

Special Report-2013
Percentile Rate of Return History for
Equity Indexed Universal Life (EIUL) Insurance Policies

The **#1 question I receive** from advisors who use cash value life insurance to help clients build wealth for retirement is **what is the “best” EIUL policy in the marketplace.**

While everyone would like a one-product answer, that is not the case. By accident or intention, EIUL policies in the market have many different designs that will yield much different results depending on what various stock-market indexes return over a 5, 10, 20+ year period.

Three key factors determine **how much money a client can remove tax free** from an EIUL policy:

- 1) **Rate of return on cash growing in the policy**
- 2) **Internal expenses of the policy**
- 3) **The lending rate on variable loans**

This report will focus on the rate of return in EIUL policies.

This report is a **20-year, back-tested summary** of what various products would have returned with different policy designs. What you'll also find very interesting about the report is the percentile calculation indicating what the likelihood is that each policy will achieve certain rates of return.

CAUTION—rate of return in an EIUL policy is only **one of three major factors** that affect how much money can be removed tax free from the policy in retirement. Many policies in the marketplace are designed to achieve high rates of returns but the **cost to achieve those rates** significantly hinders the policy's ability to remove money tax free in retirement.

My point is that it's **not enough** for you to look at the following numbers when determining the best product to help your clients build their wealth. You have to understand the internal expenses and how each product performs with different loan scenarios. Also, most products tout **variable loans** using today's low interest rates. If you illustrate some of the higher return products with historical lending rates, they do not perform well. Some products come with maximum lending rates which is a very protective policy design.

8% rate of return threshold—most products are **NOT designed to perform well** unless they achieve average actual rates of return of 8% or more. Therefore, I have highlighted when each product over a 20-year period returned 8% with at least an 8% or more probability. *There is one policy that is **designed to perform at rates of return of less than 8%**, but that policy is **not in this report** due to its unique policy design. If you'd like information on that policy, please e-mail me at info@strategicmp.net.*

Long-term planning—you'll also notice that some of the products are designed to perform better over shorter time frames, and some are designed to perform better over longer time frames. Since most clients who use cash value life insurance should be buying them for the long term, I have highlighted the numbers for the 20-year rate of return.

Retirement Life[™]—to communicate the value of EIUL policies as a powerful and protective wealth building tool, I came up with the Retirement Life[™] (RL) platform. RL communicates to the client that no one product is the “best” product and that many factors need to be considered when picking the “best” product for each client. If you are interested in using RLs to help you educate and sell clients on the idea of using EIUL policies to grow wealth for retirement, please [click here](#) to learn more.

Reading the Following Charts and a Summary of my Thoughts on the Numbers

The numbers are hypothetical percentiles for rolling periods of time starting in December 1992 and ending in December 2012. Because the numbers come from rolling periods (vs. a static beginning and ending date), a percentile calculation can be made indicating the likelihood that each product design would achieve certain returns over time.

What you will see in the chart is the likelihood that each product would return a certain rate of return 100%, 90%, 80%, 70%, and 50% of the time. Additionally, on the right-hand side of the chart, you'll see the likelihood that each product would achieve an average rate of return of 7%, 7.5%, and 8%.

The conclusion from the charts is that the international five-year bucket, "global-lookback" product (last set of charts) is the product designed to achieve the high rate of return the most often over various rolling 20-year time spans.

What you also might find interesting is that, in order for the standard annual point-to-point S&P 500 index product to achieve a 7.5% - 20-year return in the 100% percentile, the cap needs to be at least 14%. At 13%, the percentage chance the product would have achieved a return of at least 7.5% is 77% (remember, most products are designed to do well only if they achieve a return of 7.5% or more).

What I think you'll find most interesting is that the **"Unique" EIUL policy**, which is one of my favorites, would have generated an **8% rate of return** over 20 years with a **92% probability**.

Again, the rate of return is just one of three key factors that determine the "best" policy. It's not good enough to just have a product designed for high rates of return. The product must also have reasonable expenses and, if possible, protective features when it comes to how the company deals with variable loan rates.

I am constantly researching all the various EIUL policies in the marketplace and stress testing them to determine for myself and the advisors I work with which policies do have the best "overall" product designs. Only the "best" policies make the **Retirement Life**TM platform.

Currently, there are five policies in the **Retirement Life**TM platform. To learn more about these five policies, please **click here**.

Enjoy the report; and if you have any questions, please feel free to e-mail me at **info@thewpi.org**.

