APEX WEALTH BUILDERS EDUCATIONAL SERIES

IUL, EXPLAINED.

A practical guide to Indexed Universal Life insurance, cash value, tax treatment, policy design, and the questions smart buyers should ask.

PROTECTION • ACCUMULATION • ACCESS • LEGACY

Educational material only. Product features and results vary by carrier, policy design, and state.

A NOTE FROM APEX

Read this before you read anything else

Indexed Universal Life insurance can be valuable. It can also be misunderstood. The purpose of this guide is not to convince you that IUL is the best place for every dollar. It is to help you understand what the product actually does, where the advantages come from, what can go wrong, and which questions separate a thoughtful design from a sales pitch.

> **THE APEX POSITION**
>
> The strongest case for IUL is not that it “beats” every investment. It is that one contract can combine permanent life insurance, tax-deferred cash-value accumulation, index-linked interest crediting, and access to policy value under rules that are different from retirement accounts. Those advantages only matter when the policy is suitable, affordable, properly funded, and reviewed over time.

Important: IUL is life insurance, not a stock-market investment. Indexed interest is linked to an external index, but policy values are not invested directly in that index. Policy charges still apply. Non-guaranteed values can be lower than illustrated. Loans and withdrawals reduce cash value and death benefit and can create tax consequences if a policy lapses or is surrendered with gain.

This guide provides general education only. It is not financial, investment, legal, or tax advice, and it is not a recommendation to purchase or replace any product. Tax treatment depends on current law and individual circumstances. Consult licensed insurance, tax, and legal professionals before acting.

TABLE OF CONTENTS

What you will learn

THE FOUNDATION

IUL in 60 seconds

Indexed Universal Life (IUL) is permanent life insurance. It is designed first to provide a death benefit. It can also build cash value. Instead of relying only on a declared fixed interest rate, an IUL may credit interest based in part on the positive movement of one or more external market indexes. You do not own the index or the stocks inside it. [5][6][7][8]

IUL IS

Permanent life insurance with flexible premiums and death benefits, plus fixed and/or index-linked interest-crediting options.

IUL IS NOT

A direct investment in the S&P; 500, a guaranteed high-return account, or a substitute for every retirement strategy.

ONE DISTINCTION THAT PREVENTS CONFUSION

A 0% index floor generally means the index-crediting calculation will not produce a negative interest credit for that segment. It does not mean the policy value can never decline. Insurance charges, expenses, loans, and withdrawals can still reduce policy values. [5][6][10]

THE FOUNDATION

The four jobs an IUL can perform

A good financial tool should have a specific job. An IUL becomes easier to understand when you stop asking, “Is it better than the market?” and instead ask, “Which problems am I asking this contract to solve?”

01

PROTECT

Provide permanent death-benefit protection for people, families, businesses, or legacy goals. Death benefits are generally received income-tax-free by beneficiaries under current federal law, subject to exceptions. [3]

02

ACCUMULATE

Build cash value on a tax-deferred basis through fixed and/or indexed interest-crediting options. Positive index credits may be limited by caps, participation rates, spreads, or other contract terms. [5][6][7]

03

ACCESS

Use available cash value through withdrawals or policy loans. Access can support emergencies, opportunities, education, or supplemental retirement income, but loans and withdrawals affect policy values. [5][9][10]

04

TRANSFER

Create an income-tax-efficient legacy through the death benefit. Outstanding loans generally reduce what beneficiaries receive. Estate-tax treatment and ownership structure are separate questions for legal and tax advisers.

THE ENGINE

How an IUL works

Think of the policy as a system with four moving parts: money goes in, charges are deducted, the remaining value may earn interest, and the policy provides both living access and a death benefit.

