

Leveraged Deferred Compensation

For: Arthur Lee



Presented By: _____

[Licensed user's name appears here]

Preface

Employer: Ryder Manufacturing Co., Inc.

Background

Leveraged Deferred Compensation is a financial technique used by executives who want either to reduce current taxable compensation or forego scheduled increases in compensation in exchange for tax free income in the future. The arrangement involves the purchase of a cash value life insurance policy, the owner of which is usually the insured executive.

Funding

Using the funds resulting from the executive's compensation adjustment, the employer makes loans to the executive, who purchases a policy insuring the life of the executive or the executive and his or her spouse. Frequently, the employer will add matching or partially matching dollars to the funding pool. The arrangement is designed to be in compliance with the Final Split Dollar Regulations issued in September 2003 (68 FR 54336).

Promissory Notes: The loans associated with the arrangement are evidenced by a series of promissory notes between the employer and the executive, and the life insurance policy is assigned as collateral security for the loans. The loans are term loans, i.e., they are due at the end of a specific period of years; however, the promissory note calls for the acceleration of repayment should the executive die prior to the date of scheduled loan repayments.

Loan Interest: The interest rate for the life of each loan is set at least to the long-term rate in effect at the beginning of the loan under IRC Sections 7872(f)(2)(A) and 1274(d) (often referred to as the "Applicable Federal Rate" or "AFR").

As an additional benefit in some arrangements, the employer may choose to offset the executive's loan interest payments by way of a bonus.

If no interest or an inadequate rate of interest is charged on a loan, the IRS recharacterizes the loan into an "arms-length" transaction and imputes an interest rate that is deemed to have been received by the lender and paid by the borrower. The rate is published monthly and is determined by the length of the loan transaction, i.e., either the short-term rate

(3 years or less), the mid-term rate (over 3 years but not over 9 years), or the long-term rate (over 9 years).

So long as the loan interest rate is equal to or exceeds the Applicable Federal Rate, no further interest is imputed by the IRS on the transaction. For illustrative purposes, the entire series of premium loans illustrated in the accompanying material reflect a constant 2.64% interest rate, the long-term AFR in effect for the month in which this report is written (September 2015). The loan interest rate for each new loan will likely be different, and each future loan must bear interest equal to or greater than the AFR in effect during the month the new loan is executed. Each new loan should be evidenced by its own promissory note as well.

There are four ways to deal with unknown future loan interest rates:

1. If a bonus is paid to the executive to offset the loan interest, accept the risk: Changing interest rates may increase or decrease the amount of the bonus; however, the loan interest paid to the employer by the executive should provide a full or partial offset, as the case may be.
2. If the loan interest rate increases, the executive could be allowed to accrue the additional loan interest. Alternatively, the executive may be able to withdraw funds from the policy to make up the difference in the loan interest due.
3. Renegotiate the loans: Wait until a time when the AFR dips and recast the series of promissory notes into a new note at the reduced rate. For a detailed analysis of this strategy, see the report entitled "Renegotiating the Applicable Federal Rate".
4. Consolidate all loans at the inception of the arrangement: In this case, the loaned funds in excess of those needed to pay the policy's initial premium should be reserved by the executive to pay the remaining stream of premiums as they fall due. The employer may wish to consider requiring some form of custodianship for the reserved funds to be certain they are used for the

Preface (continued)

Employer: Ryder Manufacturing Co., Inc.

intended purpose.

Severance Benefits for the Executive

A written severance agreement between the employer and the executive that mirrors the compensation adjustments used to the fund the arrangement is assumed to be included in the accompanying reports. The presence of such an agreement should provide significant financial comfort to any executive who voluntarily reduces compensation in order to participate. Such an agreement would typically be in effect from the inception of the arrangement and protect the executive's compensation adjustments in case of unexpected death or separation from employment prior to retirement.

Specimen severance agreements for use by profit-making or tax exempt organizations are available subject to the approval of the participants' tax and legal counsel.

