

Universal Life Insurance

- Unbundled – premium, death benefit and cash values are unbundled
- Cash Value
 - Invested in bonds and mortgages, so the insurer assumes the risk
 - *Guaranteed* minimum interest rate or current interest rate
 - Loans or Withdrawals (called “partial withdrawals”)
 - Loans
 - Loans Only
 - Loans are tax-free
 - If loan is not repaid when the insured dies, death benefit is reduced
 - Partial Withdrawals
 - Policyowner receives their own money *from* the cash value
 - Amount taken will be taxed as income to the extent that it exceeds the principal (**FIFO**, First In First Out)
 - Reduces cash value amount
- Two Death Benefit Options
 1. Cash value is part of the benefit
 2. Cash value is in addition to the benefit