Variable Universal Life Insurance ("VUL")

without secondary death benefit guarantees

VALMARK FINANCIAL GROUP®

VUL policies are fairly straightforward products that provide a death benefit as long as policy cash value is sufficient to cover the monthly charges deducted for the coverage. Policy earnings and expenses are shown in detail in annual reporting. The policy prospectus describes policy mechanics in-depth.

Certainty	In normal circumstances with proper monitoring and adequate premium payments, the owner may have reasonable certainty over policy performance expectations. Left unattended, it is likely cash value will become insufficient to cover monthly policy charges which will terminate the policy. The carrier may alter the policy charges in extreme circumstances subject to maximum levels stated in the policy.
Flexibility	VUL policies have tremendous flexibility which is both a blessing and a curse. The owner may pay any premium amount including zero if needed. This is a powerful feature for adapting to changing personal financial resources over time. However, failure to monitor the impact of taking such actions can lead to cash value insufficiency down the road. Policy coverage may also be reduced in the future if desired by the owner.
Equity	Premiums net of premium loads increase policy cash value and are credited with earnings or losses based upon the performance of owner choices of various fixed income and equity investments called sub-accounts. The owner may alter allocations over time. Volatility of investment performance will impact the policy. Policy cash values may be accessed by the owner via withdrawals or via a policy loan.
Premium	Premiums are usually determined using a product illustration. This provides an estimated premium based upon a set of specific assumptions which are unlikely to occur exactly as planned over time. As a result, policy premiums are likely to vary over time due to policy owner actions, fluctuations in investment results, and other factors.
Safety	Policy cash values are part of the carrier's Separate Account asset portfolio which isn't subject to claims of general carrier creditors in the unlikely event of carrier failure. This provides an extra level of safety.

Design and Maintenance Suggestions

1. Use a conservative earnings assumption to build in a cushion for inevitable investment volatility over time. Avoid over-reacting to short term volatility.
2. Use the premium flexibility sparingly and always expect to increase future premiums any time you choose to pay no or a lower premium than planned.
3. Periodically request revised policy illustrations from the carrier to monitor for cash value and premium adequacy.
4. Ensure you are comfortable with the potential for the policy to require additional premiums at some point over a policy holding period expected to span multiple decades.