Repayment of Loans from the Employer

In the event of the executive's death, the employer's loans are repaid from the life insurance policy's death benefit; otherwise, loan repayment is handled in one of the ways listed below. A check mark indicates the method illustrated in the accompanying material.

- 1. The executive uses personal funds to repay the loans from the employer. This produces favorable results for the employer as it is repaid loans that were originally established due to the executive's compensation adjustments. In this case, the executive's benefits occur solely from the life insurance policy values.
- 2. The executive uses personal funds to repay the loans from the employer; however, the loan repayments are used by the employer to fund a severance benefit for the executive in the amount of the executive's cumulative compensation adjustments. (The severance commitment is by way of a separate agreement.) This strategy should be viewed equitably by the executive since, in addition to the life insurance policy values illustrated, severance is paid equal to the

cumulative amount of previous compensation adjustments. Should death occur first, the severance benefit is paid to the executive's personal beneficiaries.

- 3. The executive borrows against the policy or surrenders a portion of policy values to repay the loans from the employer. This also produces favorable results for the employer as it is repaid loans that were originally established due to the executive's compensation adjustments. In this case, the executive's benefits occur solely from the life insurance policy values.
- 4. The executive borrows against the policy or surrenders a portion of policy values to repay the loans from the employer. The loan repayments are then used by the employer to fund a severance benefit for the executive in the amount of the executive's cumulative compensation adjustments. (The severance commitment is by way of a separate agreement.) This strategy should be viewed equitably by the executive since, in addition to the life insurance policy values illustrated, severance is paid equal to the cumulative amount of previous compensation adjustments. Should death occur first, the severance benefit is paid to the executive's personal beneficiaries.
- 5. The employer may decide to forgive the loan as a bonus. When this occurs, the executive typically borrows against the policy or surrenders a portion of policy values to offset the income tax on the bonus resulting from the forgiveness of the loan. This strategy should be viewed equitably by the executive since, in addition to the remaining life insurance values, the bonus repays the cumulative amount of previous compensation adjustments. If a severance agreement is part of the arrangement, the severance commitment is generally considered to be fulfilled due to the bonus payment.
- 6. The employer may decide to forgive the loan and bonuses an additional amount to offset some or all of the resulting income tax. This strategy should be viewed very equitably by the executive since, in addition to the remaining policy values,

Preface (continued)

he/she is paid a bonus equal to the cumulative amount of previous compensation adjustments plus the income tax on the bonus. If a severance agreement is part of the arrangement, the severance commitment is generally considered more than fulfilled due to the bonus payment.

Living Benefits for the Executive

The executive may, if the parties agree, have direct access to policy cash values in excess of the amount required to collateralize the loans from the employer. Such policy cash values are usually accessed via policy loans, withdrawals, or a combination of each. If the loans from the employer are repaid, the executive has unencumbered access to all the policy cash values.

Death Benefits for the Executive's Beneficiaries

1. Income tax free death benefits from the executive's share of the life insurance policy's death benefit can produce income streams for the executive's family or liquidity to help offset

death taxes.

2. If a severance benefit is in effect as discussed above, an additional lump sum death benefit is available for the executive's beneficiaries.

Notes

Policy loans reduce cash values and death benefits, and the lapse of a policy with such loans could result in negative tax consequences. Be sure to consult with your own legal and tax advisers if you have any questions about this issue. You should also consult with these advisers before entering into this or any other arrangement involving tax, legal, and economic considerations.

Care must be exercised if a hospital and a doctor employed by that hospital use Leveraged Deferred Compensation due to the Medicare-Medicaid Anti-Kickback Rule and the Stark II Rules. A plan should be able to be designed that complies with these rules; however, be certain to consult with your own legal and tax advisers on these issues.

Leveraged Deferred Compensation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer: Ryder Manufacturing Co., Inc.