1 PREMIUM	2 POLICY CHARGES	3 CASH VALUE	4 OUTCOMES
Money paid into the policy	Cost of insurance, admin, riders, premium charges	Fixed and/or indexed interest-crediting options	Living access + death benefit

The premium is not the cash value. This is one of the most important ideas in permanent insurance. A portion of what you pay supports insurance costs and other charges. The remainder contributes to policy value. In early years, surrender value can be materially lower than cumulative premium because of charges and surrender schedules. [5][10]

The policy value is not the death benefit. Those are related but different values. Depending on the death-benefit option and outstanding loans, the death benefit may be level, increasing, or reduced by policy debt.

> YOUR FIRST BUYER RULE
>
> The illustration should show you these moving parts year by year: premium, policy charges, account/cash value, surrender value, loans, and death benefit. If you cannot explain each column after the presentation, slow down before you buy.

THE ENGINE

Where your premium actually goes

IUL is sometimes described as “a savings account with life insurance.” That shortcut hides the real economics. It is a life-insurance contract with charges and a cash-value component. The balance between those two pieces matters.

ILLUSTRATIVE PREMIUM FLOW - NOT A PRODUCT QUOTE

Actual charges vary by carrier, product, age, underwriting class, death benefit, riders, funding pattern, and policy year. Common charges can include premium loads, monthly policy expenses, cost of insurance, rider charges, and surrender charges. Some charges may increase with age; some are limited by contractual guarantees. [5][10]

> DESIGN > HEADLINE RATE
>
> Do not evaluate an IUL by the advertised cap rate alone. A policy with a higher headline crediting rate can still produce lower cash value if the design, charges, funding pattern, or loan provisions are less favorable. Ask to see net policy values, not just index assumptions.

THE ENGINE

How indexed interest crediting works

The “indexed” part of IUL refers to the formula used to determine interest credited to an indexed account. Your premium is not invested directly in the index. The insurer uses the index as a measuring stick for the crediting formula. [5][6][7][10]

1. INDEX MOVES

An external index rises or falls over the crediting period.

2. FORMULA APPLIES

The policy applies its cap, participation rate, spread, floor, or other crediting terms.

3. INTEREST IS CREDITED

A positive credit, if any, is added at the end of the segment period.

Example: Suppose an index rises 12% over a one-year segment. If the policy has an 8% cap, the credited rate for that segment would be limited to 8% before policy charges. If the index falls 15% and the segment has a 0% floor, the index credit would be 0% - but charges would still be deducted from policy value.

COMPARE THE RIGHT THINGS

Index performance typically excludes dividends. That is one reason it is inaccurate to compare an IUL crediting rate with the total return of owning an index fund as if they were the same thing. They are different tools with different mechanics. [10]

THE ENGINE

Floor, cap, participation rate: the three terms that matter

These terms determine how much of a positive index movement can become credited interest and how negative index movement is treated.

FLOOR

The minimum index-crediting rate for a segment. A common floor is 0%. A floor protects against a negative index credit, not against policy charges.

CAP

The maximum crediting rate that can apply under a capped strategy. If the index rises above the cap, the excess does not increase the credited rate.

PARTICIPATION

The percentage of index change used by the formula. Example: a 70% participation rate on a 10% index increase may produce 7% before other limits.

