

Illustration
INSIGHT

Step Premium Design

Use with: Protection and Investment Growth with a Step Premium Design

When clients want guaranteed protection without sacrificing growth in their investment portfolio, turn to a step premium design.

In this specific example, our client is a male, age 68, Standard Non-Tobacco. He wants a \$1,000,000 face amount and lapse protection to age 105. As an affluent businessman, he values growth and wants to keep as much as he can in his current investments rather than pay into a life insurance policy. A step premium allows him to pay less now and more in the future so he can keep a greater amount of his money in his investment portfolio longer.

To solve for this, step the premium up at the minimum age of 75 and again at age 85, his life expectancy. The premium will remain level through age 105.

How to Illustrate in WinFlex Web

Enter the case information as you normally would. On the Solve For tab, input the details as shown.

Solve For: Premium

Premium Solve Option: Lapse Protection

Lapse Protection Tiers

Pay Premium:	Pay To	Protection Duration:	Duration To	3 Rows
Age 75	Age 75	Age 75	Age 75	+
Age 85	Age 85	Age 85	Age 85	+
Age 105	Age 105	Age 105	Age 105	+

Click to add a row to the table.

Face Amount: 1,000,000

Solve Value: Endow

Solve Year/Age: [Empty]

- Click here to add each step.
- Match **Pay To** age with **Duration To** age.
- Use the client's end of year age.
- Minimum age is 75 for first step.
- Up to four premium steps are allowed.

Recommendations

Step premium illustration designs may be ideal for clients who:

- Are age 60 or older
- Need a larger death benefit
- Have current cash flow concerns with ability to pay higher premiums in the future
- Appreciate and understand leverage and internal rate of return (IRR)
- May be considering a premium finance proposal

Use the IRR supplemental report to enhance the financial strategy of the step premium design. Third party advisors like CPAs or financial advisors may benefit from this report.

Compare the IRR on death benefit of the level premium design to the IRR on death benefit of the step premium design. IRR should be significantly higher on the step premium design.

For case consultation and illustration assistance, please contact your Protective Life representative.

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