EQUITY INDEX UNIVERSAL LIFE INSURANCE: REVEALING ITS HIDDEN ADVANTAGES IN VOLATILE MARKETS

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ABSTRACT

Using a forty-year-old, non-smoking Texas male as a basis for comparison, this study analyzed the new Equity Index Universal Life insurance (EIUL) not only as a life insurance policy, but also as an investment vehicle. The client was better off choosing the traditional term insurance policy with the premium difference invested in an equity index mutual fund. EIUL could be an advantageous investment based on the reduction in the risk/return tradeoff. The EIUL with the built-in floor and cap limits became a unique investment that allowed investors to reduce substantially their risk exposure for every dollar of return. *JEL Classifications: G22, G11*

INTRODUCTION

The financial services industry of the U.S. was shaken and transformed by the marketing strategy of "buy term and invest the difference", particularly from the early 1970s to the 1980s. Dubbed the Life Insurance "Permanent vs. Term" Wars, the buy-term-and-invest-the-difference concept – as promoted by Andrew Tobias and spun off by Arthur L. Williams -- scorned whole life insurance. By 1984, "ALW sold $38.3 billion in term life insurance, more than any other company in the United States." (Hoe (2007), Tobias (2004), and Carr (2003)) "The hard divisions between compartments in the financial services world started to soften. Organizations devoted to investments, including Raymond James Financial and others, began to look at marketing both investments and life insurance products, while at the same time, life insurance companies began to think about selling investment products. The original business models for both investment sales and life insurance companies were becoming obsolete, although many in the industry didn't realize it until much later." (Hoe and Richard (2007))

Then in the 1990s and early 2000s, a new product became "the shining star of the life insurance industry" (Glaspie (2006)) – the Variable Universal Life (VUL). A combination of universal life insurance with a cash value invested in mutual funds, the product became a market favorite as long as the stock market was booming. When the stock market crashed in 2001, "the shining star dimmed." (Glaspie (2006))

By 2008, a new product that was first introduced in 1997 – index universal life (IUL) – "celebrates its 10th year on the market. IUL is universal life insurance with death benefit and cash value accumulation. It offers an index account option that credits interest that is based, in part, on the performance of a market index. This product has become more and more common, with more than 20 companies offering

it, and advisors and the public are increasingly taking notice. According to Advantage Group Associates Inc., a firm specializing in the analysis and monitoring of index life and annuity products, between 2003 and 2006, IUL sales increased more than 360 percent, closing with $338.2 million annual premium." (Howell (2008))

Glaspie (2006) explained why, as VUL became less popular when the stock market "traveled south for an extended period of time", the equity index universal life (EIUL) experienced explosive growth. "This type of situation creates a perfect opportunity for agents to introduce equity index universal life (EIUL) to those variable clients whose hands shake as they open their quarterly statements. Equity index life offers clients the opportunity to take advantage of higher returns during a rising market without incurring any risk in the event of a market downturn. Not only does the insurance company assume all of the down-side risk, it also provides a guaranteed minimum interest rate on each policy."

The EIUL essentially differs from the VUL in that the cash value of the former is not directly invested in stocks (mutual funds). What characterizes it as "equity index" is the crediting of the cash value earnings. The crediting method is based on the general performance of the stock market, represented by the S&P 500 index. Companies offering the product became creative in removing the downside risk of the stock market by guaranteeing a floor or minimum return (e.g., 1%). At the same time, upside returns were made attractive by establishing a higher cap (e.g., 12.5%).

This study investigated two important investment options faced by clients who want insurance with an investment. First, the authors compared if the traditional wisdom of buying a term life policy and investing the difference is more valuable to consumers than an equity index universal life policy. Second, the authors wanted to investigate whether EIUL, with downside and upside limits, has any hidden investment advantages that make it so popular in the market.

DATA
Stock Market Index
The data set for the analysis of Equity Index Universal Life insurance (EIUL) was collected from *Yahoo Finance* from January 1977 to December 2007. The S&P 500 closing values were pulled and manipulated for examination of the different investment choices.