Illustration of Policy Values Funding the Plan

		Male Age 45	Indexed UL Interest Rate 6.85%	Initial Premium 250,000	Initial Death Benefit 5,700,000		
Year	Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Cash Value* Increase	(4) Year End Cash Value*	(5) Death Benefit	
1	45	250,000	0	210,549	210,549	5,700,000	
2	46	250,000	0	224,462	435,011	5,700,000	
3	47	250,000	0	239,576	674,587	5,700,000	
4	48	250,000	0	255,959	930,546	5,700,000	
5	49	250,000	0	273,423	1,203,969	5,700,000	
6	50	0	0	39,089	1,243,058	5,700,000	
7	51	0	0	42,492	1,285,550	5,700,000	
8	52	0	0	46,247	1,331,797	5,700,000	
9	53	0	0	50,472	1,382,269	5,700,000	
10	54	0	0	55,232	1,437,501	5,700,000	
11	55	0	0	100,880	1,538,381	5,700,000	
12	56	0	0	107,893	1,646,274	5,700,000	
13	57	0	0	115,369	1,761,643	5,700,000	
14	58	0	0	123,377	1,885,020	5,700,000	
15	59	0	0	131,989	2,017,009	5,700,000	
16	60	0	0	141,025	2,158,034	5,700,000	
17	61	0	0	150,783	2,308,817	5,700,000	
18	62	0	0	161,285	2,470,102	5,700,000	
19	63	0	0	172,599	2,642,701	5,700,000	
20	64	0	0	184,828	2,827,529	5,700,000	
21	65	0	1,400,000	-1,316,610	1,510,919	4,229,010	
22	66	0	158,539	-67,170	1,443,749	3,989,044	
23	67	0	167,276	-67,125	1,376,624	3,727,907	
24	68	0	176,275	-66,410	1,310,214	3,444,263	
25	69	0	185,544	-64,807	1,245,407	3,136,705	
26	70	0	195,091	-62,465	1,182,942	2,803,744	
27	71	0	204,925	-58,541	1,124,401	2,443,809	
28	72	0	215,053	-52,945	1,071,456	2,055,243	
29	73	0	225,486	-45,262	1,026,194	1,636,294	
30	74	0	236,231	-34,957	991,237	1,376,596	
		1,250,000	3,164,420				

30 Year Summary

Cum. Policy Premiums	1,250,000
Cum. Net Policy Loan Proceeds	3,164,420
Cash Value	991,237
Death Benefit	1,376,596

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

Leveraged Deferred Compensation Using Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer: Ryder Manufacturing Co., Inc.

Illustration of Policy Values Funding the Plan

		Male Age 45	Indexed UL Interest Rate 6.85%	Initial Premium 250,000	Initial Death Benefit 5,700,000		
Year	Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Cash Value* Increase	(4) Year End Cash Value*	(5) Death Benefit	
31	75	0	247,299	-22,438	968,799	1,267,201	
32	76	0	258,699	-13,259	955,540	1,279,359	
33	77	0	270,441	-2,717	952,823	1,304,507	
34	78	0	282,535	9,295	962,118	1,344,302	
35	79	0	294,992	22,879	984,997	1,400,516	
36	80	0	307,823	38,147	1,023,144	1,475,045	
37	81	0	321,038	55,351	1,078,495	1,570,054	
38	82	0	334,651	74,512	1,153,007	1,687,743	
39	83	0	348,671	95,745	1,248,752	1,830,435	
40	84	0	363,112	119,122	1,367,874	2,000,538	
41	85	0	377,986	-46,276	1,321,598	2,000,007	
42	86	0	377,986	-33,096	1,288,502	2,015,717	
43	87	0	377,986	-19,427	1,269,075	2,048,302	
44	88	0	377,986	-5,507	1,263,568	2,098,153	
45	89	0	377,986	8,339	1,271,907	2,165,323	
46	90	0	377,986	21,600	1,293,507	2,249,339	
47	91	0	377,986	55,025	1,348,532	2,166,919	
48	92	0	377,986	97,859	1,446,391	2,103,691	
49	93	0	377,986	153,198	1,599,589	2,069,254	
50	94	0	377,986	224,984	1,824,573	2,076,566	

1,250,000	9,973,541
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50 Year Summary

Cum. Policy Premiums	1,250,000
Cum. Net Policy Loan Proceeds	9,973,541
Cash Value	1,824,573
Death Benefit	2,076,566

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

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer: Ryder Manufacturing Co., Inc.

