



IUL Interest Rate Assumptions Equity Account Growth and Dividend Assumptions

Interest Rate and Growth Rate/Dividend Assumptions

The interest rate assumption for the Indexed Universal Life (IUL) should reflect what you and your client believe are reasonable as should the growth and dividend assumptions for the equity account in the “term and invest the difference” comparison in Blog #123. They can be level as shown in the Case Study or variable based on schedules you input for the equity account compared, perhaps, to the results of a backcasting illustration for the IUL.

Monte Carlo Simulations

For those who like to use a Monte Carlo simulation, the hypothetical equity account projection in Blog #123 could certainly be made subject to a Monte Carlo simulation provided whatever software is used for that evaluation is able to reflect the fee and tax drag assumptions contained in Blog #123.