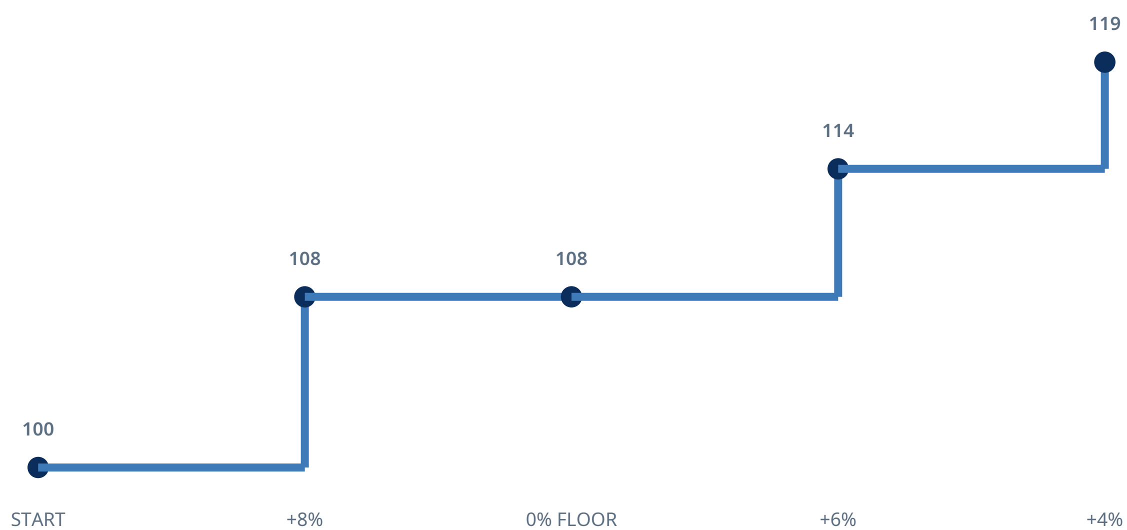
INDEX CHANGE	CAP	PARTICIPATION	FLOOR	HYPOTHETICAL CREDIT
+12%	8%	100%	0%	8%
+6%	8%	100%	0%	6%
-15%	8%	100%	0%	0%

Caps, participation rates, spreads, and other terms can vary by strategy and may change subject to the guarantees and renewal terms in the contract. Always ask which terms are guaranteed and which are current/non-guaranteed. [5][6]

THE ENGINE

Annual reset: why yesterday’s credit can become tomorrow’s starting point

Many IUL strategies use an annual or periodic reset. Once a positive index credit is applied to a completed segment, a future negative index period does not reverse that prior index credit. The next segment begins from a new index starting point. Policy charges still continue. [5][10]



Conceptual index-crediting illustration before policy charges. Not a projection of policy performance.

> **THE TRADEOFF**
>
> The value of downside protection is most visible after large losses. A 30% investment loss requires about a 42.9% gain just to return to the starting value. IUL does not capture full market upside, but a 0% index floor can reduce one form of sequence risk by preventing negative index credits in down periods.

THE ENGINE

The tax treatment: powerful, conditional, and often oversimplified

Life insurance receives distinct treatment under the Internal Revenue Code. That treatment is one reason IUL is considered in tax-diversification strategies. But phrases like “tax-free forever” are too loose. The rules matter. [1][2][3]

DEATH BENEFIT	Life insurance proceeds received by a beneficiary because of the insured’s death are generally excluded from gross income, subject to exceptions. [3]
CASH-VALUE GROWTH	Interest credited inside a life-insurance contract generally accumulates without current income taxation while it remains inside the policy.
WITHDRAWALS	Non-MEC withdrawals may generally be received up to basis without income tax. Withdrawals above basis can be taxable and reduce policy values.
POLICY LOANS	Loans are generally not treated as current taxable income while a non-MEC policy remains in force, but interest accrues and policy lapse can create tax consequences. [9][10]
MEC RULES	If the contract becomes a Modified Endowment Contract, distributions and loans receive less favorable tax treatment, and taxable distributions before age 59½ may face an additional 10% federal tax unless an exception applies. [2][10]

THE ENGINE

Policy loans: powerful does not mean free

Policy loans are one of the most attractive - and most misunderstood - parts of cash-value life insurance. A policy loan is generally a loan from the insurer secured by policy value. You are not literally withdrawing the same dollars and somehow earning on money that left the contract.

WHY PEOPLE LIKE THEM

Loans can provide access without selling investments, may avoid current income tax when the policy is a non-MEC and stays in force, and may allow the policy's indexed value to continue receiving credits depending on loan type. [5][9][10]

WHAT THEY COST

Loan interest accrues. The rate charged can be fixed or variable depending on product. Crediting on loaned value depends on the loan provision. Positive "arbitrage" is possible, but never guaranteed. [9][10]

WHAT CAN GO WRONG

Large or unmanaged loans can reduce cash value and death benefit. If a heavily loaned policy lapses with gain, a significant taxable event can occur even though the borrowed money may already have been spent.

