

# What is Guaranteed Universal Life?

Guaranteed Universal Life (GUL) is a type of universal life insurance which incorporates long term guarantees generally not present in traditional UL contracts. The premiums may be structured as ongoing payments or for a limited number of years.

Typically, GUL policies have a lower cost than whole life policies. Most GUL contracts do not build significant, if any, cash values though there are exceptions. This is a death benefit style transaction where cash value is not a focus. Death benefit guarantees may be built to varying durations. A contract may be built with less than lifetime guarantees, for example, to age 100 or even younger, which will likely reduce the premium.

Despite the name, policies are only guaranteed if the policy owner follows the rules of the contract. Contracts have varying degrees of flexibility and guarantees can be violated by paying premiums late or even by paying premiums early.

Premiums of the GUL contract cannot be increased based on market conditions as long as the terms of the contract are followed. However, many policy owners are lulled into a false sense of security and may discover their contracts are no longer guaranteed if they do not pay close attention to detail.

GUL policies are generally not appropriate for borrowing cash value.

A GUL ledger may still have a guaranteed and non-guaranteed column. The difference between the columns will largely be manifested in the cash value but the death benefit will not be jeopardized regardless of crediting or expenses if the premiums are paid according to the contract.

GUL is a general account fixed interest product. The cash value is credited, after expenses, with a rate declared by the insurance carrier.

While there may be a temptation to commoditize GUL contracts this is not a good idea as these contracts may have significantly different features which should be thoroughly reviewed in order to align products and goals as well as possible.

GUL policies may be single life or second-to-die contracts.

All permanent life insurance must be managed.

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