

	TERM LIFE	PARTICIPATING WHOLE LIFE (WL)	INDEXED UNIVERSAL LIFE (IUL)	VARIABLE UNIVERSAL LIFE (VUL)
LIFE INSURANCE TYPE	Term	Permanent	Permanent	Permanent
POLICY CATEGORY	Death Benefit Only	Death Benefit & Cash Value	Death Benefit & Cash Value	Death Benefit & Cash Value
WHO BEARS THE INVESTMENT RISK?	The insurance company	The insurance company	The insurance company	The policy owner
WHAT DOES THIS TYPE OF POLICY DO?	This life insurance product provides the highest level of death benefit, per premium dollars paid, on a temporary basis ¹	This life insurance product provides a permanent death benefit via level premiums, and accumulates cash value based on a guaranteed interest rate plus dividends	This life insurance product provides a permanent death benefit via flexible premiums, and accumulates cash value based on a fixed rate and/or interest credited tied to the performance of a market index (e.g., S&P 500)	This life insurance product provides a permanent death benefit via flexible premiums, and accumulates cash value based on the investment performance of underlying subaccounts
REGARDING THE DEATH BENEFIT, WHO MIGHT CONSIDER THIS TYPE OF POLICY?	Someone who wants a temporary death benefit that can be purchased with lower premiums, and is comfortable with losing that death benefit at a future date	Someone who wants a permanent death benefit that can be purchased with level and predictable premiums that are guaranteed to keep it in force	Someone who wants a permanent death benefit that can be purchased with a flexible premium schedule, and is comfortable with relying on the performance of fixed and/or indexed crediting rates to keep it in force	Someone who wants a permanent death benefit that can be purchased with a flexible premium schedule, and is comfortable with relying on the performance of investment subaccounts to keep it in force
REGARDING THE CASH VALUE, WHO MIGHT CONSIDER THIS TYPE OF POLICY?	N/A ²	Someone who wants tax-deferred cash value growth that is guaranteed, relatively predictable, and comparable to the performance of other fixed-income or cash-like instruments	Someone who wants tax-deferred cash value growth that is not guaranteed and slightly unpredictable, but has the potential to have greater performance than that of fixed-income or cash-like instruments	Someone who wants tax-deferred cash value growth that is not guaranteed and very unpredictable, but has the potential to have performance comparable to equities
WHAT DEATH BENEFIT OPTIONS DOES THIS TYPE OF POLICY HAVE?	Level Increasing or decreasing (uncommon)	Level Increasing (via PUA dividend election)	Level (e.g., Type I, Option A) Increasing (e.g., Type II, Option B)	Level (e.g., Type I, Option A) Increasing (e.g., Type II, Option B)
CAN THE DEATH BENEFIT EVER DECREASE DUE TO PERFORMANCE?	No	No	No	Level (Type I or Option A): No Increasing (Type II or Option B): Yes
HOW DOES THE CASH VALUE GROW IN THIS POLICY?	N/A	Guaranteed interest rate + non-guaranteed dividends ³	Guaranteed minimum fixed rate and/or non-guaranteed index-linked interest credit	Non-guaranteed performance of underlying investment subaccounts
CAN THE CASH VALUE EVER DECREASE DUE TO PERFORMANCE?	N/A	No	Yes ⁴	Yes

