

# Things to Know About IUL

## 1. The Basics of Life Insurance Types

Term life insurance is straightforward, affordable, and provides coverage for a set period (like 10 to 30 years), whole life insurance is a type of permanent life insurance that lasts your entire life and includes a cash value component that grows over time based on the dividends of the company, and universal life insurance offers flexibility with adjustable premiums and death benefits.



## 2. What Makes IUL Different

IULs set themselves apart from whole life insurance policies and even other universal life policies because of their indexed cash value aspect. This means that their growth is tied to stock market indexes like the NASDAQ or the S&P 500, which determine how much your policy's cash value can grow. So that means—you guessed it—when the market is up and the index performs well, your cash value increases, too.

## 3. The Perks

One standout benefit of an IUL is that its cash value growth is tax-free, and you can access it without traditional age restrictions or penalties. And if you pass away, your loved ones will receive a tax-free payout. That's right—we said income tax-free. That death benefit can cover death expenses or help with ongoing financial support.



## 4. The Drawbacks

An IUL is a long-term strategy that may seem costly initially but can be more cost-effective over time compared to traditional options. While its growth is tax-free, certain actions could trigger taxable events, so consulting an IUL specialist is essential to maximize your tax advantages and ensure compliance.

## 5. Is an IUL Right for You?

If the safety of participating in market upswings while being protected from market downturns with a 0% floor is something that appeals to you, then IUL is a strong option. Likewise, if you're looking to save after-tax dollars in a vehicle that can be a source of tax-free income in retirement, IUL is a great choice.