One last thing—if you are looking to take your marketing up a notch this year, go to **www.strategicmp.net** to learn about the **\$25,000+ worth of different marketing tools** I allow advisors I work with to use for **FREE**.

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Annual point-to-point product with 0% credited in negative years
and a 100% participation rate

11% Annual Point-To-Point Cap (0% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.26%	4.21%	4.60%	5.22%	5.85%	6.45%	6.63%	37 th Percentile	32 nd Percentile	27 th Percentile
10 Year	3.59%	4.81%	5.39%	5.79%	6.12%	6.39%	6.31%	27 th Percentile	13 th Percentile	5 th Percentile
20 Year	6.52%	6.54%	6.60%	6.65%	6.72%	6.78%	6.78%	13 th Percentile	0 Percentile	0 Percentile

12% Annual Point-To-Point Cap (0% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.44%	4.40%	4.83%	5.46%	6.15%	6.79%	7.06%	47 th Percentile	35 th Percentile	30 th Percentile
10 Year	3.69%	5.04%	5.71%	6.10%	6.53%	6.80%	6.70%	42 nd Percentile	26 th Percentile	13 th Percentile
20 Year	6.98%	7.03%	7.06%	7.13%	7.22%	7.22%	7.25%	97 th Percentile	9 th Percentile	0 Percentile

13% Annual Point-To-Point Cap (0% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.62%	4.57%	5.02%	5.70%	6.40%	7.10%	7.46%	51 st Percentile	43 rd Percentile	33 rd Percentile
10 Year	3.78%	5.24%	5.98%	6.37%	6.87%	7.16%	7.06%	56 th Percentile	39 th Percentile	24 th Percentile
20 Year	7.41%	7.44%	7.49%	7.56%	7.61%	7.63%	7.65%	100 th Percentile	77 th Percentile	0 Percentile

14% Annual Point-To-Point Cap (0% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.80%	4.71%	5.38%	5.94%	6.61%	7.36%	7.83%	55 th Percentile	47 th Percentile	40 th Percentile
10 Year	3.87%	5.43%	6.21%	6.61%	7.17%	7.51%	7.38%	62 nd Percentile	50 th Percentile	36 th Percentile
20 Year	7.78%	7.82%	7.84%	7.94%	7.95%	8.00%	8.01%	100 th Percentile	100 th Percentile	45 th Percentile

15% Annual Point-To-Point Cap (0% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.98%	4.81%	5.61%	6.13%	6.82%	7.57%	8.18%	57 th Percentile	51 st Percentile	43 rd Percentile
10 Year	3.96%	5.57%	6.39%	6.84%	7.41%	7.85%	7.69%	67 th Percentile	59 th Percentile	45 th Percentile
20 Year	8.11%	8.15%	8.20%	8.27%	8.30%	8.33%	8.35%	100 th Percentile	100 th Percentile	100 th Percentile

Unique EIUL Product

This is the 2012 year ending EIUL special rate of return summary. Since I put out the 2010 version, a new product has come on the market that is one of my favorites and is in the [Retirement Life™](#) sales platform.

The product has a **16% annual cap** and uses the following blended indexes:

Dow Jones Industrial Average (35%), Barclays Capital U.S. Aggregate Bond Index (35%), Eurostoxx 50 (20%), and Russell 2000 (10%).

The product also has an attractive **5.3% fixed loan rate** which is a very productive tool for clients who want to use **variable loans** when removing money from the policy.

Because this product is so different, I couldn't use the same software to run numbers like I have for the other crediting methods. However, the following are somewhat similar and should allow advisors to compare this new product with others in the marketplace.

If you **want more information** on this **UNIQUE EIUL policy**, please [click here](#) to sign up (or you can e-mail info@strategicmp.net to request more info).

Years	Worst Historical Returns	Historical Return 75% of the time	Historical Return 50% of the time
5-Years	3.04%	6.27%	8.15%
10-Years	4.33%	6.90%	8.95%
20-Years	7.38%	8.29%	8.66%

Years	Historical illustrated rate of 7.00%
5-Years	Reached 67% of the time
10-Years	Reached 74% of the time
20-Years	Reached 100% of the time

Years	Historical illustrated rate of 7.50%
5-Years	Reached 60% of the time
10-Years	Reached 70% of the time
20-Years	Reached 100% of the time