LOAN TYPES AT A GLANCE - NAMES AND PROVISIONS VARY BY CARRIER

FIXED-RATE LOAN

The loan rate is set according to the contract and may stay fixed for the applicable period. How the collateralized value is credited depends on the policy provision.

VARIABLE / PARTICIPATING LOAN

The loan rate can change. Some provisions may continue index or declared-rate crediting on collateralized value. If loan cost exceeds credited interest, negative arbitrage occurs.

THE RULE FOR RETIREMENT INCOME

A responsible retirement-income plan does not assume the policy will always earn more than the loan rate. Ask to see stress tests using lower crediting assumptions, current loan terms, and a plan for monitoring policy debt every year.

THE ENGINE

“Tax-free retirement income” - what that phrase should actually mean

IUL marketing often compresses a complicated concept into four words. A more accurate statement is:

> **BETTER LANGUAGE**
>
> A properly designed, non-MEC life-insurance policy may provide access to cash value through withdrawals and policy loans that can be received without current income tax under current law, provided the policy remains in force and is managed within its contractual and tax limits.

That sentence is less exciting. It is also more useful. It reminds you that tax treatment is connected to policy status, funding limits, loan management, and current law.

What can change the outcome?

- Funding the contract in a way that causes it to become a MEC.
- Taking distributions that exceed basis when tax rules make the excess taxable.
- Allowing a policy with significant gain and loans to lapse or be surrendered.
- Changing tax law, product terms, or policy performance over a multi-decade horizon.

This is why an IUL used for retirement income should be reviewed like a living financial plan, not placed in a drawer for 30 years.

DESIGN BEFORE PRODUCT

“Properly structured” for what?

There is no single IUL design that is “proper” for every person. The right question is properly structured for what objective? A policy built to maximize early liquidity may look different from one built for death-benefit guarantees, long-term accumulation, business planning, or supplemental retirement income.

PRIMARY GOAL	DESIGN PRIORITY	WHAT MAY CHANGE
Family protection	Death benefit durability	Premium, death-benefit option, riders, guarantee focus
Cash accumulation	Net cash value efficiency	Death benefit, funding level, charge structure, index options
Retirement income	Sustainable access later	Funding horizon, loan type, stress testing, overloan protection
Business / opportunity fund	Liquidity and flexibility	Early cash value, surrender schedule, access provisions
Legacy / estate goal	Transfer efficiency	Ownership, beneficiary design, death benefit, legal/tax coordination

A COMMON DESIGN TRADEOFF

ACCUMULATION-ORIENTED / “MAX-FUNDED”

Often uses a lower death benefit relative to planned premium, within underwriting and tax limits, to improve cash-value efficiency. “Max-funded” does not mean unlimited premium; Section 7702 and MEC limits still matter.

PROTECTION-ORIENTED

Uses a higher death benefit relative to premium when protection, guarantees, or legacy are the priority. More of the policy economics support insurance protection, so early cash-value efficiency may be lower.

APEX BUYER STANDARD

If an adviser cannot explain why each design choice connects to your stated goal, the phrase “properly structured” is not enough.

DESIGN BEFORE PRODUCT

Funding discipline: IUL is a long-term contract

IUL is flexible compared with many traditional permanent policies, but flexible does not mean consequence-free. The policy is designed around an expected funding pattern. If actual funding is materially lower than planned, cash value may grow more slowly, charges consume a larger share of value, and the policy can eventually lapse if no adjustments are made. [10]

What if income changes? Depending on the contract, an owner may be able to reduce premiums, skip payments, adjust the death benefit, or redesign future funding. But those changes should be modeled before they are made. The question is not “Can I skip?” The question is “What does skipping do to the policy 10, 20, and 30 years from now?”