Equity Index Universal Life (EIUL) Segment and Crediting Method
The Index Account of an EIUL policy credits interest earnings to the Cash Value based on the percentage change in the S&P 500 Index over a 12-month period or Segment. The starting point of this 12-month segment depends on when the policy was issued (policy date). Table 1 shows an example. The assumed policy date on this table is July 1, 2005. The illustration also assumes that monthly premiums are paid consistently and are received on the first of each month. Note that the First Policy Year runs from July 1, 2005 to the end of June 2006. So, by July 1, 2006, it is determined that this (July Segment) has grown by 7.18%. Therefore, the savings that went into the Index Account for the July Segment is credited interest earnings of 7.18%, thereby causing the Cash Value of the policy to grow by that much. The Index Change of 7.18% is calculated as follows:

Index Change for the July Segment =

$$\frac{(S \& P\,500\ \text{Closing Index on}\ 7/1/2006) - (S \& P\,500\ \text{Closing Index on}\ 7/1/2005)}{(S \& P\,500\ \text{Closing Index on}\ 7/1/2005)}\ \text{X}\ 100$$

$$= \frac{(1280.19 - 1194.44)}{(1194.44)}\ \text{X}\ 100$$

$$= 7.18\ \%$$

Table 1 also shows how (a) the downside minimum company-guarantee of 1% and (b) the upside growth (company-determined) cap of 12.5% are applied. Note from the table that the June Segment (6/1/2006 – 5/1/2007) grew by19.49% as of 6/1/2007. Since the Index Change in this case is more than the cap of 12.5%, the actual interest earning that is credited to the Index Account is the Cap of 12.5%. In contrast, note that the March Segment (3/03/08 – 2/02/09) lost (-) 47.36% as of 3/02/09. In this case, the minimum guarantee of + 1% growth was credited to the Index Account of the policy. Therefore, in this crediting method, the client never loses his principal saving (Cash Value), even if the stock market collapses.

Illustrations and Comparisons of Policies

The policy illustrations were created for a forty-year-old, non-smoking Texas male. A thirty-year-term life insurance policy and an equity indexed universal life policy were created for comparison of the two life insurance policies. The name of the insurance company that provided the illustrations is withheld for confidentiality.

TABLE 1

Index Change for each Index Account Segment. It assumes a policy date of July 1, 2005, with consistent monthly premium payments received on the first of each month. Actual Index Change on a particular policy may be more or less than the Index Change shown below, and will depend on factors such as the timing of premium payments, the Monthly Date, loan and withdrawal history, as well as S&P 500 Index closing values. Past performance is no guarantee of future results. Future Index values and actual policy values will vary.

Policy Year	Segment #	Monthly Date	S&P500 Close	Segment Growth	Segment Cap	Index Change
First Year	1	7/1/2005	1194.44	n/a	n/a	n/a
	2	8/1/2005	1235.35	n/a	n/a	n/a
	3	9/1/2005	1221.59	n/a	n/a	n/a
	4	10/1/2005	1226.7	n/a	n/a	n/a
	5	11/1/2005	1202.76	n/a	n/a	n/a
	6	12/1/2005	1264.67	n/a	n/a	n/a
	7	1/1/2006	1268.8	n/a	n/a	n/a
	8	2/1/2006	1282.46	n/a	n/a	n/a
	9	3/1/2006	1291.24	n/a	n/a	n/a
	10	4/1/2006	1297.81	n/a	n/a	n/a
	11	5/1/2006	1305.19	n/a	n/a	n/a