Years	Historical illustrated rate of 8.00%
5-Years	Reached 52% of the time
10-Years	Reached 66% of the time
20-Years	Reached 92% of the time
Years	Historical illustrated rate of 8.50%
5-Years	Reached 46% of the time
10-Years	Reached 58% of the time
20-Years	Reached 60% of the time

Annual point-to-point product with 0% credited in negative years
and a 140% participation rate

11% Annual Point-To-Point Cap (0% floor) 140% Crediting Method

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.32%	4.26%	5.07%	5.87%	6.46%	6346.00%	7.06%	45 th Percentile	40 th Percentile	35 th Percentile
10 Year	3.91%	5.28%	5.88%	6.29%	6.49%	6.83%	6.76%	44 th Percentile	25 th Percentile	12 th Percentile
20 Year	6.85%	6.87%	6.93%	6.99%	7.13%	7.17%	7.17%	68 th Percentile	6 th Percentile	0 Percentile

12% Annual Point-To-Point Cap (0% floor) 140% Crediting Method

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.50%	4.64%	5.41%	6.20%	6.97%	7.04%	7.59%	60 th Percentile	44 th Percentile	40 th Percentile
10 Year	4.19%	5.66%	6.29%	6.74%	7.40%	7.33%	7.26%	63 rd Percentile	43 rd Percentile	26 th Percentile
20 Year	7.38%	7.40%	7.46%	7.52%	7.66%	7.70%	7.70%	100 th Percentile	71 th Percentile	10 th Percentile

13% Annual Point-To-Point Cap (0% floor) 140% Crediting Method

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	2.68%	5.01%	5.74%	6.52%	7.35%	7.61%	8.10%	64 th Percentile	58 th Percentile	44 th Percentile
10 Year	4.47%	6.00%	6.68%	7.15%	7.56%	7.80%	7.73%	72 rd Percentile	61 st Percentile	43 rd Percentile
20 Year	7.90%	7.93%	7.99%	8.04%	8.17%	8.22%	8.22%	100 th Percentile	100 th Percentile	77 th Percentile

14% Annual Point-To-Point Cap (0% floor) 140% Crediting Method

No need for numbers since no company comes close to offering this

15% Annual Point-To-Point Cap (0% floor) 140% Crediting Method

No need for numbers since no company comes close to offering this

16% Annual Point-To-Point Cap (0% floor) 140% Crediting Method

No need for numbers since no company comes close to offering this

Annual point-to-point product with 2% credited in negative years
and a 100% participation rate

11% Annual Point-To-Point Cap (2% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	3.74%	5.23%	5.51%	6.03%	6.59%	7.12%	7.25%	52 nd Percentile	36 th Percentile	30 th Percentile
10 Year	4.62%	5.71%	6.20%	6.51%	6.82%	7.04%	6.98%	52 nd Percentile	30 th Percentile	12 th Percentile
20 Year	7.14%	7.17%	7.22%	7.29%	7.36%	7.38%	7.38%	100 th Percentile	26 th Percentile	0 Percentile

12% Annual Point-To-Point Cap (2% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	3.93%	5.40%	5.89%	6.29%	6.89%	7.44%	7.68%	58 th Percentile	57 th Percentile	34 th Percentile
10 Year	4.72%	5.95%	6.52%	6.84%	7.20%	7.44%	7.38%	65 th Percentile	65 th Percentile	27 th Percentile
20 Year	7.62%	7.65%	7.69%	7.78%	7.84%	7.84%	7.85%	100 th Percentile	100 th Percentile	19 th Percentile

13% Annual Point-To-Point Cap (2% floor)

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Average	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	4.11%	5.56%	6.21%	6.52%	7.13%	7.69%	8.08%	62 nd Percentile	53 rd Percentile	45 th Percentile
10 Year	4.81%	6.20%	6.79%	7.10%	7.52%	7.82%	7.74%	73 rd Percentile	61 st Percentile	44 th Percentile
20 Year	8.04%	8.07%	8.11%	8.22%	8.23%	8.25%	8.25%	100 th Percentile	100 th Percentile	100 th Percentile

Conservative Illustrations

The main product pitching the 2% annual floor is **currently crediting** using a **12% cap**. If we use back testing as a guide (which of course is not perfect), the 2012 year-end numbers indicate that there is only a **19% probability** that this product will return 8% over the next 20 years (depending on when you purchased it).

However, the company that offers this product is allowing agents to use a default rate of return of nearly 8%. Considering the 20-year back-tested probability of earning an 8% rate of return is only 19%, that's a pretty **aggressive illustration**.