> **LONG-TERM OWNERSHIP**
>
> Treat the annual in-force review the way you treat an annual physical. Compare actual policy performance with the original assumptions and adjust before small gaps become expensive problems.

DESIGN BEFORE PRODUCT

Who may be a good fit for IUL

Suitability depends on more than liking the concept. IUL tends to make the most sense when several of these conditions are true at the same time.

- You have a genuine need or desire for permanent life-insurance protection.
- You can commit money for a long time horizon and do not need every dollar to remain fully liquid in the early years.
- You value tax diversification and want a pool of money governed by different tax rules than traditional retirement accounts.
- You want some accumulation potential without direct exposure of the indexed account to negative stock-market returns.
- You are comfortable trading some market upside for contractual downside protection in the index-crediting formula.
- You can fund the policy consistently and are willing to review it periodically.
- You understand that non-guaranteed values are assumptions, not promises.
- You qualify for life insurance at a cost that makes the design economically reasonable.

A FIT IS A PORTFOLIO DECISION

IUL is often strongest as part of a broader plan - not as the only account, not as a replacement for emergency cash, and not as an excuse to ignore employer retirement benefits.

DESIGN BEFORE PRODUCT

Who may not be a good fit

A transparent IUL conversation should make it easy to say “not now” or “not for me.” Consider other strategies first if any of the following describes your situation.

FIT CONCERNS

- You need short-term liquidity and may need to surrender the policy in the first several years.
- Your budget is unstable enough that the planned funding level would create stress.
- You primarily want maximum market upside and are comfortable with full market volatility.
- You do not need permanent life insurance and the insurance costs do not solve a meaningful protection or planning need.

RED FLAGS

- You are being shown only a high illustrated rate without guaranteed values or lower-rate stress tests.
- You are being encouraged to stop contributing to a matched employer plan without a clear reason.
- You are being told loans are “free,” that values cannot decline, or that tax-free income is guaranteed regardless of policy management.
- You are unwilling to review the policy over time or to understand how loans, charges, and crediting assumptions interact.

A good adviser should be willing to recommend a different tool when the facts point somewhere else.

WHERE IT FITS

IUL compared with common financial tools

These tools are not interchangeable. Insurance solves protection risk. Retirement accounts create tax wrappers for investments. Brokerage accounts maximize flexibility. The right plan may use several of them together.

TOOL	PRIMARY JOB	MARKET EXPOSURE	TAX CHARACTER	ACCESS / LIMITS
Term life	Temporary protection	None	Death benefit generally income-tax-free	No cash value
Whole life	Permanent protection + guaranteed cash values	None; dividends, if any, vary	Tax-deferred cash value; policy loans possible	Loan terms; surrender schedule
IUL	Permanent protection + flexible cash value	Index-linked crediting; not direct index ownership	Tax-deferred cash value; loans may be tax-advantaged when requirements are met	Charges; surrender periods; policy management
401(k) / Traditional IRA	Retirement investing	Depends on investments selected	Usually tax-deferred; distributions generally taxable	Contribution and distribution rules
Roth IRA / Roth 401(k)	Retirement investing	Depends on investments selected	After-tax contributions; qualified distributions generally tax-free	Contribution and plan rules; Roth IRA income limits
Taxable brokerage	Flexible investing	Direct investment exposure	Dividends and realized gains may be taxable	High liquidity; market risk

Comparison is general and educational. Product, plan, tax, and investment rules vary. A matched workplace plan, for example, can have value that an insurance policy does not replicate.

WHERE IT FITS

Think tax diversification, not replacement

One of the most compelling uses of IUL is not replacing every other account. It is creating another “tax bucket” that follows different rules.

TAXABLE

Brokerage interest, dividends, realized gains

TAX-DEFERRED

Traditional 401(k), IRA, deferred annuity

TAX-FAVORED / TAX-FREE

Roth accounts, municipal income in some cases, properly managed life insurance

Why diversify tax treatment? Because future tax rates, income needs, legislation, and personal circumstances are uncertain. Having multiple types of accounts may give retirees more flexibility over where to draw income in a given year.

