# The Potential of Index Loans

In addition to offering a death benefit, one of the things that draws a client to an indexed universal life (IUL) insurance policy is the potential for greater cash value. Even more attractive is the opportunity to access the cash value* to provide supplemental income during retirement.

When selecting an IUL, it's important to look at the loan provisions since they could significantly impact the policy's performance – and the income potential – once the client starts taking loans.

With Income Advantage[SM] IUL, we offer two types of loans:

- Standard loans
- Index loans

## The Advantage of Index Loans

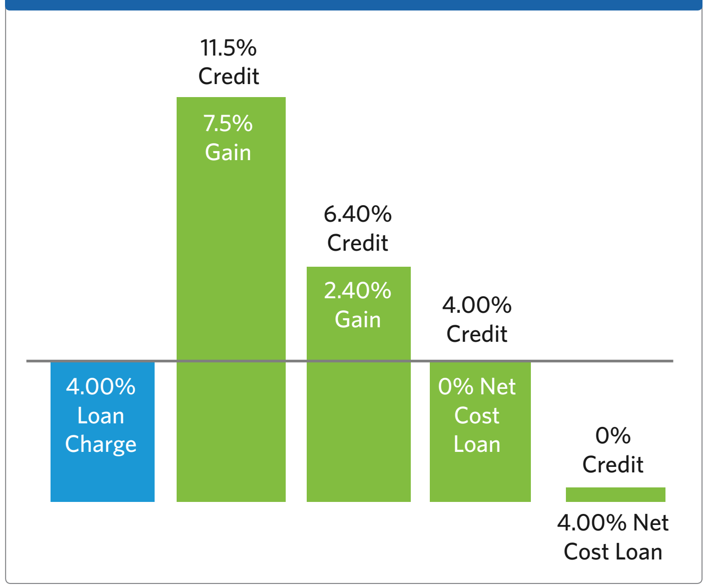
With an index loan, the insurance company typically credits the loan amount with the same interest rate being credited on the non-loaned policy values. This crediting rate is based on the performance of the product's underlying index. The company also charges a declared interest rate on the loaned amount. If the interest rate credited to the policy is higher than the rate the company is charging, the client can actually have a gain on their loaned amount.

## How Much Can a Company Charge on an Index Loan?

Currently, our Income Advantage IUL has an index loan charge of 4 percent** – one of the lowest charges on index loans in the industry. And, to help put your clients' minds at ease, we also guarantee the highest rate we can ever charge on index loans will never exceed 6 percent.

Many companies don't set a limit on the rate the company can charge. This allows them to set it as high as they would like, which can leave a client's IUL policy susceptible to additional risk.

Income Advantage: Sample Index Loan Performance

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*The amount that may be available through loans or withdrawals, as defined in the contract.
**Index loan rate as of April 1, 2020.

196386_0420