Symetra Accumulator IUL

How policy performance can affect future distributions

Hypothetical competitive analysis evaluating a range of performance on income potential

Impact of performance on future distributions

Indexed universal life insurance (IUL) products can help clients create supplemental retirement income by accessing policy value growth through tax-free policy loans and withdrawals.[1] Potential growth is tax-deferred and based on the performance of selected index-linked strategies, adjusted for the strategies' caps and participation rates. Future distributions from index-linked policies are affected by long-term market performance, but some products by design may hold up better than others.

With so many differences in IUL products, considering a range of potential distributions may provide a more realistic approach to supplemental retirement income planning than the traditional single illustration approach.

Navigating choppy waters

Because each IUL product is constructed differently, it is difficult to evaluate each product's performance based solely on comparable index caps and participation rates. Some products have higher charges and fewer guarantees, while others offer greater transparency and lower costs. NAIC Actuarial Guideline 49 provides some assistance for comparing IULs by governing maximum illustration rates. The guideline uses historical, back-tested averages that factor in the product's caps and floors to more accurately compare potential volatility and projected growth potential between products.

As your clients use IUL products to help supplement their retirement income plans, it's important to set realistic expectations on the amount of projected income your clients may receive when starting distributions. Your clients should understand that poor long-term market performance, changes to illustrated funding scenarios, changes in tax laws, and product differences will affect future distributions.

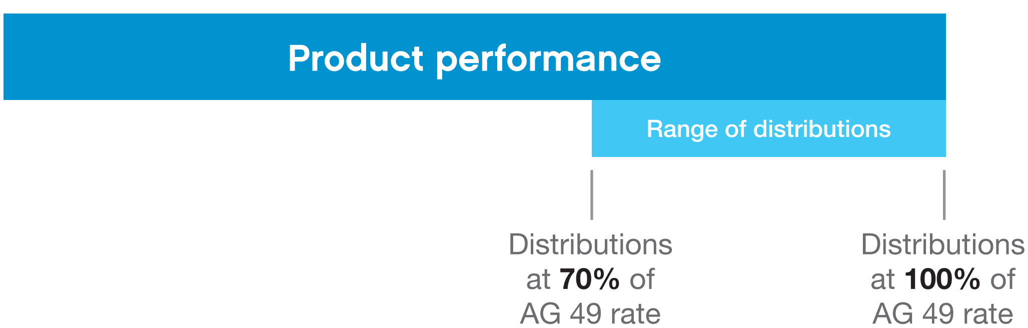
Evaluating a range of distributions

In this hypothetical competitive analysis of IUL products, we compare a range of performance under three funding scenarios for a 45-year-old male, assuming a 1-year point-to-point S&P 500 index strategy. We used the AG 49 100% maximum illustrated rate (IR) for the top of the range, and 70% of the maximum illustrated rate as the bottom.

This analysis strives to clarify some uncertainties that can adversely impact distributions, such as:

- Policy performance
- Rising policy costs
- Reduction in index caps and/ or participation rates
- Poor index performance
- Reduction or elimination of nonguaranteed crediting bonuses
- Actual distributions versus hypothetical illustrated distributions
- Risk due to changing funding scenarios

This approach offers an objective stress-testing methodology and assumes less favorable policy performance scenarios than a single illustration presentation. It stress-tests each product proportionately and helps demonstrate how performance can impact future income potential.



Focus goal

Establish a more realistic approach to supplemental income planning

Hypothetical client
Male, age 45

Rate class
Preferred Non-Nicotine

Case design
Minimum non-modified endowment contract death benefit (for maximum accumulation)

Death benefit option
Optimal death benefit option switch or level in all years, as appropriate. (See page 8 for important information.)