> IUL SHOULD HAVE A JOB
>
> A simple priority for many households is: maintain adequate emergency reserves, capture valuable employer benefits when appropriate, address high-cost debt, and then evaluate how additional savings should be diversified across investment, insurance, and tax strategies.

THE QUESTIONS

Smart buyer question #1: “Isn’t IUL expensive?”

It can be. It can also be economically reasonable. The honest answer depends on the insured, product, death benefit, funding pattern, and how long the policy stays in force.

What you may pay for:

- Premium charges or loads
- Monthly policy/admin charges
- Cost of insurance
- Rider charges
- Surrender charges in early years

What you receive in exchange:

- Permanent death-benefit protection
- Tax-deferred cash-value accumulation
- Index-linked crediting choices
- Contractual downside floor on index credits
- Potential access through loans/withdrawals

THE BETTER FEE QUESTION

Do not ask only, “What are the fees?” Ask, “What is the net outcome after all charges under guaranteed, current, and lower-crediting assumptions?” Review cash value IRRs, death-benefit IRRs, surrender values, and the break-even timeline.

THE QUESTIONS

Smart buyer question #2: “Why not just invest in the market?”

If your only goal is maximizing long-term market return and you can tolerate full market volatility, a low-cost diversified investment portfolio may be the more direct tool. IUL is solving a different problem.

DIRECT MARKET INVESTING

- Owns investments directly
- Captures market upside and downside
- Dividends can contribute to total return
- Low-cost options exist
- Values can fall materially during bear markets
- Tax treatment depends on account type

IUL INDEXED CREDITING

- Does not own the external index
- Positive credits are limited by policy formula
- Index dividends are generally not included
- 0% floor can prevent negative index credits
- Charges can reduce policy values
- Includes life-insurance protection

THE REAL TRADE

IUL is not “the stock market without losses.” It deliberately gives up some upside mechanics in exchange for a different risk profile, insurance protection, tax characteristics, and contractual features. The right comparison is based on your objective, not a single return number.

THE QUESTIONS

Smart buyer question #3: “Are the illustrations too good to be true?”

An illustration is a model, not a forecast. Regulators require life-insurance illustrations to distinguish guaranteed from non-guaranteed values, and IUL illustration rules have been tightened repeatedly, including AG 49-A updates and enhanced disclosures. [4]

1. FIND THE GUARANTEED COLUMN	This is the contractual floor of the illustration, not necessarily the outcome you expect.
2. IDENTIFY THE NON-GUARANTEED ASSUMPTION	Ask what crediting rate is being illustrated and why it is reasonable.
3. STRESS TEST IT	Request lower-crediting scenarios, especially if the plan depends on future policy loans.
4. REVIEW LOAN ASSUMPTIONS	A positive spread between crediting and loan rates should never be treated as guaranteed.
5. ASK FOR IN-FORCE ILLUSTRATIONS	After issue, compare actual performance to the original plan and update the strategy when needed.

> **STRESS TEST BEFORE YOU TRUST**
>
> If the policy only works when every non-guaranteed assumption goes right, the design is fragile. A strong design should still make sense when you lower the expectations.

THE QUESTIONS

Smart buyer question #4: “Can I really get to my money?”

Yes, if cash value is available - but access is not identical to a bank account. The amount, timing, and method of access matter. [9][10]

WITHDRAWAL

A withdrawal removes policy value. It generally reduces the death benefit permanently. Tax treatment depends on basis and MEC status. Surrender charges or processing fees may apply depending on product and timing. [9][10]

POLICY LOAN

A loan uses policy value as collateral. Interest is charged. Outstanding loans reduce net cash value and death benefit. If the policy lapses or is surrendered with gain, tax consequences can arise. [9][10]

What about the first few years? Early cash surrender value can be lower than premium paid because policy expenses and surrender charges are front-loaded differently by product. Some designs emphasize early liquidity; others emphasize later accumulation or guarantees. This is exactly why design must follow the goal.

