Indexed Universal Life vs. an Equity Account

For: Harvey Pierce, MD

Presented By:

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Preface

A decision to acquire additional life insurance can represent one of several significant phases in your overall financial planning.

An important part of this decision involves the comparison of the life insurance policy to alternative investment possibilities.

To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to these alternatives:

Equity Acc't (1% Fee);
Equity Acc't (5% Fee).

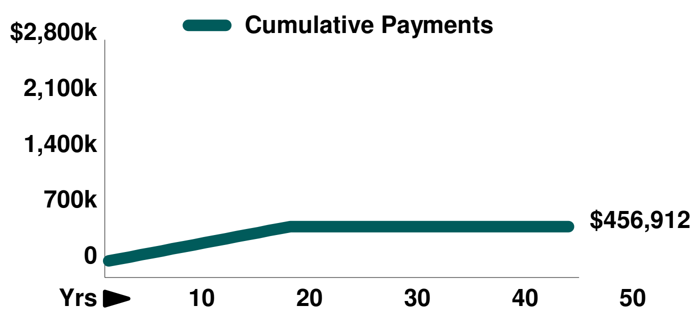
The study offers information from which you and your advisers can draw informed conclusions about the suitability of either plan.

Following are major features of the life insurance policy for you to consider as part of your overall assessment:

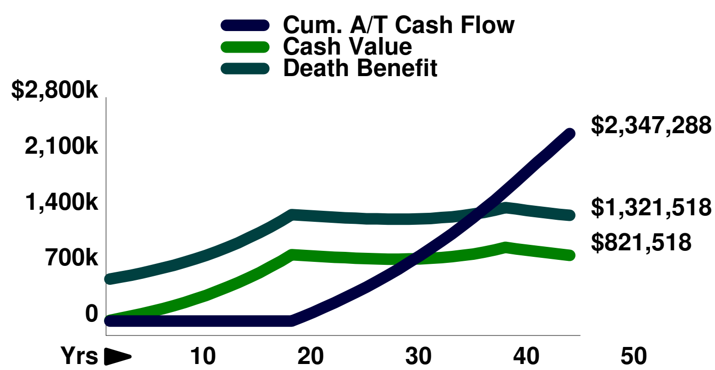
1. Income tax free death benefits;
2. Probate free death benefits;
3. Accumulating cash values;
4. Income tax deferred growth of cash values;
5. Competitive current interest rate;
6. Tax free access to cash values via policy loans;
7. Privacy of all transactions.

Favorable income tax consequences combine with significant policy values and benefits to produce a life insurance solution that has a considerable amount of financial leverage.

Payments

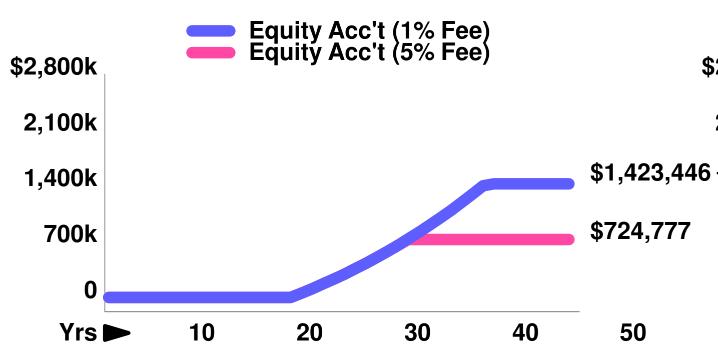


Indexed Universal Life

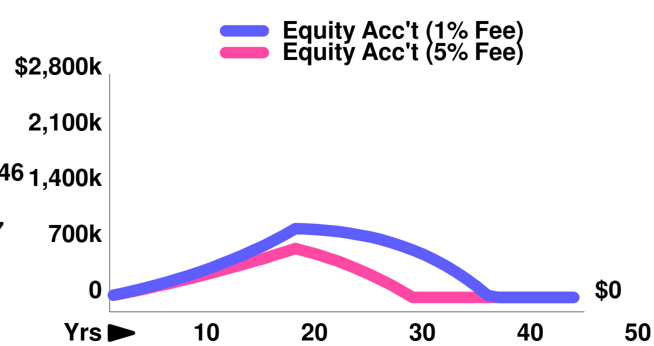


Various Financial Alternatives

Cumulative After Tax Cash Flow



After Tax Values



This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

Comparison of Values

Equity Acc't (1% Fee) Growth	Equity Acc't (1% Fee) Dividend	Dividend Tax Rate	Equity Acc't (5% Fee) Growth	Equity Acc't (5% Fee) Dividend	Dividend Tax Rate	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.50%	2.50%	30.00%	7.50%	2.50%	30.00%	45.00%	7.50%	500,000