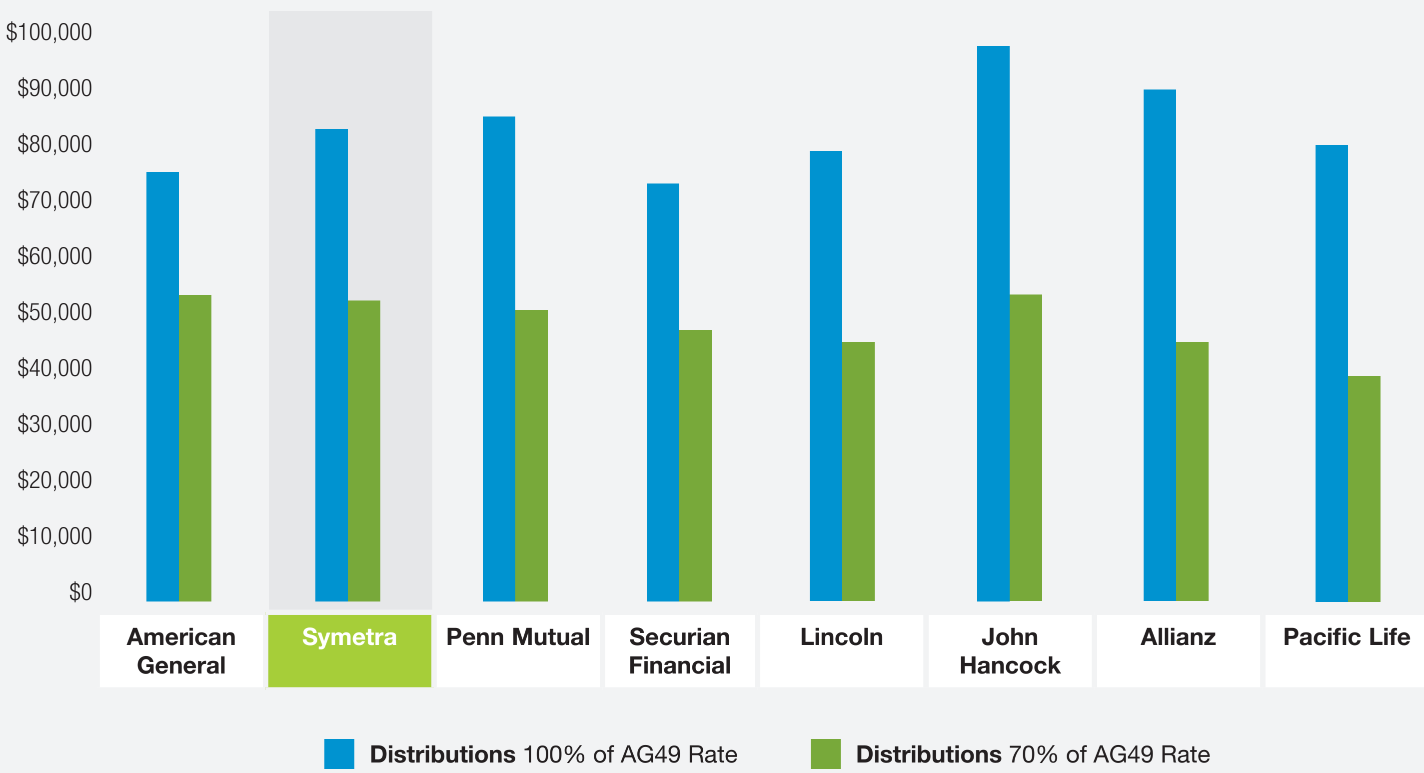
Distributions
Withdrawals to basis, then standard loans from years 21-40. Solving for $10,000 policy value at age 100.

Funding scenario 1

$25,000 level pay for 20 years

Male, age 45
Preferred Non-Nicotine
Standard loans
Distribution years 21-40

				Distributions		
	Death benefit (Initial)	Target	Cumulative costs	100% of AG49 rate	70% of AG49 rate	Percentage change
American General	$529,769	$9,806	$86,499	$78,174	$54,649	-30%
Symetra	$536,678	$10,380	$74,037	$82,776	$54,864	-34%
Penn Mutual	$557,158	$9,527	$79,922	$83,630	$53,424	-36%
Securian Financial	$521,652	$8,852	$85,287	$74,171	$46,656	-37%
Lincoln	$494,929	$11,101	$75,097	$79,460	$46,692	-41%
John Hancock	$531,072	$10,069	$219,931	$95,481	$54,477	-43%
Allianz	$527,035	$8,621	$130,708	$91,254	$46,894	-49%
Pacific Life	$525,657	$10,000	$245,620	$81,796	$38,267	-53%



