

IUL vs. 401(k):

Which Strategy Truly Builds and Protects Wealth?

See side-by-side performance metrics between traditional retirement accounts and advanced alternative strategies.

Core Differences at a Glance

Category	401(k)	Indexed Universal Life (IUL)
Tax Treatment	Tax-deferred now, taxed at withdrawal	Tax-free growth & withdrawals via policy loans
Market Risk	Fully exposed to market downturns	Zero downside risk; upside tied to index performance
Liquidity	Restricted until 59½ with penalties	Accessible tax-free after Year 1
Contribution Limits	\$23,000/year (2025)	No IRS cap; based on age, income & health
RMDs (Required Minimum Distributions)	Required at age 73	None
Death Benefit	None beyond account value	Tax-free life insurance payout included



Real-World Growth Comparison

Assuming \$12,000/year contribution for 25 years

Year 401(k) Value* (7% avg, taxable) **IUL Value**** (0% floor, 10.5% cap, tax-free)**






10	\$164,700	\$159,200
20	\$510,900	\$495,800
25	\$822,500	\$825,000

*401(k) values reflect future taxes (~30% assumed effective rate)

**IUL values include average insurance costs and tax-free treatment



Why IUL May Outperform in the Long Run

-  No market downside exposure
-  Withdrawals are 100% tax-free
-  No Required Minimum Distributions (RMDs)
-  Access cash value to self-fund investments or emergencies
-  Includes permanent life insurance for legacy protection



Final Thought: Strategy Over Assumptions

You can't control the markets, but you can control your strategy.

If you're:

- Earning \$200K+ annually
- Contributing \$25K+/year to retirement

Then it's time to look at what your 401(k) isn't telling you.



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Compare your strategy. Protect your wealth. Build your legacy.