	12	6/1/2006	1285.71	n/a	n/a	n/a
Second Year	1	7/1/2006	1280.19	7.18%	12.50%	7.18%
	2	8/1/2006	1270.92	2.88%	12.50%	2.88%
	3	9/1/2006	1311.01	7.32%	12.50%	7.32%
	4	10/1/2006	1331.32	8.53%	12.50%	8.53%
	5	11/1/2006	1367.81	13.72%	12.50%	12.50%
	6	12/1/2006	1396.71	10.44%	12.50%	10.44%
	7	1/1/2007	1416.6	11.65%	12.50%	11.65%
	8	2/1/2007	1445.94	12.75%	12.50%	12.50%
	9	3/1/2007	1403.17	8.67%	12.50%	8.67%
	10	4/1/2007	1424.55	9.77%	12.50%	9.77%
	11	5/1/2007	1486.3	13.88%	12.50%	12.50%
	12	6/1/2007	1536.34	19.49%	12.50%	12.50%
Third Year	1	7/1/2007	1519.43	18.69%	12.50%	12.50%
	2	8/1/2007	1465.81	15.33%	12.50%	12.50%
	3	9/1/2007	1489.42	13.61%	12.50%	12.50%
	4	10/1/2007	1547.04	16.20%	12.50%	12.50%
	5	11/1/2007	1508.44	10.28%	12.50%	10.28%
	6	12/1/2007	1472.42	5.42%	12.50%	5.42%
	7	1/2/2008	1447.16	2.16%	12.50%	2.16%
	8	2/1/2008	1395.42	-3.49%	12.50%	1.00%
	9	3/3/2008	1331.34	-5.12%	12.50%	1.00%
	10	4/1/2008	1370.18	-3.82%	12.50%	1.00%
	11	5/1/2008	1409.34	-5.18%	12.50%	1.00%
	12	6/2/2008	1385.67	-9.81%	12.50%	1.00%

ANALYSIS

The advent of a new insurance product called Equity Index Universal Life (EIUL) was the catalyst for this research. The authors wanted to know how its potential performance as an investment vehicle compared with the traditional approach of buying term life insurance and investing the (premium) difference. The chosen investment vehicle was an assumed S&P 500 index (mutual fund), because this was the index used for crediting the cash value in EIUL.

The investment performance of EIUL was compared against the actual returns of the S&P 500 for the previous thirty years for each monthly segment. The crediting of EIUL returns based upon S&P 500 index had a minimum guarantee of 1% but the maximum return was capped at 12.5% for each monthly segment.

The other area of interest in this research was the new investment choice created by the EIUL when a 1% guarantee with 12.5% cap was applied to the S&P 500 returns. The authors wanted to know the answer to the question: "How does this new investment of the S&P 500 with limits compare with other traditional

investments on a risk/return trade off basis?" The authors wondered if there might be some unique investment opportunities in EIUL when limits were added to the S&P 500 returns. In order to have access to this unique investment, an investor would have to buy the EIUL policy. Any overpayment of premium by the client would go directly into this investment.

RESULTS

The expected returns for both options were tabulated based on both historical values and predicted future values. The two options were the equity index universal life insurance policy illustration, followed by the thirty-year term life insurance policy with the difference in premiums invested in the S&P 500. The cash value and total death benefits were compared to make the judgment for which investment option rewards the investor with higher payouts. Potential terminal values were evaluated using both average expected returns and historical returns for the S&P 500 and S&P 500, with the 1% floor and 12.5% cap.

A comparison of the returns for the previous 30 years of the S&P 500 versus the EIUL's S&P 500 with the 1% floor and 12.5% cap was examined for each monthly segment. In the September segment shown in Table 2, the cap was applied 11 times compared to the 1% floor being applied 7 times. The average return for the S&P 500 was 10.92% versus the 7.98% historical returns for the EIUL's S&P 500 with the 1% floor and 12.5% cap. Assuming average returns with yearly compounding, a one-dollar investment would have grown to $22.43 with the S&P 500. The one-dollar investment would have grown to only $10.00 using the EIUL S&P 500 average return. The investor would have had more than double the amount of wealth accumulated by choosing the S&P 500 over the EIUL's S&P 500 with limits. Similar results were found for each of the other 11 monthly segments.

In Figure 1, a normal distribution represents the expected return (mean) and standard deviation for the S&P 500. A normal distribution has been widely accepted as an approximation for stock market returns. (Fama (1965) and Cootner (2000)) The distribution shows a mean of 10.92% and a standard deviation of 16.81% for the September monthly segment. The EIUL guarantees a minimum return of 1%, but imposes a 12.5% maximum return cap on the monthly segments.