			After Tax Values of Identical Allocation to Various Financial Alternatives				Indexed UL		
Year	Male Age	(1) Life Insurance Premium	(2a) After Tax Cash Flow from Equity Acc't (1% Fee)	(2b) Equity Acc't (1% Fee)	(3a) After Tax Cash Flow from Equity Acc't (5% Fee)	(3b) Equity Acc't (5% Fee)	(4a) After Tax Policy Loan Proceeds	(4b) Year End Cash Value*	(4c) Death Benefit
1	47	25,384	0	27,217	0	26,117	0	7,304	522,779
2	48	25,384	0	56,280	0	53,005	0	33,279	547,209
3	49	25,384	0	87,235	0	80,699	0	61,020	573,400
4	50	25,384	0	120,153	0	109,228	0	90,624	601,459
5	51	25,384	0	155,124	0	138,623	0	122,216	631,501
6	52	25,384	0	192,255	0	168,913	0	156,143	663,878
7	53	25,384	0	231,663	0	200,127	0	192,603	698,793
8	54	25,384	0	273,478	0	232,294	0	231,826	736,466
9	55	25,384	0	317,841	0	265,445	0	274,059	777,154
10	56	25,384	0	364,903	0	299,611	0	319,597	821,142
11	57	25,384	0	414,825	0	334,822	0	370,302	870,302
12	58	25,384	0	467,779	0	371,111	0	423,042	923,042
13	59	25,384	0	523,947	0	408,512	0	479,614	979,614
14	60	25,384	0	583,523	0	447,057	0	540,301	1,040,301
15	61	25,384	0	646,715	0	486,783	0	605,399	1,105,399
16	62	25,384	0	713,741	0	527,726	0	675,193	1,175,193
17	63	25,384	0	784,833	0	569,922	0	750,003	1,250,003
18	64	25,384	0	860,239	0	613,410	0	830,173	1,330,173
19	65	0	52,900	856,556	52,900	578,472	52,900	821,541	1,321,541
20	66	0	55,391	849,471	55,391	539,882	55,391	813,269	1,313,269
21	67	0	57,956	838,848	57,956	497,442	57,956	805,445	1,305,445
22	68	0	60,598	824,483	60,598	450,946	60,598	798,185	1,298,185
23	69	0	63,319	806,120	63,319	400,181	63,319	791,608	1,291,608
24	70	0	66,123	783,461	66,123	344,926	66,123	785,842	1,285,842
25	71	0	69,010	756,173	69,010	284,950	69,010	781,034	1,281,034
26	72	0	71,984	723,892	71,984	220,013	71,984	777,372	1,277,372
27	73	0	75,047	686,220	75,047	149,865	75,047	775,127	1,275,127
28	74	0	78,201	642,729	78,201	74,248	78,201	774,516	1,274,516
29	75	0	81,451	592,957	74,248	0	81,451	775,771	1,275,771
30	76	0	84,798	536,411	0	0	84,798	779,151	1,279,151
		456,912	816,778		724,777		816,778		

*This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

See the accompanying reports for year-by-year details:
Details of the: Equity Account; Portfolio Turnover

Management fees reflected in columns (2b) & (3b):
EQ1% = 1.00%, EQ5% = 5.00%

Comparison of Values

Equity Acc't (1% Fee) Growth	Equity Acc't (1% Fee) Dividend	Dividend Tax Rate	Equity Acc't (5% Fee) Growth	Equity Acc't (5% Fee) Dividend	Dividend Tax Rate	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.50%	2.50%	30.00%	7.50%	2.50%	30.00%	45.00%	7.50%	500,000