LIQUIDITY CHECK

Ask your adviser to show the exact surrender value in years 1, 3, 5, 10, and 20 - not just account value. If you might need the money early, those numbers matter more than a long-term headline projection.

THE QUESTIONS

Smart buyer question #5: “What if I stop funding or life changes?”

Life changes. Income changes. A business has a bad year. A child needs help. A policy built for a 30-year horizon should be designed with those realities in mind.

BEST CASE

You fund as planned, review the policy, and the policy remains aligned with the original goal.

ADJUSTABLE CASE

You reduce or pause funding, then model changes to death benefit, future premium, or income assumptions before acting.

DANGER CASE

You simply stop paying, ignore annual statements, continue borrowing, and discover years later that charges and debt have put the policy at risk of lapse.

ADJUST, DO NOT GUESS

The flexibility of universal life is useful only when changes are modeled. If the premium changes, ask for a new in-force illustration showing the impact before you assume everything is still on track.

THE QUESTIONS

Smart buyer question #6: “Am I too old - or will I even qualify?”

IUL is life insurance, so underwriting matters. Age alone does not determine the answer, but age, health, tobacco status, medications, medical history, finances, and other risk factors can affect eligibility and cost.

YOUNGER

More time for accumulation and usually lower mortality costs, but a larger death benefit may be required relative to premium depending on design and tax rules.

MIDDLE YEARS

Often a balance between insurability, income, protection needs, and a meaningful accumulation horizon.

OLDER

Potentially viable in some cases, especially for protection or legacy goals, but the economics, funding, and time horizon must be tested carefully.

Qualification is not an objection to “overcome.” It is part of the product. A carrier decides whether to issue coverage and on what underwriting class. A responsible process starts with suitability and qualification, then moves to design.

CHECK BEFORE YOU DISMISS

If you are concerned about health or age, the right next step is not to assume yes or no. It is to complete an honest preliminary review and compare realistic carrier options.

THE QUESTIONS

Smart buyer question #7: “I already have a 401(k), Roth, or life insurance.”

Good. IUL does not require you to start over. The question is whether your current plan already covers the jobs you need done - protection, liquidity, growth potential, tax diversification, and legacy.

IF YOU ALREADY HAVE...	ASK THIS
401(k) / 403(b)	Am I receiving valuable employer contributions? How much future income will be taxable? How exposed am I to market sequ
Roth account	Am I maximizing available Roth opportunities? Do contribution or income limits constrain additional tax-free savings?
Term life	Will the temporary coverage still exist when I need it? Do I have a permanent legacy or cash-value need?
Whole life	What guarantees do I value? How do cash values, loan provisions, costs, and flexibility compare with my objectives?
Brokerage account	Do I have enough liquid investments already? Would another tax and risk bucket make the total plan more flexible?

The strongest plans usually layer tools instead of forcing one product to do every job.

BEFORE YOU DECIDE

10 questions to ask before you buy

If you can get clear, plain-English answers to these questions, you will understand more about your policy than many owners do after years of paying premiums.

01	What specific goal is this policy designed to solve?
02	Which values are guaranteed and which are non-guaranteed?
03	What are the premium charges, policy charges, cost of insurance, rider charges, and surrender schedule?
04	What cap, participation rate, spread, or other crediting limits apply - and which can change?
05	What happens if the illustrated crediting rate is 1-2 percentage points lower?
06	What is the planned funding amount, and what happens if I fund 25% or 50% less?
07	What makes the policy a MEC, and how are you monitoring that limit?
08	How do withdrawals and each available loan type affect cash value and death benefit?
09	What happens if I carry a large loan balance into my 70s, 80s, or 90s?
10	Who will review this policy with me every year, and will I receive an in-force illustration?

