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There is no one solution

Customize your advice to the unique needs of each Client

What Clients need from their permanent life insurance can vary, and there are many who may be looking for something more than a policy they can "set and forget."

Some may be concerned with maximizing growth and establishing their financial legacy, or they're looking for a tax efficient alternative investment and are willing to accept some volatility to get there. Others may prefer an approach that prioritizes low risk, access to cash, or cost efficiency.

The fact is, just like there's no one type of Client, there's no one solution that meets every need.

Differences in product features may make one product more suitable than another for meeting a Client's goals. We've broken down participating and universal life insurance, as well as Sun Permanent Life, to help you match them to Client traits and give you an overview of common needs and concerns.

Digging into a Client's profile can help you rethink the best permanent options for their situation and help them get coverage that works.

	Participating (Par)	Universal Life (UL)	Sun Permanent Life
Common customer traits			
Common Client traits	• Wants low maintenance • Cares less about deposit flexibility • Avoids risk but can take a little volatility • Seeks cash value growth • Seeks liquidity • Needs additional tax-efficient investment vehicles	• Values deposit flexibility • Interested in the possibility of managing their own investments • Accepts volatility (if invested in equities) or may desire guarantees (with no volatility) • Wants to see and understand all the details • Seeks liquidity • Needs additional tax-efficient investment vehicles	• Risk averse – wants absolute guarantees • Doesn't require flexibility • Prefers a "no maintenance" product
Deposits and charges			
Premium options	• Guaranteed 8/10/20/life pay	• Guaranteed 10/15/20 pay, YRT 70/85, Level (life pay)	• 10/15/20 pay or life pay

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	Participating (Par)	Universal Life (UL)	Sun Permanent Life
Deposits and charges			
Minimum premium required	• Base premium	• Minimum annual cost of insurance, which is typically lower than Par for the same initial death benefit	• Base premium
Transparency of the components	• Bundled - unable to separate cost of insurance (COI), expenses/taxes and investment component	• Unbundled - COI, fees, premium tax, and investments can be separated	• Unbundled – base premium, and policy fee can be separated (premium tax is embedded in base premium).
Premium deposit flexibility	• Premium offset is possible by using dividends to pay future premiums[1] • Excess premiums (Plus premium) can start/stop anytime. Underwriting may be required • Carryforward of unused annual Plus premium room is not allowed • Policy can go on automatic premium loan when cash values exceed the base premium	• Deposits are not required if fund value is sufficient to pay COI charges. • Unlimited excess deposits are allowed without underwriting, but will be subject to tax when in excess of tax-exempt line • For 10/15/20 pay policies, the policy can go on automatic premium loan if the cash value exceeds the COI	• No overfunding • If the guaranteed cash values exceed the base premium, the policy can go on automatic premium loan
Charges applied to deposits and investments	• Investment expenses incurred by the Par account are on average 8-13 bps • Premium tax applies • A $25 annual policy fee applies • A premium modal factor of 1.08 (multiplied by annual premium) applies if paying monthly • A 10% expense load applies on Plus premium	• Premium tax is deducted from the total deposit made into the policy fund • An annual MER applies to managed/ index funds • A UL management fee of 1.5% applies to some funds • No MER or UL fee applies to daily interest accounts or guaranteed interest accounts • No premium modal factor applies	• A $25 annual policy fee applies • A premium modal factor of 1.08 (multiplied by annual rate) applies if paying monthly • Premium tax applies to premiums
Death benefit coverage			
Guaranteed death benefit	• The initial death benefit	• Dependent on death benefit option selected	• The initial death benefit
Death benefit growth	• Dependent on dividends credited • Dependent on the dividend option chosen • Plus premium can result in more rapid growth	• Growth is dependent on return of investments, funding of the policy and death benefit option	• If a Return of premium on death (ROPD) option is selected, the total death benefit increases by the total eligible premiums paid[2] • If no ROPD is selected, the death benefit remains level
Access to cash values			
Guaranteed cash values	• Can start as early as year 1	• Only applies to 10/15/20 pay policies, and starts in year 5	• Starts in year 3
Cash value growth	• Influenced by the dividend scale set each year • Maximized when using Plus premium • Use Sun Par Accumulator II for earlier cash value growth and Sun Par Protector II for improved values at life expectancy	• Influenced by excess funding and investment returns	• None beyond guaranteed cash values

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	Participating (Par)	Universal Life (UL)	Sun Permanent Life
Access to cash values			
Options to access cash values	• Direct withdrawals (taxable) • Policy loan (potentially taxable) • Third-party loan (non-taxable) • Dividends in cash (potentially taxable)	• Direct withdrawal of cash value (taxable) • Policy loan (potentially taxable) • Third-party loan (non-taxable) • Ability to access fund values tax-free if disabled, ill, or injured[3]	• Policy loan (potentially taxable)
Investments and policy growth			
Client's control over investments	• None - all policyholders are invested in the same Par Account	• A variety of investment options including guaranteed, diversified, portfolio-based, managed and index-based accounts	• No investment options
Factors that affect policy growth	Dividends credited impacted by: • Dividend scale interest rate (DSIR) – the smoothed result of the Par account's investment returns • Mortality, lapse, expense and other experience	Depends on investment selection by Client: • Daily or guaranteed interest account • Several index or managed fund options (approx. 24) • Sun Life Diversified Account (minimum guarantee of 0%)	• None
Volatility of policy returns	• Very low – the 25-year standard deviation of the DSIR is less than 1%	• No volatility with funds that have a guaranteed interest rate (during the guarantee term) • Medium with smoothed funds • Potentially high with managed / indexed funds	• None
Guaranteed minimum interest rate	• Dividends credited are never negative	• Potentially negative if index or managed investment are selected • 0% on DIA, GIA and on the SLDA	• Not applicable
Policy Maintenance	• Low	• Low or high depending on investment selection and timing/amount of deposits	• None
Common strategies			
Commonly used strategies	• Investment Strategy • Retirement Strategy • Asset Transfer • Immediate Finance Arrangement	• Investment Strategy • Retirement Strategy • Asset transfer • Immediate Finance Arrangement • Insured annuity • Buy/sell agreements	• Insured annuity • Buy/sell agreements

[1] Dividends and premium offset arrangements are not guaranteed.

[2] Eligible premiums include base premiums, ROPD premium, and term rider premiums on the primary life.

[3] Refer to contract for details.

Sun Life

We help. You grow.