			After Tax Values of Identical Allocation to Various Financial Alternatives				Indexed UL		
Year	**Male Age**	**(1) Life Insurance Premium**	**(2a) After Tax Cash Flow from Equity Acc't (1% Fee)**	**(2b) Equity Acc't (1% Fee)**	**(3a) After Tax Cash Flow from Equity Acc't (5% Fee)**	**(3b) Equity Acc't (5% Fee)**	**(4a) After Tax Policy Loan Proceeds**	**(4b) Year End Cash Value***	**(4c) Death Benefit**
31	77	0	88,246	472,560	0	0	88,246	784,926	1,284,926
32	78	0	91,796	400,841	0	0	91,796	793,405	1,293,405
33	79	0	95,454	320,647	0	0	95,454	804,909	1,304,909
34	80	0	99,221	231,334	0	0	99,221	819,750	1,319,750
35	81	0	103,101	132,211	0	0	103,101	838,238	1,338,238
36	82	0	107,098	22,541	0	0	107,098	860,770	1,360,770
37	83	0	21,752	0	0	0	111,214	887,970	1,387,970
38	84	0	0	0	0	0	115,454	920,175	1,420,175
39	85	0	0	0	0	0	119,821	901,617	1,401,617
40	86	0	0	0	0	0	119,821	884,408	1,384,408
41	87	0	0	0	0	0	119,821	868,185	1,368,185
42	88	0	0	0	0	0	119,821	852,437	1,352,437
43	89	0	0	0	0	0	119,821	836,949	1,336,949
44	90	0	0	0	0	0	119,821	821,518	1,321,518
		456,912	1,423,446		724,777		2,347,288		

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See the accompanying reports for year-by-year details:
Details of the: Equity Account; Portfolio Turnover

Management fees reflected in columns (2b) & (3b):
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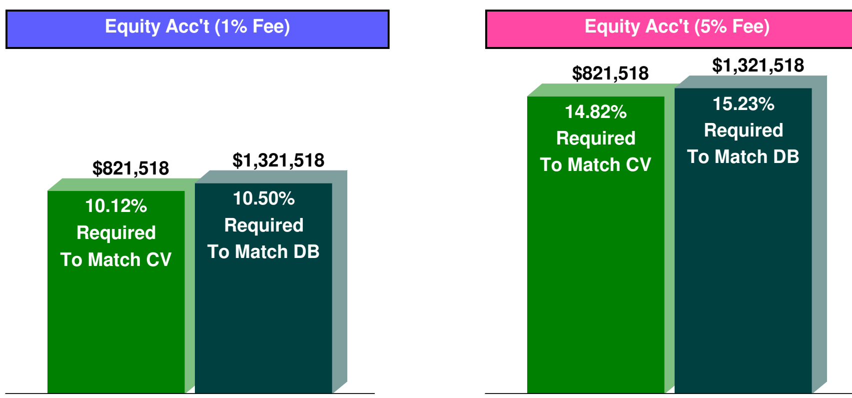
Matching Values

Equity Acc't (1% Fee) Growth	Equity Acc't (1% Fee) Dividend	Dividend Tax Rate	Equity Acc't (5% Fee) Growth	Equity Acc't (5% Fee) Dividend	Dividend Tax Rate	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.50%	2.50%	30.00%	7.50%	2.50%	30.00%	45.00%	7.50%	500,000

Yield/Growth Required by Various Investments in Addition to the Dividend Illustrated for the Equity Account to Match Indexed UL Policy Values over 44 years

Investment	Yield/Growth	Indexed UL
Equity Acc't (1% Fee)	10.12%*	Cash Value $821,518
Equity Acc't (1% Fee)	10.50%*	Death Benefit $1,321,518
Equity Acc't (5% Fee)	14.82%*	Cash Value $821,518
Equity Acc't (5% Fee)	15.23%*	Death Benefit $1,321,518



Income Tax Considerations

1. Equity Acc't (1% Fee): Capital gains tax calculations are taxed based on a ratio of asset value to remaining cost basis in any given year.
2. Equity Acc't (5% Fee): Capital gains tax calculations are taxed based on a ratio of asset value to remaining cost basis in any given year.

3. Indexed Universal Life:
   a. Death Benefit including cash value component is income tax free.
   b. Loans are income tax free as long as the policy is kept in force.
   c. Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
   d. Cash values shown assume most favorable combination of b and/or c.

