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DefinedBenefit
An Innovative Life
Insurance Strategy.
Patent Pending.



Life[™]

Briefing Document

Briefing Document: Overview of Defined Benefit Life

Enhancing the Life Insurance Experience: Customer Satisfaction, Compliance, and Risk Mitigation

A persistent challenge in Indexed Universal Life (IUL) insurance is the lack of consistent premium funding and oversight after policy issuance. Without active management, IULs can underperform or lapse—leading to customer dissatisfaction, agent liability, and reputational harm to insurers.

Defined Benefit Life (DBL) solves this through its integrated Annual Adjustment Mechanism, which actively monitors policy performance against the client's defined retirement income target. This functionality brings significant benefits to three key stakeholders:

1. Customer Satisfaction & Policy Longevity

DBL transforms the IUL ownership experience into a guided journey with clear benchmarks and feedback. Clients receive:

- **Annual Progress Reports** detailing whether they are on track to meet their retirement income goal.
- **Premium Adjustment Recommendations** that keep the policy aligned with original expectations.
- **Informed Flexibility**, allowing the client to either maintain premiums and adjust the target income or increase premiums to stay on track.

This sense of control and transparency fosters trust and long-term engagement, reducing the policy lapse risk that often results from confusion, neglect, or unrealistic expectations.

2. Insurance Agent Compliance and Best Interest Alignment

The DBL system helps agents meet increasingly strict regulatory standards by:

- **Documenting the income goal, assumptions, and annual reviews**, which supports compliance with a likely future “Best Interest” standard and suitability requirements.
- **Aligning agent and client interests**: Since the policy is managed to deliver a long-term income result, the agent’s role becomes consultative and ongoing rather than transactional.
- **Reducing illustration risk**: DBL anchors projections in a dynamic, reviewed process—not a static sales illustration—helping agents avoid misleading representations.

This approach lowers the risk of regulatory scrutiny and boosts the agent's credibility and professionalism.

3. Reducing Customer Complaints and Policyholder Risk

By guiding policyholders through the IUL journey year-by-year, DBL minimizes the factors that most often lead to complaints:

- **Unexpected premium increases**
- **Unmet income projections**
- **Policy lapses due to underfunding**

When policyowners are engaged and informed, satisfaction improves—and the odds of complaints and litigation diminish. DBL replaces confusion with clarity, disappointment with confidence.

The Retirement Income Planning Opportunity

Defined Benefit Life is an innovative life insurance strategy designed to address the perceived inadequacies of the current 401(k)-centric retirement landscape. It positions itself as a solution to the retirement security crisis by combining life insurance with a defined benefit pension-like structure that provides predictable, tax-free retirement income. DBL utilizes a unique policy management system to ensure that the policy remains on track to deliver the desired retirement income by making annual premium adjustments as needed.

Key Themes and Ideas:

- **The Retirement Security Crisis:** The document highlights a growing concern about retirement readiness in the US. It argues that the shift from defined benefit pension plans to 401(k) plans has transferred risk and responsibility to individuals, creating widespread financial uncertainty. As Blackrock CEO, Larry Fink stated, "The shift from defined benefit to defined contribution has been, for most people, a shift from financial certainty to financial uncertainty."
- The document emphasizes that Americans must focus on income not wealth, quoting Nobel Laureate Robert C. Merton: "In retirement it is your income, not your wealth, that creates your standard-of-living." The decline in interest rates over the past two decades is noted as impacting a retiree's ability to draw income from a given amount of wealth.
- Various political figures (Bernie Sanders, Ben Carson, Rand Paul) are quoted to underscore the broad recognition of the retirement crisis and the need for innovative solutions.
- The change from traditional households with single earners to the decline of that structure is noted as contributing to the crisis. In 1960, 70% of U.S. households were considered traditional, compared to only 7% in 2023.
- A statistic showing that 72% of Millennials don't believe Social Security will be there for them is also highlighted.
- **Defined Benefit Life (DBL) as a Solution:** DBL is presented as a "personal, defined benefit pension" created through indexed universal life insurance. It is

described as a way to supplement existing 401(k) plans and other retirement investments.

- It's a proprietary technology that transform a life insurance policy into a personal defined benefit plan
- It's designed for consumers who have the capacity to supplement their 401(k).
- The document states that DBL provides a tax-free income stream.
- **How DBL Works: Personalized Defined Benefit:** The policyholder defines their desired retirement income amount, the number of years they will pay premiums, the assumed interest rate, and the number of years they want to receive income.
- **Annual Adjustment Mechanism:** The core of DBL is its policy management system. Each year, the system assesses the actual policy performance and calculates any needed adjustment to the premium. These adjustments, which can be either up or down, are aimed at keeping the policy on track to reach the pre-defined retirement income target.
- The system provides options to the policyholder- keep the premium the same and reduce the income or adjust the premium to maintain the goal income.
- The DBL system includes an annual report for the policy owner showing the performance relative to the plan.
- **Tax Advantages:** The document explicitly states that the retirement income is received as tax-free policy loans, positioning DBL as a uniquely advantageous product.
- **Strategic Objectives: Simplicity and Transparency:** DBL aims to improve the "life insurance ownership experience," bringing a new focus to the income generation potential of these policies. It looks to engage younger generations by focusing on income as the outcome.
- **Empowerment:** DBL aims to create numerous personally owned defined benefit plans. The emphasis is on providing clients with clear information and control over their retirement planning.
- **Retirement Security:** The document positions DBL as a solution that uses life insurance to provide retirement security by delivering a predictable income stream.

- **Addressing Industry Challenges: Agent and Client Alignment:** DBL seeks to align the interests of insurance agents and clients by providing a clear process and a focus on long-term outcomes. The document notes: "DBL puts the agent and client on the same side of the table".
- **Policy Lapses:** The DBL system of annual review is designed to prevent lapses caused by large, unexpected premium increases.
- **Best Interest Standard:** DBL aligns with the life insurance "Best Interest" standard, ensuring that the product serves the needs of the client.
- **Advantages over other investment options:** DBL produces over alternatives like 401(k)s, IRAs, etc. Advantages include: a death benefit, tax-free income, and pre-defined income.
- **Impact:** The document proposes a new sales model for the life insurance industry by highlighting a new value proposition for the client.
- It outlines benefits for various stakeholders including agents (more referrals, higher premiums); FMO (diversified distribution, recruiting); and insurers (diversified distribution, increased profitability).

Key Quotes:

- "The shift from defined benefit to defined contribution has been, for most people, a shift from financial certainty to financial uncertainty." - Larry Fink, CEO of Blackrock.
- "In retirement it is your income, not your wealth, that creates your standard-of-living." - Robert C. Merton
- "DBL puts the agent and client on the same side of the table."
- "Leave the spreadsheet wars behind"

Conclusion:

Defined Benefit Life proposes a novel and compelling approach to retirement planning by leveraging the features of indexed universal life insurance. The annual monitoring and adjustment system is presented as a critical factor in ensuring clients reach their retirement income goals. It positions itself as a solution to the retirement security crisis by addressing the shortcomings of the 401(k) system and by providing a personalized, income-focused, and tax-advantaged approach to retirement savings. The document argues that DBL could result in a significant shift in how individuals, financial advisors, and insurance providers approach retirement planning.