Summary

Male Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 45.00%	Indexed UL Interest Rate 6.85%	Initial Death Benefit 5,700,000	Assumed Long-Term AFR for All Years Illustrated 2.64%	Promissory Note Interest Rate 2.64%
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		Ryder Manufacturing Co., Inc.				Arthur Lee			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Year	Age	Net Payment*	Annual Loan to Executive	Cumulative Loan to Executive	Employer's Cumulative Charge to Earnings**	Net Payment*	Net Policy Loan Proceeds Available for Retirement Income	Cash Value***	Death Benefit
1	45	88,564	250,000	250,000	-161,436	137,500	0	210,549	5,700,000
2	46	92,128	250,000	500,000	-319,308	137,500	0	435,011	5,700,000
3	47	95,692	250,000	750,000	-473,616	137,500	0	674,587	5,700,000
4	48	99,256	250,000	1,000,000	-624,360	137,500	0	930,546	5,700,000
5	49	102,820	250,000	1,250,000	-771,540	137,500	0	1,203,969	5,700,000
6	50	17,820	0	1,250,000	-753,720	0	0	1,243,058	5,700,000
7	51	17,820	0	1,250,000	-735,900	0	0	1,285,550	5,700,000
8	52	17,820	0	1,250,000	-718,080	0	0	1,331,797	5,700,000
9	53	17,820	0	1,250,000	-700,260	0	0	1,382,269	5,700,000
10	54	17,820	0	1,250,000	-682,440	0	0	1,437,501	5,700,000
11	55	17,820	0	1,250,000	-664,620	0	0	1,538,381	5,700,000
12	56	17,820	0	1,250,000	-646,800	0	0	1,646,274	5,700,000
13	57	17,820	0	1,250,000	-628,980	0	0	1,761,643	5,700,000
14	58	17,820	0	1,250,000	-611,160	0	0	1,885,020	5,700,000
15	59	17,820	0	1,250,000	-593,340	0	0	2,017,009	5,700,000
16	60	17,820	0	1,250,000	-575,520	0	0	2,158,034	5,700,000
17	61	17,820	0	1,250,000	-557,700	0	0	2,308,817	5,700,000
18	62	17,820	0	1,250,000	-539,880	0	0	2,470,102	5,700,000
19	63	17,820	0	1,250,000	-522,060	0	0	2,642,701	5,700,000
20	64	17,820	0	1,250,000	-504,240	0	0	2,827,529	5,700,000
21	65	-1,250,000	0	0	-504,240	0	150,000	1,510,919	4,229,010
22	66	0	0	0	-504,240	0	158,539	1,443,749	3,989,044
23	67	0	0	0	-504,240	0	167,276	1,376,624	3,727,907
24	68	0	0	0	-504,240	0	176,275	1,310,214	3,444,263
25	69	0	0	0	-504,240	0	185,544	1,245,407	3,136,705
26	70	0	0	0	-504,240	0	195,091	1,182,942	2,803,744
27	71	0	0	0	-504,240	0	204,925	1,124,401	2,443,809
28	72	0	0	0	-504,240	0	215,053	1,071,456	2,055,243
29	73	0	0	0	-504,240	0	225,486	1,026,194	1,636,294
30	74	0	0	0	-504,240	0	236,231	991,237	1,376,596
		-504,240	1,250,000			687,500	1,914,420		

An optional severance benefit for the executive is included in this illustration. See Employer's and Executive's Analysis of Optional Severance Benefit reports for details.

*See appropriate Net Payment Analysis for details.