Five-year, point-to-point product with **NO CAP** that uses three international indexes and a **hindsight crediting method** (meaning after five years the company looks back to see what three different indexes returned and takes **75%** from the best index, **25%** from the 2nd best index, and **0%** from the 3rd best). There is a 1% floor, and I am illustrating a 65% and 60% participation rate.

The product also has a **maximum lending rate** on its variable loans of **6%**.

This is a **very unique product** that few advisors are familiar with.

To learn more about this product, please [click here](#) or e-mail info@strategiemp.net.

This product is NOT designed for clients who are interested in the short term.

It's designed for clients who will be keeping the product for the long term.

No Cap 70% Participation Rate, 1% floor, 5-Year International Global Lookback Bucket

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Ave.	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	1.00%	1.00%	1.00%	1.13%	3.62%	4.95%	7.80%	41 st Percentile	37 th Percentile	39 th Percentile
10 Year	1.00%	2.62%	3.17%	4.02%	6.31%	7.65%	6.67%	53 rd Percentile	47 th Percentile	45 th Percentile
20 Year	7.75%	7.84%	7.87%	7.88%	7.91%	7.95%	7.97%	100 th Percentile	67 th Percentile	45 th Percentile

No Cap 65% Participation Rate, 1% floor, 5-Year International Global Lookback Bucket

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Ave.	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	1.00%	1.00%	1.00%	1.05%	3.37%	4.63%	7.37%	41 st Percentile	37 th Percentile	37 th Percentile
10 Year	1.00%	2.48%	2.98%	3.80%	5.94%	7.25%	6.32%	53 rd Percentile	47 th Percentile	37 th Percentile
20 Year	7.36%	7.44%	7.47%	7.48%	7.51%	7.55%	7.57%	100 th Percentile	67 th Percentile	0 Percentile

No Cap 60% Participation Rate, 1% floor, 5-Year International Global Lookback Bucket

	100 th	90 th	80 th	70 th	60 th	50 th		Specified	Specified	Specified
	Percentile	Percentile	Percentile	Percentile	Percentile	Percentile	Ave.	Rate of 7%	Rate of 7.5%	Rate of 8%
5 Year	1.00%	1.00%	1.00%	1.00%	3.13%	4.30%	6.94%	39 th Percentile	37 th Percentile	35 th Percentile
10 Year	1.00%	2.34%	2.79%	3.56%	5.59%	6.84%	5.95%	48 th Percentile	37 th Percentile	26 th Percentile
20 Year	6.96%	7.03%	7.06%	7.07%	7.10%	7.13%	7.15%	90 th Percentile	0 Percentile	0 Percentile

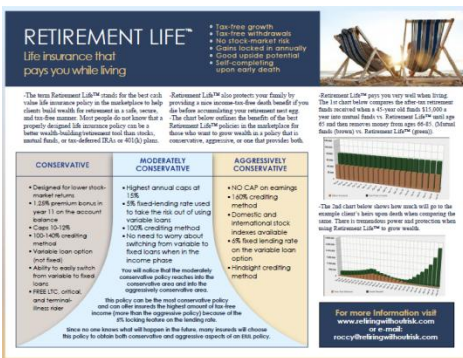
Marketing EIUL Policies

While having information that will help you determine what policies are designed with the highest probability of achieving a certain return is important, it's equally important for planners to be armed with the "best" marketing tools in the industry to help you communicate the value of EIUL policies to potential clients.

I've created what I think are the "best" marketing tools advisors can use to help them sell the benefits of EIUL policies.

Retirement Life™ Sales Platform—the **Retirement Life™** sales platform is a trademarked platform that is exclusive to advisors who are qualified to use it. What does the platform consist of? Two unique brochures (a one pager and a seven pager) and a voiced-over educational sales presentation that can be viewed on the web (you can load it on your website, e-mail the link to clients, or have it under your e-mail signature).

To view the full version of both brochures, click on the pictures on the left and center below. To view the PowerPoint presentation, [click here](#) or on the picture on the right below.



RETIREMENT LIFE™
Life insurance that pays you while living

The new Retirement Life™ made for the best stock value life insurance policy in the marketplace to help clients meet needs for retirement in safe, secure and on-time terms. Most people do not know that a properly designed life insurance policy can be a better wealth building investment tool than stocks, mutual funds, or the defined 401(k) or 403(b) plans.

