

Title: Equity Indexed Universal Life Insurance in College Funding

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**Abstract:**

This study compared the performance of the Indexed Universal Life (IUL) with 529 college saving plans in college education planning by Monte-Carlo simulations and sensitivity analysis.

- The IUL showed lower return and risk than the all-stock 529 portfolios but higher return and risk than the typical age-based 529 portfolios. The expected family contribution (EFC) impact should be considered in the decision-making process.
- All key market variables were modeled as correlated stochastic processes in the stimulation. Important actuarial assumptions and tax-related issues driving the performance of the IUL and 529 investment were thoroughly analyzed.

The study reported how these factors affected the performance of two alternative funding solutions.