**A negative value indicates a credit to earnings.

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Executive's 30 Year Summary

	Living Values †	Death Benefit
Indexed Universal Life:	991,237	1,376,596
Less Loan Due Employer:	0	0
Equals Executive's Net Value:	991,237	1,376,596
Plus Cum. After Tax Cash Flow:	1,914,420	1,914,420
Equals Executive's Net Value:	2,905,657	3,291,016

†Cash value less employer's loans plus cum. net policy loans.

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer: Ryder Manufacturing Co., Inc.

Summary

Male Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 45.00%	Indexed UL Interest Rate 6.85%	Initial Death Benefit 5,700,000	Assumed Long-Term AFR for All Years Illustrated 2.64%	Promissory Note Interest Rate 2.64%
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		Ryder Manufacturing Co., Inc.				Arthur Lee			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Net Payment*	Annual Loan to Executive	Cumulative Loan to Executive	Employer's Cumulative Charge to Earnings**	Net Payment*	Net Policy Loan Proceeds Available for Retirement Income	Cash Value***	Death Benefit
Year	Age								
31	75	0	0	0	-504,240	0	247,299	968,799	1,267,201
32	76	0	0	0	-504,240	0	258,699	955,540	1,279,359
33	77	0	0	0	-504,240	0	270,441	952,823	1,304,507
34	78	0	0	0	-504,240	0	282,535	962,118	1,344,302
35	79	0	0	0	-504,240	0	294,992	984,997	1,400,516
36	80	0	0	0	-504,240	0	307,823	1,023,144	1,475,045
37	81	0	0	0	-504,240	0	321,038	1,078,495	1,570,054
38	82	0	0	0	-504,240	0	334,651	1,153,007	1,687,743
39	83	0	0	0	-504,240	0	348,671	1,248,752	1,830,435
40	84	0	0	0	-504,240	0	363,112	1,367,874	2,000,538
41	85	0	0	0	-504,240	0	377,986	1,321,598	2,000,007
42	86	0	0	0	-504,240	0	377,986	1,288,502	2,015,717
43	87	0	0	0	-504,240	0	377,986	1,269,075	2,048,302
44	88	0	0	0	-504,240	0	377,986	1,263,568	2,098,153
45	89	0	0	0	-504,240	0	377,986	1,271,907	2,165,323
46	90	0	0	0	-504,240	0	377,986	1,293,507	2,249,339
47	91	0	0	0	-504,240	0	377,986	1,348,532	2,166,919
48	92	0	0	0	-504,240	0	377,986	1,446,391	2,103,691
49	93	0	0	0	-504,240	0	377,986	1,599,589	2,069,254
50	94	0	0	0	-504,240	0	377,986	1,824,573	2,076,566
		-504,240	1,250,000			687,500	8,723,541		

An optional severance benefit for the executive is included in this illustration. See Employer's and Executive's Analysis of Optional Severance Benefit reports for details.

*See appropriate Net Payment Analysis for details.

**A negative value indicates a credit to earnings.

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Executive's 50 Year Summary

	Living Values †	Death Benefit
Indexed Universal Life:	1,824,573	2,076,566
Less Loan Due Employer:	0	0
Equals Executive's Net Value:	1,824,573	2,076,566
Plus Cum. After Tax Cash Flow:	8,723,541	8,723,541
Equals Executive's Net Value:	10,548,114	10,800,107

†Cash value less employer's loans plus cum. net policy loans.

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Executive's Personal Report

Employer: Ryder Manufacturing Co., Inc.

Note: Arthur's share of the cash value does not begin until the policy's cash value exceeds the loans due Ryder.