Retirement Life™ also provides your clients with providing a more secure income flow than bonds of any kind. The short term nature of the best Retirement Life™ policies give the client the ability to have what you want to give results in a policy that is conservative, aggressive, or one that provides both.

Retirement Life™ also has very well known limits. The 1 in 1000 better compares the other life insurance policies that have a 1 in 1000 chance of death. Retirement Life™ will age 40 and then receive money from age 40-65. (Retirement Life™ vs. Retirement Life™ (green))

CONSERVATIVE	MODERATELY CONSERVATIVE	AGGRESSIVELY CONSERVATIVE
<ul style="list-style-type: none">Designed for lower stock market returns1.125% premium bonus in year 11 on the account balanceClose to 10% 100% crediting method100% cash surrender value (not fees)Ability to easily return from variable to fixed loansFREE LTC, critical, and terminal illness care	<ul style="list-style-type: none">Highest annual caps of 15% 100% crediting rate used to take the risk out of using variable loans100% crediting methodNo need to worry about switching from variable to fixed loans when in the income phaseYou will still have the available conservative policy reaches into the conservative area and into the aggressively conservative area.	<ul style="list-style-type: none">NO CAP on earnings100% crediting methodDomestic and international stock indexes available100% fixed lending rate on the variable loan option100% cash surrender value100% cash surrender value

For more information visit www.retiringwithoutrisk.com or e-mail roccy@retiringwithoutrisk.com

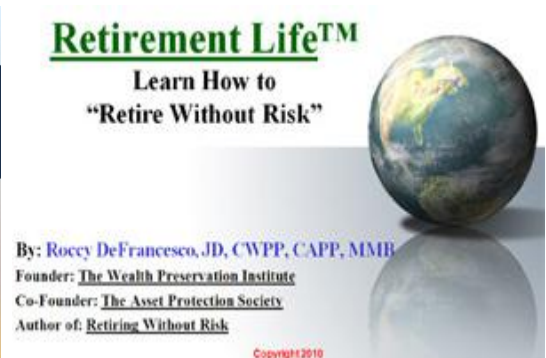
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RETIREMENT LIFE™
Life insurance that pays you while living

- Tax-free growth
- Tax-free withdrawals
- No stock-market risk
- Gains locked in annually
- Good upside potential
- Self-completing upon early death

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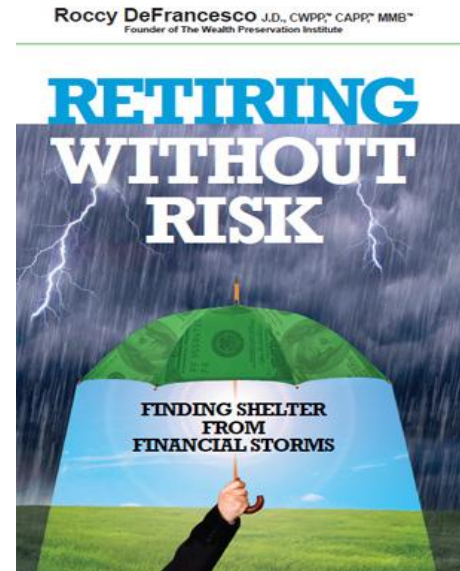


Retirement Life™
Learn How to "Retire Without Risk"

By: **Rocco DeFrancesco, J.D., CWPP, CAPP, MMB**
Founder: **The Wealth Preservation Institute**
Co-Founder: **The Asset Protection Society**
Author of: **Retiring Without Risk**

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In addition to creating the **Retirement Life™** sales platform, I also cover the math behind growing wealth using EIULs in my book, **Retiring Without Risk**. The book gives readers "real-world" numbers comparing building wealth with EIUL policies vs. investing in stocks/mutual funds as well as comparing EIULs to tax-deferred plans such as 401(k)/profit-sharing/defined-benefit plans. To learn more about my book, **Retiring Without Risk**, please click on the book cover to the right.



The book, coupled with the brochures and voiced-over PowerPoint presentation, creates a **unique marketing platform advisors can't find anywhere in our industry**. I do not charge advisors to use the **Retirement Life™** sales platform. I only require advisors to become licensed with the five companies used in the platform. To learn more about the **Retirement Life™** sales platform, please [click here](#) or contact Blair Schadler at blair@strategicmp.net.

If you are interested in learning about **\$25,000 worth of marketing tools** you can get access to for **FREE** when you are using the **Retirement Life™** sales platform, please go to www.strategicmp.net.