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WHAT ARE SOME IMPORTANT POLICY DESIGN FACTORS THAT CAN IMPACT THE PERFORMANCE OF CASH VALUE ACCUMULATION?	N/A	Minimizing the death benefit Length of scheduled premiums Allocation toward base, PUA, and term premiums (i.e., policy blending) Having dividends purchase PUAs Direct vs. Non-Direct Recognition Strategically exercising the RPU option	Minimizing the death benefit Length of scheduled premiums Level vs. increasing death benefit CVAT vs. GPT design structure Strategically changing the death benefit from increasing to level	Minimizing the death benefit Length of scheduled premiums Level vs. increasing death benefit CVAT vs. GPT design structure Strategically changing the death benefit from increasing to level
COULD THIS POLICY BECOME A MEC? ⁵	No	Yes	Yes	Yes
HOW ARE POLICY WITHDRAWALS TAXED?	N/A	Non-MEC: First-in, first-out (FIFO) MEC: Last-in, first-out (LIFO)	Non-MEC: First-in, first-out (FIFO) MEC: Last-in, first-out (LIFO)	Non-MEC: First-in, first-out (FIFO) MEC: Last-in, first-out (LIFO)
IS THERE A PENALTY FOR WITHDRAWALS TAKEN PRIOR TO THE AGE OF 59½?	N/A	Non-MEC: No MEC: Yes	Non-MEC: No MEC: Yes	Non-MEC: No MEC: Yes
ARE POLICY LOANS TAXABLE?	N/A	Non-MEC: No MEC: Yes	Non-MEC: No MEC: Yes	Non-MEC: No MEC: Yes
IS THERE A PENALTY FOR POLICY LOANS TAKEN PRIOR TO THE AGE OF 59½?	N/A	Non-MEC: No MEC: Yes	Non-MEC: No MEC: Yes	Non-MEC: No MEC: Yes
WHAT TYPES OF POLICY LOANS ARE COMMONLY AVAILABLE WITH THIS POLICY?	N/A	Fixed Variable	Fixed Variable Indexed	Fixed Variable
WHAT INCREASES MY COST BASIS?	N/A	Non-MEC: Contributions MEC: Contributions and policy loans	Non-MEC: Contributions MEC: Contributions and policy loans	Non-MEC: Contributions MEC: Contributions and policy loans
WHAT DECREASES MY COST BASIS?	N/A	Withdrawals and dividends taken as cash	Withdrawals	Withdrawals
IS THE DEATH BENEFIT SUBJECT TO FEDERAL INCOME TAXATION?	No	No	No	No
IS THE DEATH BENEFIT POTENTIALLY SUBJECT TO ESTATE TAXATION?	Yes	Yes	Yes	Yes

¹Many term policies offer a term conversion rider. This may be a good option to consider if someone wants the option to convert their term policy to a permanent policy in the future.

²Some term policies offer a return of premium rider. These riders are uncommon and generally result in a higher premium in the policy.

³Participating WL policies offer several dividend options to consider (e.g., purchase PUAs, pay out as cash, earn interest, pay premium, pay policy loan, purchase term insurance, etc.).

⁴While an IUL can never have a negative rate credited due to poor performance, the overall cash value can still decrease if policy charges are in excess of the cash value growth in any given year.

⁵A policy can become a modified endowment contract (MEC) if it fails the 7-pay test. A MEC loses some tax advantages compared to a non-MEC policy.

About Archford®



Archford® was built around the mission of “Taking Care of Families”. CEO and Founder Jim Maher grew up in a family business, which inspired him to seek a diverse professional background with secured licenses in law (JD), accounting (CPA), insurance, financial planning, exit planning and retirement planning. While acquiring these designations and degrees, he realized how important it was for all of these areas of a person’s life to be interconnected for financial success. Archford® provides wealth management, retirement planning, business consulting, accounting, data management and philanthropic services all under one roof. This unique service model enables the team to collaborate daily to help clients save time, save money and make money.

Meet our Founder

Jim Maher, an attorney and CPA, holds a bachelor’s degree and a law degree from the University of Missouri – Columbia. He is the CEO and founder of Archford Capital Strategies. Believing that the most important asset for the business owner is the employees themselves, Jim has brought together a team of passionate advisors. Jim has earned seven certifications and designations along with his advanced degree. These designations help him to efficiently design and implement both financial and tax-advantaged plans. He also created a consulting division to assist business owners with a wide range of solutions for business continuation or succession planning. As a Certified Exit Plan Advisor (CEPA®), he helps closely held family businesses to establish resources for business owners in transition. Jim and Jenny have four boys who enjoy giving back to the community through philanthropy, traveling and playing soccer. Jim and Jenny are very proud of their boys for their high academic and sport achievements.

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