

Withdrawals (Partial Surrender) Universal Life

- Universal life policies offer partial surrenders. This involves permanently withdrawing a portion of the policy's available cash value, but keeping some or all coverage in force.
- Unlike a loan, the withdrawn values usually cannot be put back into the policy.
- Partials can often work in two ways - (1) with a comparable decrease in coverage or (2) with no decrease in coverage.
- There is no (on-going) interest charged for a partial surrender (as would be with a loan)
- Partial surrenders make the most sense when there is no intent to repay the amount withdrawn--and even more so when it is desirable to let the coverage amount be reduced by the partial surrender amount.
- Will be taxed to the extent of any gains (unlike loans)