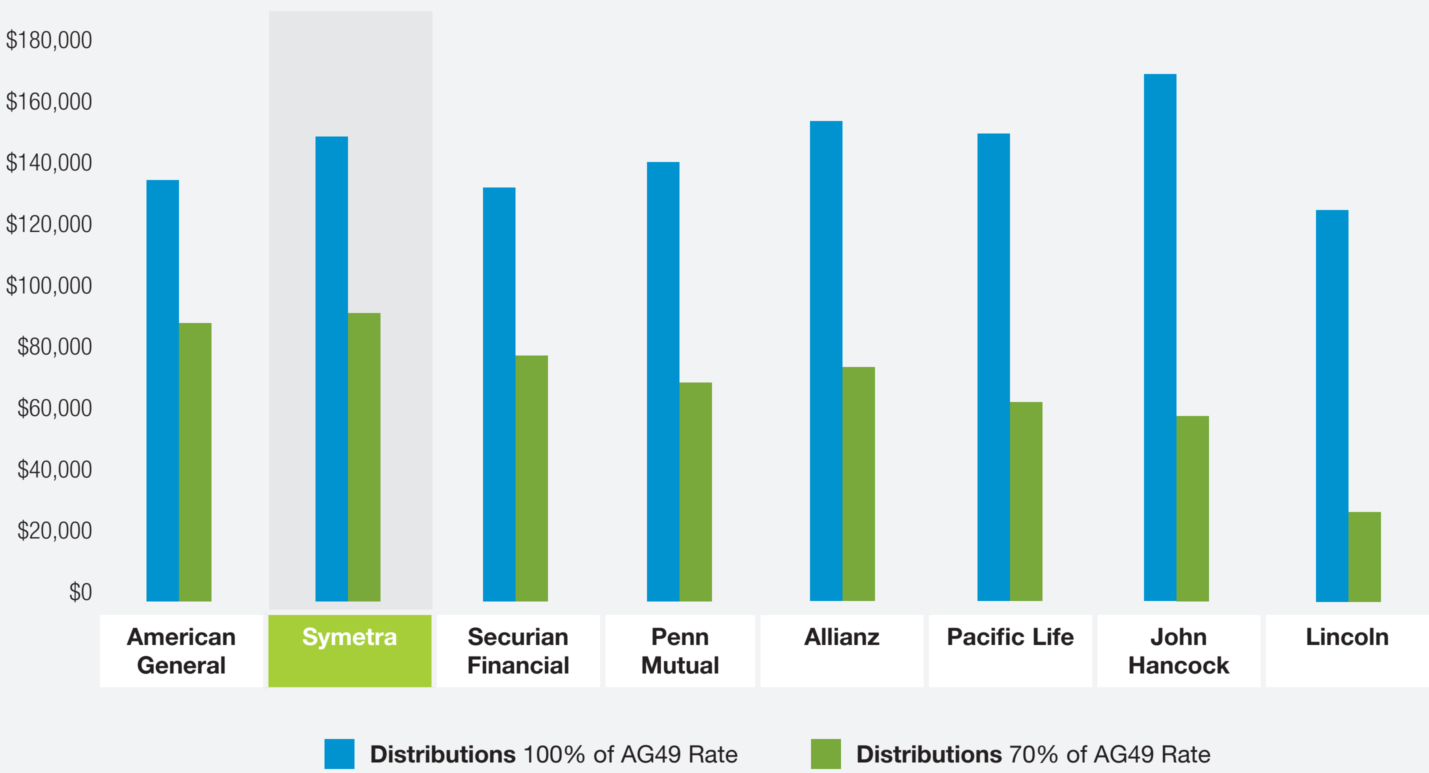
Hypothetical is based on a 45-year-old male in a Preferred Non-Nicotine rate class. Premium amount is $25,000 for 20 years. Death Benefit used is minimum non-modified endowment contract. Optimal death benefit option switch or level in all years, as appropriate (refer to benchmark competitors, products and assumptions on page 8). Withdrawals to basis, then standard loans from years 21-40. Solving for $10,000 policy value at age 100. A list of full competitor names is provided in the important information section. Competitor information is current and accurate to the best of our knowledge as of Nov. 7, 2018.