As shown in Figure 1 based on the September data set, an investor using the guaranteed 1% floor would be eliminating 25.75% of the downside risk. The investor would have to give up 46.26% of the upside returns when the 12.5% cap was applied. The remaining 25.99% (shaded area) would then represent the new return distribution for an investor choosing the EIUL. The historical average return would have been 7.98% with the EIUL S&P 500's with limits compared to 10.92% for S&P 500.

Acknowledging that average returns do not always represent actual returns, returns using the value of a one-dollar investment over the last 30 years with the S&P 500 and the EIUL's S&P 500 with the 1% floor and 12.5% cap were calculated. The return showed one dollar growing to $22.43 using the average historical returns of 10.92% for each year, but the actual value as if invested in the market for the last 30 years using historical yearly returns was only $15.70 for the S&P 500. The EIUL S&P 500's with limits using average returns would have grown to $10.00, but with actual historical yearly returns with limits grew to $9.71. Using historical returns, one dollar grows to significantly more value under the S&P 500 than the EIUL S&P 500

with limits. Figure 2 shows the graphical representation of the accumulated actual returns if actually invested over the previous 30 years.

FIGURE 1

A Normal Distribution of the S&P 500 with a 10.92% Mean and a 16.81% Standard Deviation. The left tail represents the 25.75% of downside returns assuming the minimum 1% return in the Equity Index Universal Life policy. The right tail represents the 46.26% of upside returns given up assuming a maximum cap of 12.5% return in the Equity Index Universal Life Policy. The shaded area of 25.99% represents the distribution for an investor in the Equity Index Universal Life policy.
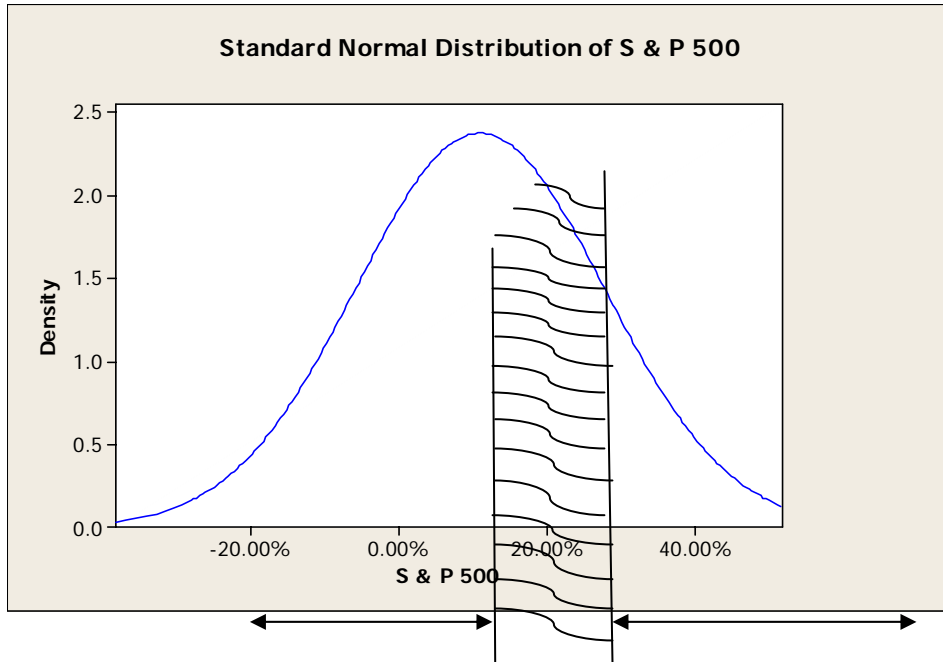
FIGURE 2
Historical Value of $1 Investment in the S & P 500 versus a $1 Investment in the Equity Index Universal Life insurance
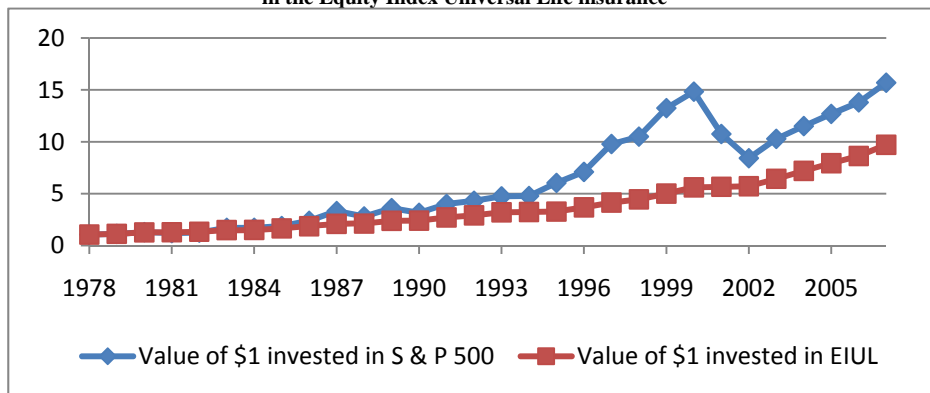
TABLE 2