BEFORE YOU DECIDE

The APEX review checklist

A strong recommendation should survive a simple test: you understand the purpose, the policy is affordable, the numbers are stress-tested, and the ongoing review process is clear.

Green flag	Red flag
The adviser explains what the policy is and what it is not.	"You cannot lose money" is said without explaining policy charges.
Guaranteed and non-guaranteed values are shown side by side.	Loans are described as free, riskless, or automatically profitable.
Lower-crediting and reduced-funding scenarios are modeled.	The illustration is presented as a prediction or guaranteed retirement income.
The policy complements your existing plan instead of replacing everything by default.	You are pressured to surrender another product before comparing costs and consequences.
You know who will service the policy after the sale.	No one discusses MEC rules, lapse risk, or annual reviews.

THE FINAL TEST

If you cannot explain the policy to another person in five minutes, do not sign yet. Complexity is not automatically bad. Unexplained complexity is.

BEFORE YOU DECIDE

Sources & notes

This guide synthesizes tax guidance, insurance-regulatory material, carrier education, and industry product disclosures reviewed through September 2026. It is intentionally written in original plain language rather than reproducing any carrier brochure or third-party book.

[1] Internal Revenue Service
IRC Section 7702 background and qualification rules for life-insurance contracts; cash-value accumulation and guideline-premium/corridor tests.

[2] Internal Revenue Service
Section 7702A Modified Endowment Contract rules and the 7-pay test; tax treatment of MEC distributions and loans.

[3] Internal Revenue Service
Life Insurance & Disability Insurance Proceeds guidance: death benefits are generally excluded from gross income, subject to exceptions.

[4] National Association of Insurance Commissioners
Life Insurance Illustrations Model Regulation; AG 49-A framework for index-based life illustrations; 2026 consumer-protection disclosure updates.

[5] Allianz Life
Educational material on IUL premiums, charges, accumulation value, index crediting, caps/participation rates, loans, withdrawals, and lapse/tax cautions.

[6] Protective Life
Indexed Universal Life education on index-linked cash-value potential, caps/floors, permanent protection, and suitability considerations.

[7] Nationwide
Indexed Universal Life education on permanent death benefit, tax-deferred cash value, indexed/fixed strategies, policy access, and overloan protection concepts.

[8] Pacific Life
IUL education on index-linked interest-crediting potential, minimum crediting protection, policy charges, and cash-value access.

[9] Penn Mutual
Client education on IUL cash-value access through withdrawals and policy loans, including death-benefit and tax considerations.

[10] North American Company for Life and Health Insurance
Understanding Indexed Universal Life Insurance consumer brochure: index segments, caps, participation rates, floors, loan types, withdrawals, surrender charges, MEC cautions, and policy charges.

Official source families: irs.gov, content.naic.org, and carrier education sites listed above. Insurance products, tax law, and illustration rules can change; verify current materials before relying on any specific provision.

Additional background reviewed: educational books and training materials supplied by APEX Wealth Builders were used to identify common consumer questions, policy-design themes, and objections. All text, examples, diagrams, and framing in this guide were independently rewritten and verified against current regulatory, tax, and carrier materials where factual claims were made.

READY FOR YOUR NUMBERS?

See where you stand.
Know what your next move could be.

An IUL decision should start with your goals, your current plan, and a side-by-side review of realistic assumptions - not a generic sales illustration.

None of this replaces a real conversation about your numbers. The next step is not choosing a policy. It is testing whether this tool fits your goals, budget, protection needs, and existing plan.

START YOUR PERSONAL FINANCIAL REVIEW

APXWEALTHBUILDERS.COM/FINANCIAL-REVIEW

Education first. Your numbers second. Recommendations only after the facts are clear.

General education only. Not financial, investment, tax, or legal advice. Insurance products are subject to underwriting, carrier claims-paying ability, policy terms, fees and charges, and state availability. Non-guaranteed values are not promises.