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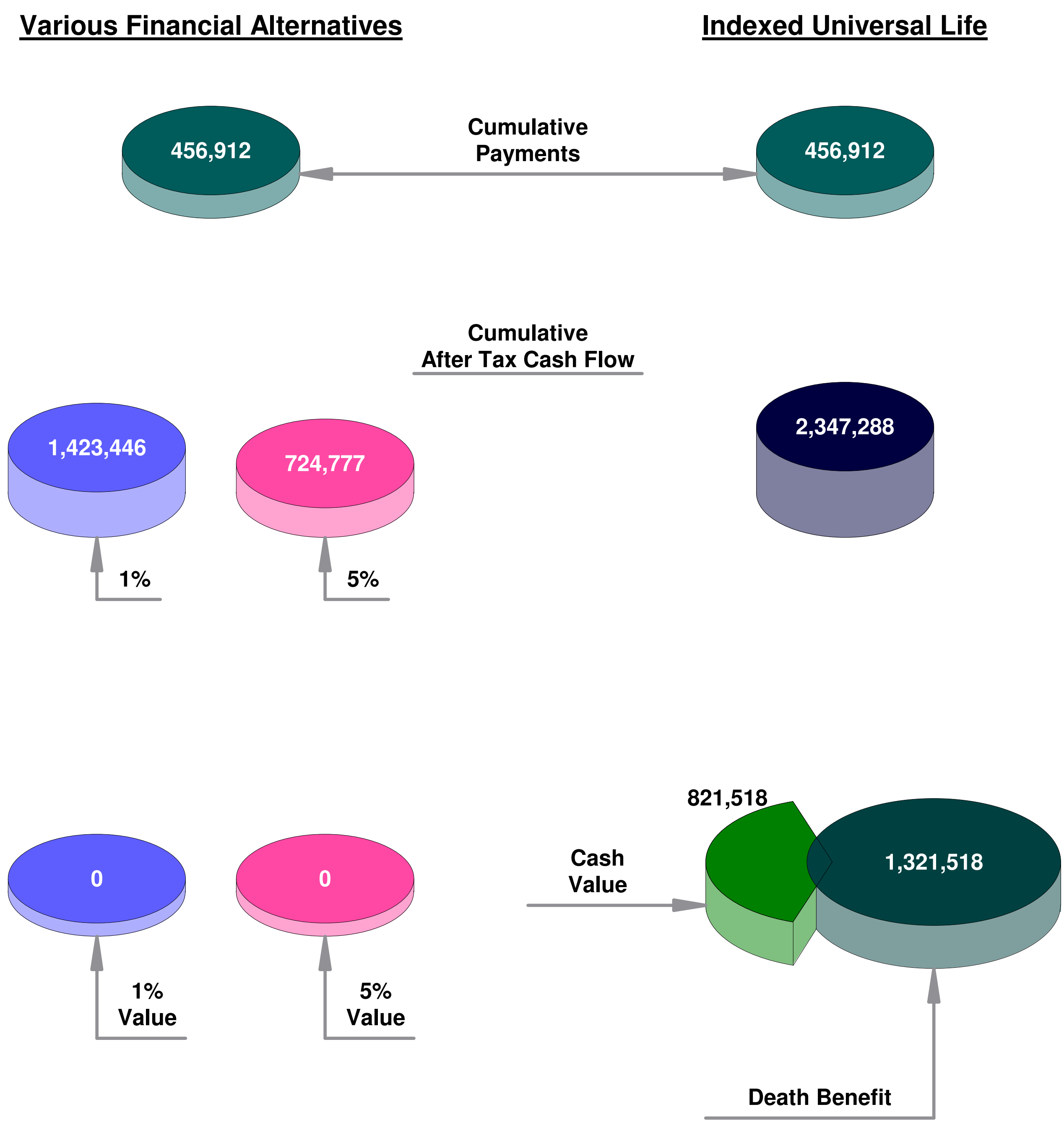