This table presents the sample data set for the September Monthly segment. The cap was applied 11 times compared to the 1% floor being applied 7 times. The average return for the S&P 500 was 10.92% versus the 7.98% historical returns for the EIUL's S&P 500 with the 1% floor and 12.5% cap.

Date	Adjusted Closing Value	S & P 500's Return	S & P 500's Return with 1% Floor and 12.5% cap
9/4/2007	1519.78	13.77%	12.50%
9/1/2006	1335.85	8.71%	8.71%
9/1/2005	1228.81	10.25%	10.25%
9/1/2004	1114.58	11.91%	11.91%
9/2/2003	995.97	22.16%	12.50%
9/3/2002	815.28	-21.68%	1.00%
9/4/2001	1040.94	-27.54%	1.00%
9/1/2000	1436.51	11.99%	11.99%
9/1/1999	1282.71	26.13%	12.50%
9/1/1998	1017.01	7.36%	7.36%
9/2/1997	947.28	37.82%	12.50%
9/3/1996	687.33	17.61%	12.50%
9/1/1995	584.41	26.30%	1.25%
9/1/1994	462.71	0.82%	1.00%
9/1/1993	458.93	9.84%	9.84%
9/1/1992	417.8	7.72%	7.72%
9/3/1991	387.86	26.73%	12.50%
9/4/1990	306.05	-12.34%	1.00%
9/1/1989	349.15	28.41%	12.50%
9/1/1988	271.91	-15.51%	1.00%
9/1/1987	321.83	39.13%	12.50%
9/2/1986	231.32	27.04%	12.50%
9/3/1985	182.08	9.62%	9.62%
9/4/1984	166.1	0.02%	1.00%
9/1/1983	166.07	37.91%	12.50%
9/1/1982	120.42	3.65%	3.65%
9/1/1981	116.18	-7.40%	1.00%
9/2/1980	125.46	14.76%	12.50%
9/4/1979	109.32	6.61%	6.61%
9/1/1978	102.54	5.90%	5.90%
9/1/1977	96.83		
	Average =	10.92%	7.98%

TABLE 3

A Comparison of the 30 year Term Life Insurance with the Difference in Premium invested in the S & P 500 versus the Equity Index Universal Life Insurance. The premium was $84.50 for the EIUL policy. The premium was $48.56 for the term life policy. The difference was assumed to be invested in the S & P 500 earning a 10.92% APR.