Funding scenario 2

$25,000 level pay for 20 years plus $250,000 1035 Exchange in year one

Male, age 45
Preferred Non-Nicotine
Standard loans
Distribution years 21-40

				Distributions		
	Death benefit (Initial)	Target	Cumulative costs	100% of AG49 rate	70% of AG49 rate	Percentage change
American General	$1,595,165	$29,526	$182,034	$136,395	$88,300	-35%
Symetra	$1,597,789	$30,903	$157,433	$147,456	$91,704	-38%
Securian Financial	$1,562,349	$26,513	$176,742	$132,047	$78,606	-40%
Penn Mutual	$1,676,205	$28,663	$218,005	$139,878	$68,716	-51%
Allianz	$1,759,420	$28,780	$352,199	$156,763	$72,172	-54%
Pacific Life	$1,415,720	$26,933	$600,942	$150,313	$61,906	-59%
John Hancock	$1,603,683	$30,405	$496,281	$168,270	$58,586	-65%
Lincoln	$1,950,000	$21,937	$233,735	$121,333	$25,892	-79%



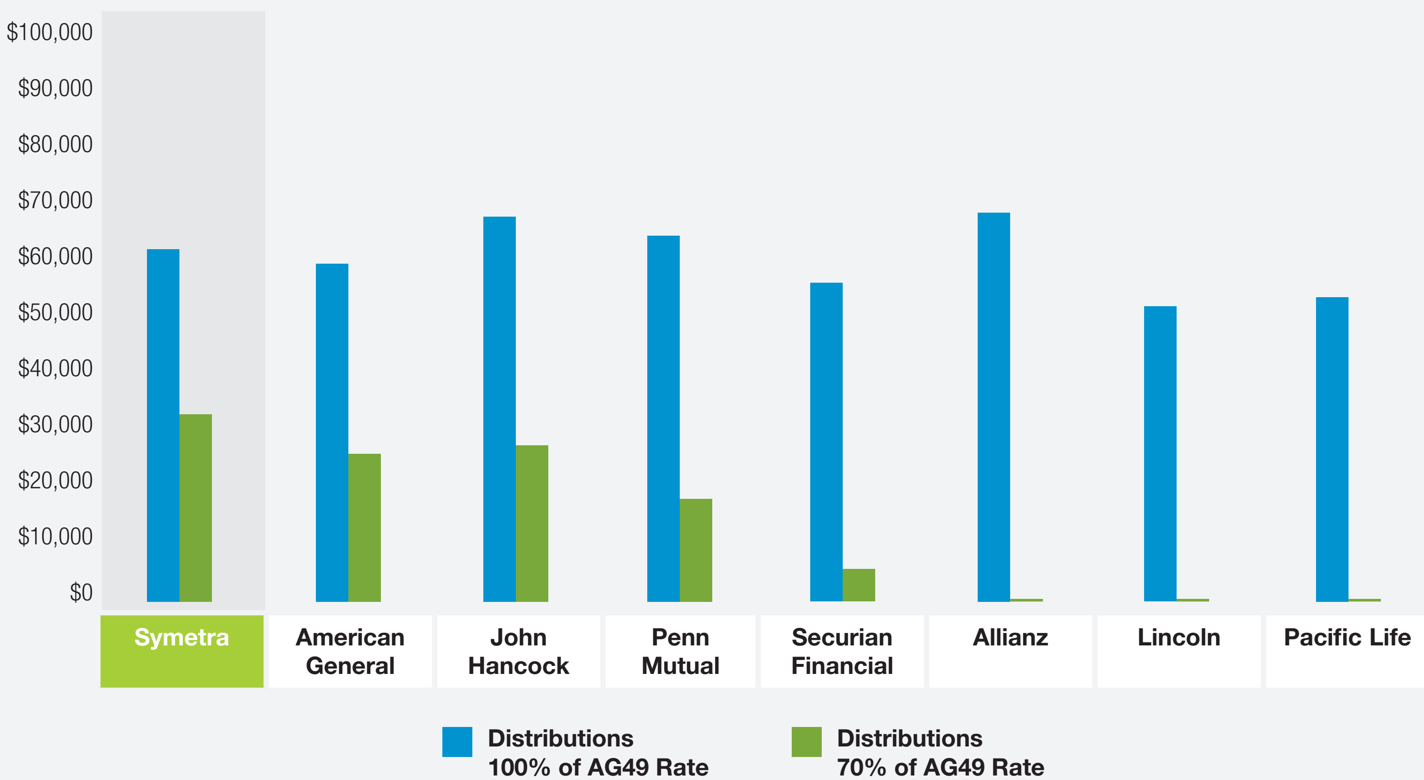
Hypothetical is based on a 45-year-old male in a Preferred Non-Nicotine rate class. Premium amount is $25,000 for 20 years plus $250,000 1035 Exchange in year one. Death Benefit Option used is minimum non-modified endowment contract. Optimal death benefit option switch or level in all years, as appropriate (refer to benchmark competitors, products and assumptions on page 8). Withdrawals to basis, then standard loans from years 21-40. Solving for $10,000 policy value at age 100. A list of full competitor names is provided in the important information section. Competitor information is current and accurate to the best of our knowledge as of Nov. 7, 2018.