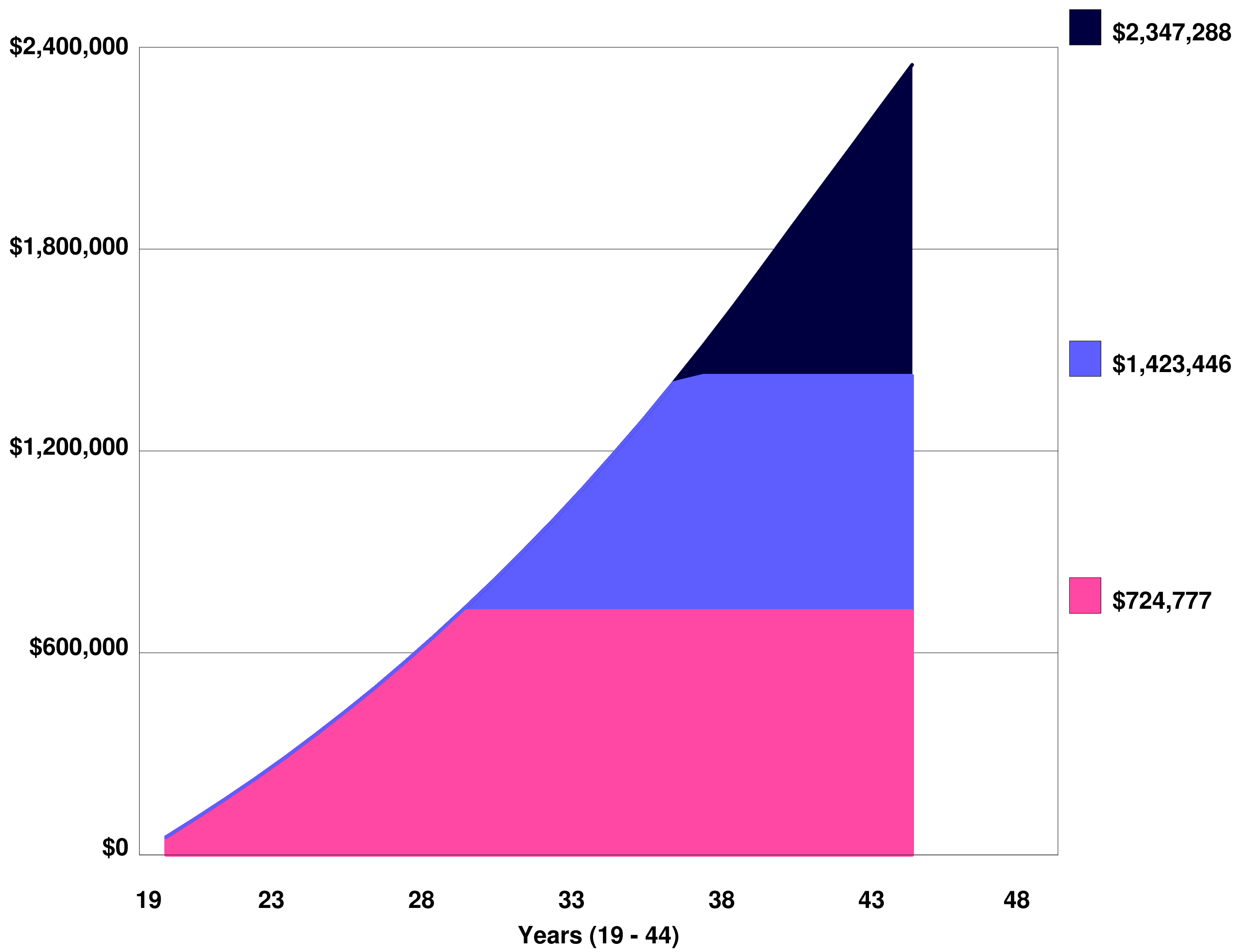
*Plus 2.50% dividend.