Number of Years	Cash Value based on PMT = $35.94	Term Policy Death Benefit	Total Death Benefit	Cash Value for EIUL	EIUL Death Benefit	Difference in Term And EIUL
1	$454	$100,000	$100,454	$454	$100,000	$454
2	$959	$100,000	$100,959	$972	$100,000	$959
3	$1,523	$100,000	$101,523	$1,498	$100,000	$1,523
4	$2,151	$100,000	$102,151	$2,048	$100,000	$2,151
5	$2,852	$100,000	$102,852	$2,643	$100,000	$2,852
6	$3,633	$100,000	$103,633	$3,285	$100,000	$3,633
7	$4,504	$100,000	$104,504	$3,979	$100,000	$4,504
8	$5,475	$100,000	$105,475	$4,729	$100,000	$5,475
9	$6,558	$100,000	$106,558	$5,538	$100,000	$6,558
10	$7,765	$100,000	$107,765	$6,414	$100,000	$7,765
11	$9,110	$100,000	$109,110	$7,625	$100,000	$9,110
12	$10,610	$100,000	$110,610	$8,922	$100,000	$10,610
13	$12,283	$100,000	$112,283	$10,323	$100,000	$12,283
14	$14,147	$100,000	$114,147	$11,805	$100,000	$14,147
15	$16,226	$100,000	$116,226	$13,379	$100,000	$16,226
16	$18,544	$100,000	$118,544	$15,050	$100,000	$18,544
17	$21,127	$100,000	$121,127	$16,829	$100,000	$21,127
18	$24,008	$100,000	$124,008	$18,724	$100,000	$24,008
19	$27,220	$100,000	$127,220	$20,742	$100,000	$27,220
20	$30,800	$100,000	$130,800	$22,890	$100,000	$30,800
21	$34,792	$100,000	$134,792	$25,177	$100,000	$34,792
22	$39,242	$100,000	$139,242	$27,613	$100,000	$39,242
23	$44,204	$100,000	$144,204	$30,211	$100,000	$44,204
24	$49,736	$100,000	$149,736	$32,985	$100,000	$49,736
25	$55,903	$100,000	$155,903	$35,957	$100,000	$55,903
26	$62,778	$100,000	$162,778	$39,140	$100,000	$62,778
27	$70,444	$100,000	$170,444	$42,555	$100,000	$70,444
28	$78,990	$100,000	$178,990	$46,226	$100,000	$78,990
29	$88,518	$100,000	$188,518	$50,181	$100,000	$88,518
30	$99,140	$100,000	$199,140	$54,453	$100,000	$99,140

The results of the comparison between the thirty-year term life insurance policy with the difference in premium invested in the S&P 500 and the EIUL S&P 500 with 1% floor and 12.5% cap are presented in Table 2. The second column shows the cumulative value of the $35.94 difference in premium invested at the historical average return of 10.92% for the previous thirty years for the September monthly segment. The death benefit is presented in the next column. The total death benefit shows the accumulated value from investing plus the associated death benefit. The cash value column shows the value accumulated in the policy illustration assuming an

8.2% return on average. The next column shows the total death benefit from the EIUL. The last column shows the excess death benefit of the term life policy plus investing over the EIUL policy.

In Table 3, the excess death benefit was always positive. A positive dollar amount represented a better benefit for the policyholder when he chose to buy the term insurance policy and invest the difference in the S&P 500. The excess death benefit grew to over $2 million at age 100. Thus, an investor would be better off using the traditional term policy based on expected value as the decision-making criterion. The authors found similar results to Table 3 for the increasing option for the EIUL policy.

The equity index universal life insurance did have a useful niche in an investor's portfolio of investments. The S&P 500 had an average return of 10.92% with a standard deviation of 16.81%. The EIUL S&P 500's with 1% floor and 12.5% cap had an average return of 7.98% with a 4.84% standard deviation. The September monthly segment showed a coefficient of variation of 1.54 for the S&P 500 compared to only .61 for the EIUL's S&P 500 with limits. All other monthly segments gave similar results.

The coefficient of variation measures how many units of risk investors take for a unit of return. As the comparison shows, the EIUL S&P 500 with limits gave a much better tradeoff between risk and return. Figure 3 shows this remarkable difference graphically. A substantial reduction in the risk/return tradeoff was achieved when EIUL was used.

In Table 4, a historical performance of the S & P 500 index and EIUL is presented. The average return of every monthly segment over the last 30 years for the S & P 500 index was significantly higher than the EIUL returns. The risk as measured by the standard deviation was significantly lower for the EIUL than for the S& P 500 index. The coefficient of variation shows that based on this measure of risk to reward the EIUL appears to be a better investment strategy. This result points to EIUL as a possible way for investors to get a better trade off for risk taken.

