the specific facts and circumstances, and consequently advice and guidance should be obtained from a personal tax advisor prior to the receipt of any payments. ABR payments may affect eligibility for, or amounts of, Medicaid or other benefits provided by federal, state, or local government. Death benefits and policy values, such as cash values, premium payments, and cost of insurance charges if applicable, will be reduced if an ABR payment is made. ABR payments may be limited by the contract or by outstanding policy loans.

corebridge financial

Policies issued by American General Life Insurance Company (AGL), Houston, TX except in New York, where issued by **The United States Life Insurance Company in the City of New York** (US Life). Policy Form Numbers: ICC16-16760, 16760, 16760N Rev1023, ICC21-19311 Rev 0321, 19311, 19311-5, 19311-10A Rev0321, 19311-35, ICC21-19310 Rev0321, 19310, 19301-5, 19301-10A Rev0321, 19310-35. Rider Form Numbers: ICC14-14012, 14012, 14012N, ICC23-23601, 13601, 13601N, ICC14-14001, 14001, 14001N, ICC22-22995, 22995, 22995N. **AGL does not solicit, issue, or deliver policies or contracts in the state of New York.** Guarantees are backed by the claims-paying ability of the issuing insurance company and each company is responsible for the financial obligations of its products. Products may not be available in all states and features may vary by state.

All companies above are wholly owned subsidiaries of Corebridge Financial, Inc. Corebridge Financial and Corebridge are marketing names used by these companies.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting, or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. For legal, accounting or tax advice consult the appropriate professional.