Funding scenario 3

$250,000 1035 Exchange in year one

Male, age 45
Preferred Non-Nicotine
Standard loans
Distribution years 21-40

				Distributions		
	Death benefit (Initial)	Target	Cumulative costs	100% of AG49 rate	70% of AG49 rate	Percentage change
Symetra	$1,138,898	$22,027	$93,676	$61,872	$31,344	-49%
American General	$1,150,904	$21,303	$89,131	$59,117	$24,587	-58%
John Hancock	$1,110,292	$21,051	$284,858	$68,596	$25,984	-62%
Penn Mutual	$1,195,990	$20,451	$110,698	$63,450	$16,933	-73%
Securian Financial	$1,146,807	$19,461	$100,173	$54,956	$4,308	-92%
Allianz	$1,254,813	$20,526	$113,986	$68,317	$0	-100%
Lincoln	$1,011,728	$11,381	$120,716	$51,140	$0	-100%
Pacific Life	$1,191,429	$9,379	$246,079	$51,956	$0	-100%



Hypothetical is based on a 45-year-old male in a Preferred Non-Nicotine rate class. Premium amount is $250,000 1035 Exchange in year one only. Death Benefit Option used is minimum non-modified endowment contract. Optimal death benefit option switch or level in all years, as appropriate (refer to benchmark competitors, products and assumptions on page 8). Withdrawals to basis, then standard loans from years 21-40. Solving for $10,000 policy value at age 100. A list of full competitor names is provided in the important information section. Competitor information is current and accurate to the best of our knowledge as of Nov. 7, 2018.

What does this information tell us?

- When showing distributions from an IUL, it is to the client's benefit to view a range of potential distributions to set realistic expectations.
- Clients should understand the risks different funding scenarios pose to future distributions:
  - Sequence of returns.
  - Single-pay has more downside performance risk than level-pay.
- Products built to withstand performance lags will have smaller distribution ranges.
- Products with large ranges pose more uncertainty to clients, as actual distributions could change dramatically from illustrations based on policy performance.
- Products with lower charges maintain better performance within a smaller range of distributions when overall policy performance is down. In comparison, products with higher charges may provide more upside, but they are affected more dramatically when performance is down.
- It's important to perform due diligence on IUL products:
  - Non-guaranteed persistency and crediting bonuses may pose additional risks to clients. While credits are illustrated, they aren't guaranteed and may be reduced or eliminated at the discretion of the insurance company (further reducing product performance).
  - Guaranteed bonuses reduce this risk.
  - Increases to standard and/or participating loan rates can have adverse effects on performance. Guaranteed loan rates help to reduce this risk.