A Look at Year 44



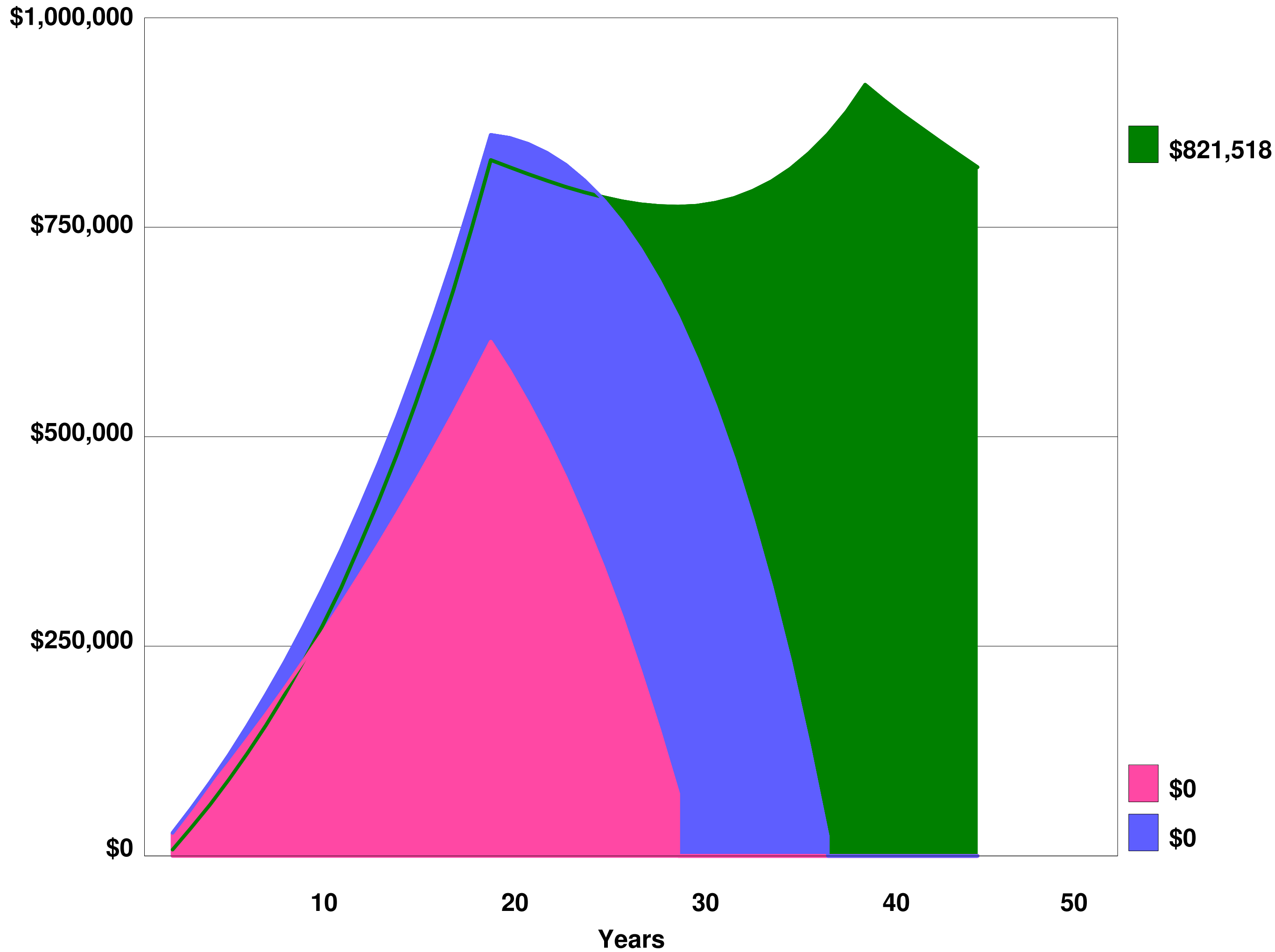
1% - Equity Acc't (1% Fee)
5% - Equity Acc't (5% Fee)