Male
Age 45
Executive's
Tax Bracket 45.00%
Indexed UL
Interest Rate 6.85%

Year	Age	Arthur Lee Costs		Arthur Lee Values		
		(1) Executive's Net payment*	(2) Net Policy Loan Proceeds Available for Retirement Income	(3) Executive's Share of Cash Value**	(4) Executive's Share of Death Benefit	
1	45	137,500	0	0	5,450,000	
2	46	137,500	0	0	5,200,000	
3	47	137,500	0	0	4,950,000	
4	48	137,500	0	0	4,700,000	
5	49	137,500	0	0	4,450,000	
6	50	0	0	0	4,450,000	
7	51	0	0	35,550	4,450,000	
8	52	0	0	81,797	4,450,000	
9	53	0	0	132,269	4,450,000	
10	54	0	0	187,501	4,450,000	
11	55	0	0	288,381	4,450,000	
12	56	0	0	396,274	4,450,000	
13	57	0	0	511,643	4,450,000	
14	58	0	0	635,020	4,450,000	
15	59	0	0	767,009	4,450,000	
16	60	0	0	908,034	4,450,000	
17	61	0	0	1,058,817	4,450,000	
18	62	0	0	1,220,102	4,450,000	
19	63	0	0	1,392,701	4,450,000	
20	64	0	0	1,577,529	4,450,000	
21	65	0	150,000	1,510,919	4,229,010	
22	66	0	158,539	1,443,749	3,989,044	
23	67	0	167,276	1,376,624	3,727,907	
24	68	0	176,275	1,310,214	3,444,263	
25	69	0	185,544	1,245,407	3,136,705	
26	70	0	195,091	1,182,942	2,803,744	
27	71	0	204,925	1,124,401	2,443,809	
28	72	0	215,053	1,071,456	2,055,243	
29	73	0	225,486	1,026,194	1,636,294	
30	74	0	236,231	991,237	1,376,596	
		687,500	1,914,420			

*Assuming all parties follow the procedure outlined on the Executive's Net Payment Analysis page.

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Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Executive's Personal Report

Employer: Ryder Manufacturing Co., Inc.

Male
Age 45
Executive's
Tax Bracket 45.00%
Indexed UL
Interest Rate 6.85%

		Arthur Lee Costs	Arthur Lee Values		
		(1)	(2)	(3)	(4)
		Executive's Net payment*	Net Policy Loan Proceeds Available for Retirement Income	Executive's Share of Cash Value**	Executive's Share of Death Benefit
Year	Age				
31	75	0	247,299	968,799	1,267,201
32	76	0	258,699	955,540	1,279,359
33	77	0	270,441	952,823	1,304,507
34	78	0	282,535	962,118	1,344,302
35	79	0	294,992	984,997	1,400,516
36	80	0	307,823	1,023,144	1,475,045
37	81	0	321,038	1,078,495	1,570,054
38	82	0	334,651	1,153,007	1,687,743
39	83	0	348,671	1,248,752	1,830,435
40	84	0	363,112	1,367,874	2,000,538
41	85	0	377,986	1,321,598	2,000,007
42	86	0	377,986	1,288,502	2,015,717
43	87	0	377,986	1,269,075	2,048,302
44	88	0	377,986	1,263,568	2,098,153
45	89	0	377,986	1,271,907	2,165,323
46	90	0	377,986	1,293,507	2,249,339
47	91	0	377,986	1,348,532	2,166,919
48	92	0	377,986	1,446,391	2,103,691
49	93	0	377,986	1,599,589	2,069,254
50	94	0	377,986	1,824,573	2,076,566
		687,500	8,723,541		

*Assuming all parties follow the procedure outlined on the Executive's Net Payment Analysis page.

