

APPENDIX A

WHOLE LIFE VS GUARANTEED UNIVERSAL LIFE

The following spreadsheets are taken from illustrations for a Guardian Life whole life policy (WL) and a Protective Life guaranteed universal life policy (GUL) for a male age 65, who is in excellent health. Their purpose is to give the reader a better understanding of the relative premium difference between the two types of policies. Absent the complete illustrations, they are not to be used for clients. All the GUL illustrations guarantee coverage to age 100. Coverage can be guaranteed to any age, up to age 120, with small increases in premium.

Illustration A - Shows the WL policy with the required premium for \$1,000,000 of coverage on a 65 year old male.

Illustration B - Shows the GUL policy assuming the same premium as the WL policy. Take note, the coverage is more than doubled.

Illustration C - Shows the GUL policy assuming the same \$1,000,000 face amount. Take note the premium is less than half the WL premium.

Illustration D - Shows the GUL policy assuming the same \$1,000,000 face amount but paying premiums for only ten years. Take note the premium is \$40,000, not \$42,330 and the policy is paid up in 10 years.

ILLUSTRATION E

There is a widely held belief that whole life policies that have been in force for several years, should not be replaced. However, that is not always the case. When WL policies are specifically being used for estate planning purposes and the cash values aren't relevant or the WL policy is inside an irrevocable trust, it's in the best interest of the client to look at GUL as an alternative. That's what illustration E does.

It assumes the Guardian policy was taken out at age 65 and the insured is now ten years older. It also assumes the insured is in the same health as he was at age 65. Finally, it assumes all the cash value of the WL policy is 1035 exchanged into the GUL policy and the annual premium remains the same. Keep in mind, EVERYTHING regarding the GUL policy is guaranteed, which is not the case with WL. As the illustration shows, the client can immediately increase his death benefit from \$1,109,803 to \$1,950,000 and still have it guaranteed to age 100.