Cash Flow Comparison of Years 19 - 44



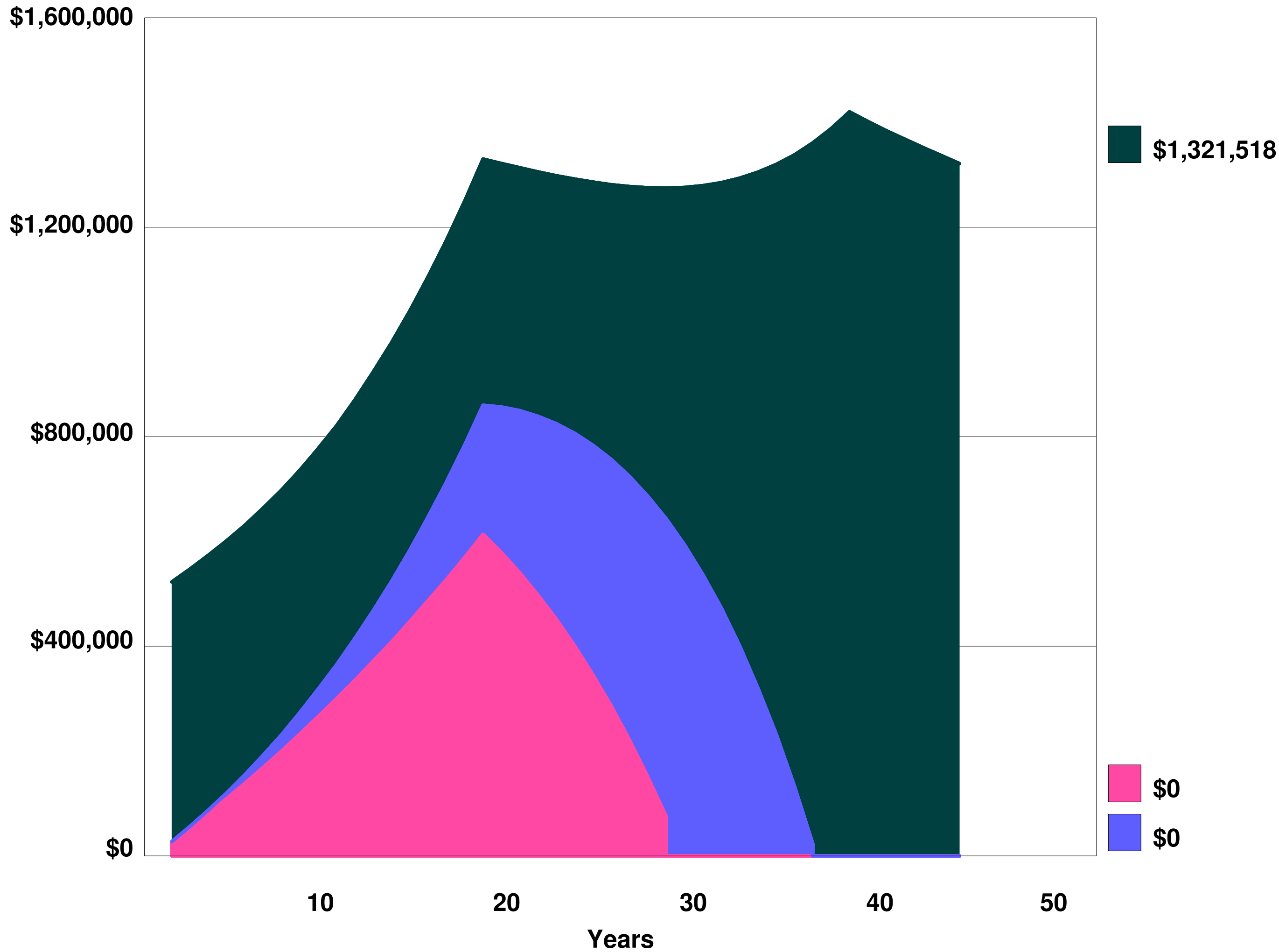
	At Year 44
Cumulative After Tax Cash Flow from An Equity Acc't (1% Fee)	$1,423,446
Cumulative After Tax Cash Flow from An Equity Acc't (5% Fee)	$724,777
Cumulative After Tax Policy Loan Proceeds from Indexed UL	$2,347,288

44 Year Comparison of Values



		At Year 44
After Tax Values of An Equity Acc't (1% Fee)		$0
After Tax Values of An Equity Acc't (5% Fee)		$0
Cash Value of Indexed UL		$821,518

44 Year Comparison of Death Benefit



		At Year 44
Death Benefit of An Equity Acc't (1% Fee)		$0
Death Benefit of An Equity Acc't (5% Fee)		$0
Death Benefit of Indexed UL		$1,321,518

Tax Calculations

With equity accounts, dividends are taxed and the after tax balance is either reinvested or used for scheduled cash flow. Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

A cash value life insurance policy (that is not designed as a modified endowment contract*) is taxed on a first-in-first-out basis which means that withdrawals (also known as partial surrenders) have different taxation. Withdrawals up to cost basis are income-tax free; subsequent withdrawals are taxable. However, contractual loan provision in the policy allow you to access additional cash flow from the policy cash value which is income-tax free so long as the policy stays in force. This feature avoids the problem of taxable withdrawals in excess of cost basis. Interest on such loans can be added to the outstanding loan, and with most life insurance policies, the loan balance is credited with interest earnings at (or near) the level of the loan interest charged resulting in a wash (or near wash) of the loan interest. If the policy is kept in force until death, the policy death benefit, including any internal deferred gain, is income-tax free.

Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this.

*With a life insurance policy that is characterized as a modified endowment contract ("MEC"), both withdrawals and loans are taxed on a gain first basis. In almost all circumstances, it is advisable to avoid purchasing a MEC, and the basic illustration that is provided to you from the issuing life insurance company should indicate if it is a MEC.

Legal and tax information is for general use only and may not be applicable to specific circumstances. Clients should consult their own legal, tax and accounting advisors to assist in the evaluation of any potential transaction or strategy.