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

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

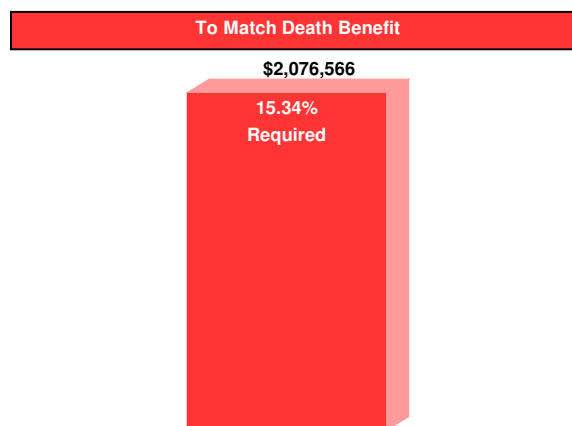
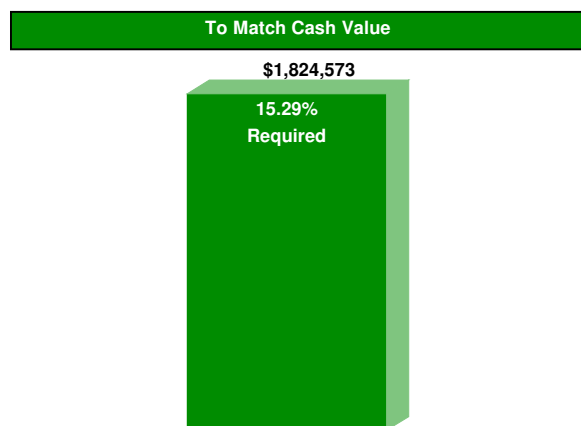
Matching Interest Rate

Employer: Ryder Manufacturing Co., Inc.

Male	Executive's	Indexed UL
Age	Tax Bracket	Interest Rate
45	45.00%	6.85%

Gross Interest Rate Required on a Hypothetical Taxable Investment to Match Indexed Universal Life Policy Values Over 50 Years (Executive's After Tax Cost of the Plan Used as the Hypothetical Investment)

	Hypothetical Taxable Alternative
To match Cash Value of: \$1,824,573	15.29%
To match Death Benefit of: \$2,076,566	15.34%



Income Tax Considerations

1. Hypothetical Taxable Investment: Interest is taxed as earned.
2. Indexed Universal Life:
 - a. Death Benefit including available 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.

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

Values of the optional severance benefit illustrated with this plan are in addition to the values calculated above.

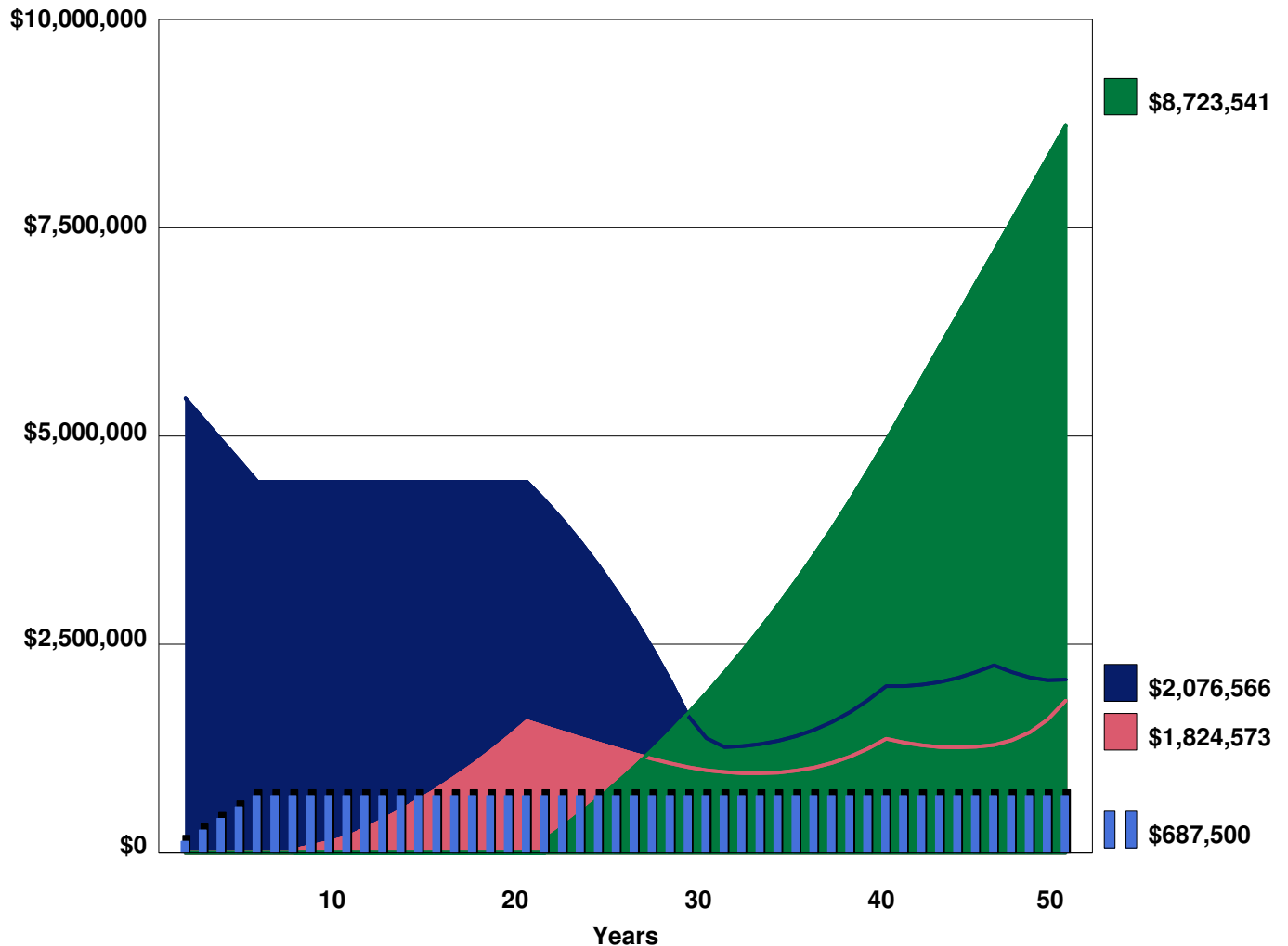
Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Arthur Lee 50 Year Analysis

