AXA’s Variable Life

Overview:

Product Lineup: AXA Equitable has a VUL lineup with both an accumulation-based (Incentive Life Optimizer II) and a protection-based (Incentive Life Legacy II) product. AXA also has a survivorship policy with Legacy II and a Corporate Owned Incentive Life (COIL) option for the business market. If an extended no-lapse guarantee (ENLG) isn’t important in the sale, these products price extremely well against the competition. Legacy II is competitive in the 60-70 age range funded to target or lower. Optimizer II is competitive in the 30-55 age range funded to target or higher. Here is a great overview of the protection and accumulation VUL product lineup and available riders: AXA VUL Overview.

Extended No-Lapse Guarantee: AXA’s VUL lineup does not offer lifetime guarantees. There is a standard death-benefit guarantee and a rider for an extended no-lapse guarantee (ENLG). Here is the basic overview for the ENLG available on the Legacy II: Paid Up Death Benefit Guarantee.

LTC Rider: An available indemnity style, long term care (LTC) rider is available on both the protection-based and accumulation-based products. This rider is only available at the time of policy issuance and may not be added later. The LTC rider and the policy itself are subject to the same underwriting class and thus cannot have different underwriting classifications (must be “standard” or better at time of underwriting for LTC rider eligibility). When compared to reimbursement LTC riders, indemnity offers far more flexibility and ease of use for the client. AXA’s Comparison Checklist can help line up the differences between LTC riders. When positioning LTC as a sales idea, take a look at AXA’s LTC Sales Idea piece.

Investment Options: There are over 90 investment options (Investment Options) including asset allocation models and a Market Stabilizer Option (MSO). The MSO is an indexed linked (S&P 500 price index) account with a cap and floor that costs between 1.5% and 3% annually. The cap, floor, and cost are all subject to change. The S&P 500 price index does not include dividends. Currently the cap is 15% and the loss cushion is 25%. So the MSO will protect a client to up to a 25% loss in a given crediting period, then the client will be subject to losses exceeding 25%. The cap is the most a client can make in a given year. There must be adequate monies in the policy to cover cost of insurance (COI) first, before any investment can be made in the MSO. Here are some pieces on the MSO: MSO Overview, Incorporating MSO in an Asset Allocation Model, MSO Frequently Asked Questions.

Among the investment options are volatility managed (VM) funds which are unique to AXA. These VM funds apply an overlay AXA’s Funds Management Group applies to reduce volatility, or specifically, standard deviation of the specific fund. The effectiveness of the VM overlay is too new to measure definitively, but is a very compelling concept.
The asset allocation options offer some strong choices, especially the *All Asset Allocation Series Portfolios* that include alternative investment sleeves of 15%, 20%, or 25%. These portfolios are among the most complete overall portfolio options available in the industry. Here are the basic fact sheets of the portfolios: *Morningstar Fact Sheets*. The *Allocation Series* and *Strategic Allocation Series* do not include alternatives and have the standard fixed income and equity allocations. When we take a look at the self-directed or individual investment options, AXA has focused on bringing together both adequate managers and access to all pertinent investment categories.

For more information about AXA’s VUL or other variable products, please feel free to contact me or a member of the Leaders Group marketing team.

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