

Life Insurance Product Overview



PRODUCT TYPE		ADVANTAGES	DISADVANTAGES
1	<p>WHOLE LIFE <i>Without term riders</i></p>	<ul style="list-style-type: none"> • Guaranteed premiums – cannot change • Fully reserved with cash values available to policy owners • Over 100+ years history. Whole life has consistently paid benefits 	<ul style="list-style-type: none"> • Expensive – highest premium for the death benefit • Inflexible design – difficult to change premium or death benefit • Actual dividends are unlikely to be as high as currently illustrated dividend crediting rates Dividends paid at insurance company’s discretion
2	<p>UNIVERSAL LIFE <i>Without secondary death benefit guarantees</i></p>	<ul style="list-style-type: none"> • Lower projected premium • A great amount of premium flexibility • Adjustable death benefit 	<ul style="list-style-type: none"> • Client at risk for having to pay higher premium Company can change cost of insurance, credited rate and expense charges • Very little is guaranteed - Almost everything is subject to company’s discretion
3	<p>UNIVERSAL LIFE <i>With secondary death benefit guarantees</i></p>	<ul style="list-style-type: none"> • Low guaranteed premium • Premiums remain flexible. However, changes in premiums or timing of payment may adversely affect guarantees 	<ul style="list-style-type: none"> • Very high expense loads lead to low cash values • Inability to adjust charges may create financial pressure on the company • No potential for better-than guaranteed results. • Little or no ability to adapt policy to future changes. • If not properly managed, guarantees can be lost, leading to expensive “catch-ups” or policy lapse
4	<p>VARIABLE UNIVERSAL LIFE <i>Without secondary death benefit guarantees</i></p>	<ul style="list-style-type: none"> • All expenses are described in prospectus. • Client selects investments • Historically higher rates of return can be used to reduce premium payments, increase benefits or provide flexibility • Additional safety of separate accounts gives maximum protection from insurance company insolvency 	<ul style="list-style-type: none"> • Client has a higher premium if targeted returns are not achieved as illustrated • Volatility of returns affects policy performance. Some clients are not sophisticated enough to understand or manage product • Product may not be suitable for very conservative policyholders
5	<p>VARIABLE UNIVERSAL LIFE <i>With secondary death benefit guarantees</i></p>	<ul style="list-style-type: none"> • All advantages of #3 and #4 • Combines flexibility, low overall cost and potential for strong performance 	<ul style="list-style-type: none"> • These products have charges for the guarantees • Younger clients with robustly funded VUL policies may prefer lower charges of VUL • Guaranteed premiums are usually higher than with Non-Variable Universal Life. The upside potential may not offset this for older age clients • Fewer insurance companies offer this product
6	<p>INDEXED UNIVERSAL LIFE <i>Without secondary death benefit guarantees</i></p>	<ul style="list-style-type: none"> • All advantages of #2 • Somewhat higher cash value growth potential than Universal Life • If chosen indices experience a loss, cash value protected by a minimum floor (usually 0%) 	<ul style="list-style-type: none"> • All disadvantages of #2 • Extremely complex product mechanics usually accompanied by various administrative technicalities that may materially alter the product performance results • Limited historical information on carrier treatment of non-guaranteed performance elements related to the index in various economic environments • It is a product that gives the insurance company the most latitude to change key non-guaranteed elements to the detriment of policy holders

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