The Sharpe's reward-to-variability ratio is another measure used to evaluate an investments risk adjusted performance. Sharpe's RVAR shows the portfolio's average return in excess of the risk free rate divided by the standard deviation. In 11 out of the 12 monthly segments, the Sharpe RVAR was higher for the S & P 500 than the EIUL. This means that the S & P 500 index outperformed the EIUL. This analysis of the risk to reward cast doubts that the EIUL would have been a better choice.

Figure 4 shows the historical tradeoff of risk and return measured by the coefficient of variation (CV) for various investments. The safest investment of a treasury bill had a CV of .82. This CV for T-bill was higher than the CV for the EIUL S&P 500 with limits. Figure 4 shows that based upon CV (risk to reward), the EIUL S&P 500 with limits dominated both treasury bonds and corporate bonds as an investment vehicle. Based on CV, EIUL S&P 500 with limits would be the best investment choice. EIUL was a significantly better investment choice for the investor concerned with the risk/return tradeoff.

CONCLUSIONS

For a forty-year-old, non-smoking Texas male, a "buy (30-year) term (insurance) and invest the difference" (in S&P 500 Index funds) strategy, that was so popular in the 1980s, yielded a higher value (in terms of income protection and

FIGURE 3

A comparison of the S & P 500's Coefficient of Variation and the Equity Indexed Universal Life's S & P 500 with a 1% minimum and a 12.5% maximum Coefficient of Variation.
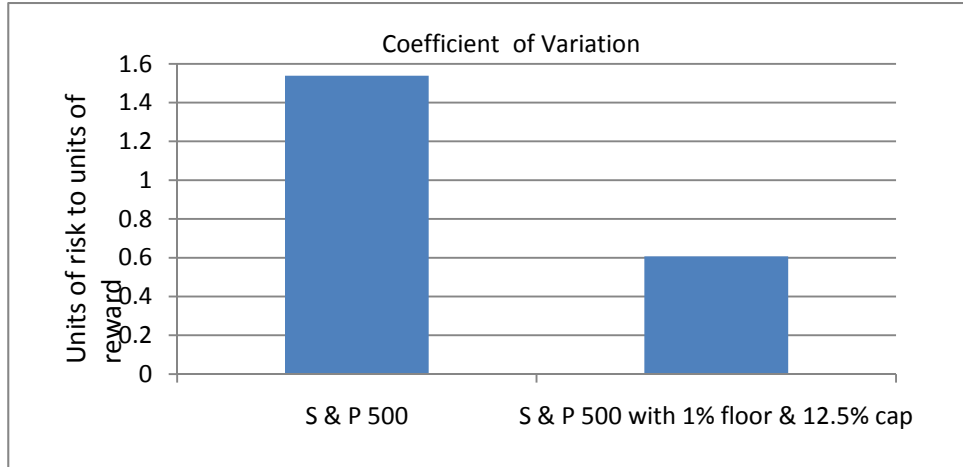
TABLE 4

The Historical Average Returns, Standard Deviations (STDEV), Coefficients of Variations (CV) and Sharpe's risk to variability ratio (RVAR) for all 12 Monthly Segments for the S & P 500 and the Equity Indexed Universal Life S & P 500 with a 1% minimum and 12.5% maximum.

Month	S&P 500 Return	EIUL Return	S & P STDEV	EIUL STDEV	S & P 500 CV	EIUL CV	Sharpe's RVAR - S&P 500	Sharpe's RVAR - EIUL
JAN	10.18%	8.59%	14.39%	4.81%	1.41	0.56	0.18	0.22
FEB	10.23%	8.41%	14.82%	4.58%	1.45	0.6	0.18	0.18
MAR	10.67%	8.43%	17.22%	5.08%	1.61	0.6	0.17	0.15
APR	10.46%	8.10%	14.98%	4.99%	1.43	0.62	0.18	0.07
MAY	10.65%	8.09%	14.89%	5.02%	1.4	0.62	0.2	0.08
JUN	10.60%	8.09%	16.22%	5.02%	1.53	0.62	0.18	0.09
JUL	10.72%	7.99%	17.50%	4.79%	1.63	0.6	0.17	0.08
AUG	10.77%	8.13%	16.65%	4.86%	1.55	0.6	0.19	0.1
SEP	10.92%	7.98%	16.81%	4.84%	1.54	0.61	0.2	0.09
OCT	10.72%	8.44%	13.49%	4.83%	1.26	0.57	0.24	0.2
NOV	10.48%	8.27%	13.92%	5.17%	1.33	0.63	0.22	0.16
DEC	10.53%	7.91%	14.56%	5.26%	1.38	0.66	0.22	0.1

