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Key Actions to Avoid IUL Scams

1. Misleading Return Projections

One of the most common IUL scams involves inflated projections. If someone promises guaranteed double-digit returns, that's a red flag. Reputable professionals will help you understand realistic projections, often based on historical averages and current market assumptions. The right illustration should include best-case, worst-case, and middle-ground scenarios, not just the "rosy" version designed to close a sale.



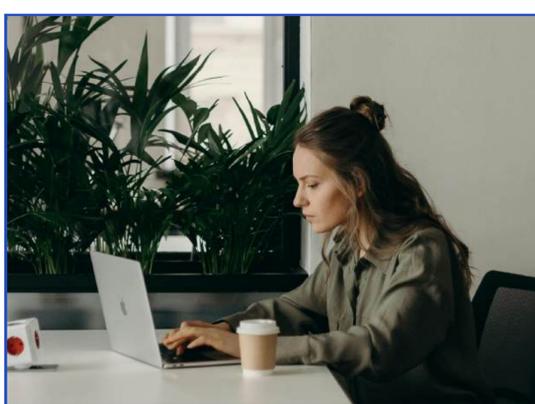
2. Overfunded vs. Underfunded

When an agent pushes a policy designed to earn the highest commission rather than what's best for you, it can backfire quickly. If you're not sure how your policy is being structured (or why), it's time to press pause. Ask about how the death benefit is set, how premiums compare to the IRS's guideline levels, and whether your policy is designed for maximum efficiency or maximum commission.



3. The "Free IUL" Pitch

If you've seen ads or been approached with promises of a "free" IUL or a strategy that supposedly uses "zero out-of-pocket money," proceed with extreme caution. Some promoters claim you can borrow against other assets or even use premium financing to fund your policy entirely. While premium financing strategies can work in certain high-net-worth cases, they're complex, risky, and not suitable for most people.



4. Simply Calling IULs "Retirement Accounts"

Another thing to understand: IULs are not retirement accounts. You need to understand the trade-offs and how IULs fit within your broader financial picture. If someone is pushing you to move all your assets from a qualified plan into an IUL without discussing the complexities and tax implications, it's time to walk away.

5. Protecting Yourself with Due Diligence

The best way to avoid scams is to ask questions, do your homework, and work with experts who specialize in IULs, not just insurance sales in general. Make sure they understand how to structure your policy for your specific purpose, whether it's income planning, estate transfer, or business succession.



6. IULs Aren't the Problem, People Are

You don't have to fall victim to poor structuring or a high-pressure sales pitch. Arm yourself with the right knowledge, and you'll be able to separate hype from real opportunity. When you know what to look out for, you can find reputable IUL specialists near you who you can trust with your financial future.