

Legacy planning options

Stacking up term life vs universal life

Term Life till age 100 (Sum Assured: S\$7m or about US\$5m)

- Annual premium: S\$53,952 or US\$38,537 till age 100
- Invest: US\$430,000* @5.5% p.a.

ULP Sum Assured: US\$5m

- Premium Loan: US\$900,000 @2.5% pa interest
- Cash Up Front: US\$430,000;
Interest Payable: US\$22,500 pa
- Invest US\$16,037** pa @5.5% pa

| | GUARANTEED PAYOUT (US\$) | Investment Payout (US\$) | Total Payout (US\$) | Guaranteed Payout*** (net of loan) (US\$) | Investment Payout (US\$) | Total Payout (US\$) |
|------------------|-----------------------------|--------------------------------|---------------------------|----------------------------------------------------|--------------------------------|---------------------------|
| Death at age 85 | 5m | 3.7m | 8.7m | 4.1m | 2.3m | 6.4m |
| Death at age 100 | 5m | 8.2m | 13.2m | 4.1m | 5.5m | 9.6m |
| Death at age 101 | No more coverage | 8.6m | 8.6m | 4.1m | 5.9m | 10m |
| Death at age 120 | No more coverage | 23.8m | 23.8m | 4.1m | 16.8m | 20.9m |

Note: Premium for 45 years old male non-smoker

*The amount saved from having to pay US\$430,000 cash upfront for the premium loan of an ULP.

**Difference between annual premium of US\$38,537 for term insurance and interest cost of US\$22,500 pa for premium loan

***Does not take into account ULP cash values. For traditional ULPs, the payout upon death is the higher of either the sum assured or cash value.