



PARTICIPATING FIXED VERSUS LINKED LOAN OPTION

Participating fixed loans are popular in the indexed universal life insurance market. The notion of locking in a fixed rate is generally considered desirable for a loan. However, in situations where the indexed strategy returns are negative, participating fixed loans could be locking your client into high loan costs that can have an adverse effect on the policy.

Global Atlantic’s new Linked Loan Option, available on Lifetime Builder Elite IUL, brings the indexed value proposition — upside potential with downside protection — to policy loans. When your client takes a loan and elects the Linked Loan Option:

- **Loaned funds are transferred to a 1-year Point-to-Point strategy with the upside potential to earn as much as 12%! (current cap)**
- **The amount of interest charged on borrowed funds will never exceed a NET loan cost of 2%.**

The ‘X’ in the table below shows how many times over the last 10 years your client would have a **net loan cost of over 2%** with an IUL that offers Participating Fixed loans versus Lifetime Builder Elite’s Linked Loan Option. In four of ten years, the participating fixed loan’s net loan cost was over 2%. **Linked Loans would have had no instances of net loan cost over 2% for the same time period.**

Year	S&P®500	Participating Fixed Loans	Net Loan Cost	Indexed Interest Credited
2007	3.53	X	2.47	
2008	-38.47	X	6.00	
2009	23.45			7.00
2010	12.78			6.78
2011	0.00	X	6.00	
2012	13.41			7.00
2013	29.60			7.00
2014	11.39			5.39
2015	-0.01	X	6.00	
2016	9.54			3.54

Hypothetical: Assumes a participating fixed loan rate of 6% and a 1-yr Point-to-Point strategy with 13% cap.

Source: Yahoo finance

PARTICIPATING FIXED VERSUS LINKED LOAN OPTION (CONT.)

Costs matter. Locking in a loan rate may sound good on the surface, but in years where indexed interest credits do not exceed the cost of the loan why would someone want to lock in a higher cost? With the linked loan option, available on Lifetime Builder Elite, the net loan cost will never exceed 2%, providing downside protection.

UPSIDE POTENTIAL ON BORROWED FUNDS	DOWNSIDE PROTECTION*
Loan Index Strategy Crediting Rate	Linked Loan Rate Charged in Arrears
0.0%	2.0%
1.0%	3.0%
2.0%	4.0%
3.0%	5.0%
4.0%	5.0%
5.0%	5.0%
6.0%	5.0%
7.0%	5.0%
8.0%	6.0%
9.0%	7.0%
10.0%+	8.0%

* Not to exceed 2% net loan cost.

WE'VE TAKEN ONE OF THE **BEST IUL PRODUCTS** OF ALL TIME AND MADE IT **"ELITE."**

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