Symetra Accumulator IUL is an option for clients who need protection today and potential supplemental retirement income tomorrow.

Contact us for a custom illustration

Life Sales Desk

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Important Information

Benchmark competitors, products and assumptions.

		AG 49 Rate			Min Non Mec Death Benefit Option				
Company	Product	100%	70%	Blend	20 Pay	1035 Only	20 pay + 1035	Solve For	Blend
Symetra	Accumulator IUL	6.09%	4.26%	100% Base	B to A year 21	Level all years	B to A year 21	$10,000 at Age 99	100% Base
Pacific Life	PDX	5.73%	4.01%	40% Base	B to A year 21	Level all years	B to A year 6	$10,000 at Age 99	40% Base
American General	Max Accumulator+	6.16%	4.31%	100% Base	B to A year 21	Level all years	B to A year 21	$10,000 at Age 99	100% Base
Securian Financial	Orion IUL	5.66%	3.96%	100% Base	B to A year 21	Level all years	B to A year 6	$10,000 at Age 99	100% Base
Allianz	Life Pro+ Elite	6.14%	4.30%	100% Base	B to A year 21	Level all years	B to A year 21	$10,000 at Age 99	100% Base
Penn Mutual	Accumulator Builder Select	6.62%	4.63%	100% Base	B to A year 21	Level all years	B to A year 21	$10,000 at Age 99	100% Base
Hancock	Accumulation IUL	6.21%	4.35%	100% Base	B to A year 21	Level all years	B to A year 21	$10,000 at Age 99	100% Base
Lincoln	WealthAccumulate	6.09%	4.26%	100% Base	B to A year 21	Level all years	B to A year 6	$10,000 at Age 99	100% Base

Symetra Accumulator IUL is a flexible-premium adjustable life insurance policy with index-linked interest options issued by Symetra Life Insurance Company located at 777 108th Avenue NE, Suite 1200, Bellevue, WA 98004. This policy is not available in all U.S. states or any U.S. territory; however, where available, it is usually issued under policy form number ICC17_LC1.

Withdrawals or loans on modified endowment contracts (MECs) may be subject to federal income tax and an additional 10% tax on amounts taken prior to age 59½.

Loans may have a permanent effect on the policy, even if repaid.

Guarantees and benefits are subject to the claims-paying ability of the issuing company.

An index may not include the payment or reinvestment of dividends in the calculation of its performance.

Competitor information is current and accurate to the best of our knowledge as of Nov. 7, 2018; however, this material is not valid after Feb. 7, 2019. These comparisons may not be used with the public. The comparisons in this communication are of different products which vary in premiums, rates, fees, expenses, features and benefits. The data shown are taken from various company illustrations. It is possible that there are differences between the products compared which are not reflected and/or of which we are unaware. Every effort has been made to present accurate information, but keep in mind that only the contract page and/or individual policies from each of the companies represented contain the complete details of each policy and rider discussed. Current interest rates may be different for each company and may not be guaranteed. Complete personalized policy illustrations for each representative company must be presented or discussed with your clients. Please have your clients consult with their professional advisors to find out which type of life insurance is appropriate. Policies and contracts may not be available in all states.

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[1] Withdrawals and loans may reduce or eliminate the death benefit payable to beneficiaries. In general, policy loans are charged interest; they are usually not taxable. If a policy lapses or is surrendered, the loan becomes immediately taxable to the extent of the gain in the policy. Withdrawals are taxable only when your clients take more money out of the policy than was paid in premiums. If the policy becomes a Modified Endowment Contract (MEC), less advantageous tax provisions apply. The tax treatment of a loan with a net charge of zero is unclear and could be adverse to the policyowner.

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