investment returns) than the Equity Index Universal Life (EIUL), which was introduced around the beginning of 2003. A caveat is in order here. The "buy term and invest the difference strategy" only worked well operationally if the agent selling this product combination had both insurance and securities licenses. In instances where the agent was not licensed to sell securities, such as an S&P 500 Index Mutual

Fund, this strategy could not be completed and fell apart. But even if the agent had both insurance and securities licenses, still this strategy often would not work if the investment company that offered the S&P 500 Index Fund required a higher minimum initial investment (say, $1,000.00) to open a new account than small savers could afford, e.g., about $36 a month difference in premium between a thirty-year term and EIUL illustrated earlier.

Another reason why the above "buy term and invest the difference" strategy is currently waning in popularity, just like VUL policies, is the volatility of the stock market. With the stock markets in the U.S. and around the world behaving as in 2008 – almost scraping the bottom and gyrating a lot –savers were scared to invest even in an unmanaged, and therefore, cheaper, stock-index fund like S&P 500. It is precisely in market situations like this when financial advisers ought to take a second look at the advantages of EIUL for their clients. We have shown above that EIUL had a much better risk/return ratio as a saving/investment vehicle compared to treasury bonds, corporate bonds, and the stock market (as represented by S&P 500 Index). The guaranteed minimum return of 1% when stocks were down insulated investors from losing their principal. On the other hand, the upside cap of 12.5% exceeded the long-term average of the S&P 500 (i.e., 10.92%) and should not be overlooked. In fact, the long-term average return of the EIUL in our study was about 8%. And with EIUL, the most important thing in volatile markets was that this 8% return could be achieved by clients without losing some sleep.

FIGURE 4
The Historical Coefficients of Variation for Alternative Investments
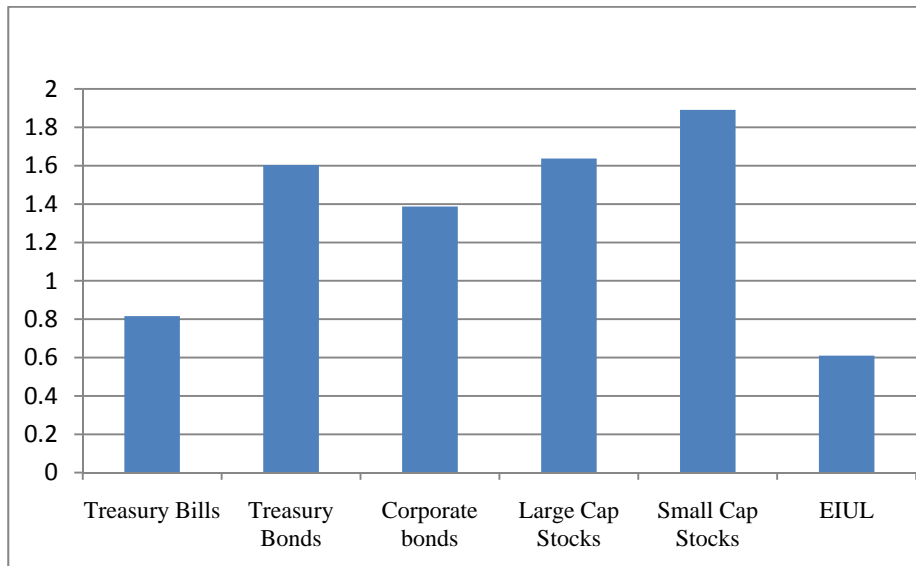
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