Employer: Ryder Manufacturing Co., Inc.



At Year 50	
Executive's Cumulative Net Payments	\$687,500
Executive's Cumulative Net Loan Proceeds ¹	\$8,723,541
Executive's Cash Value Less Cum. Loan Due Employer	\$1,824,573
Executive's Death Benefit Less Cum. Loan Due Employer	\$2,076,566

An optional severance benefit for the executive is included in this illustration. See Employer's and Executive's Analysis of Optional Severance Benefit reports for details.

¹ For retirement income.

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer's Net Payment Analysis

Employer: Ryder Manufacturing Co., Inc.

Male Age 45
 Employer's Tax Bracket 34.00%
 Assumed Long-Term AFR for All Years Illustrated 2.64%*
 Promissory Note Interest Rate 2.64%

Yr	Age	(1) Comp. Adjustment by Executive	(2) Employer's After Tax Gain from Comp. Adjustment	(3) Loan to Executive	(4) Loan Repayment from Executive	(5) Loan Interest Received from Executive	(6) After Tax Loan Interest Received from Executive	(7) Bonus Paid to Executive	(8) After Tax Cost of Bonus Paid to Executive	(9) Employer's Net Payment**	(10) Employer's Annual Charge to Earnings*** (8) - (6) - (2)	(11) Employer's Cumulative Charge to Earnings***
1	45	250,000	165,000	250,000	0	6,600	4,356	12,000	7,920	88,564	-161,436	-161,436
2	46	250,000	165,000	250,000	0	13,200	8,712	24,000	15,840	92,128	-157,872	-319,308
3	47	250,000	165,000	250,000	0	19,800	13,068	36,000	23,760	95,692	-154,308	-473,616
4	48	250,000	165,000	250,000	0	26,400	17,424	48,000	31,680	99,256	-150,744	-624,360
5	49	250,000	165,000	250,000	0	33,000	21,780	60,000	39,600	102,820	-147,180	-771,540
6	50	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-753,720
7	51	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-735,900
8	52	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-718,080
9	53	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-700,260
10	54	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-682,440
11	55	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-664,620
12	56	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-646,800
13	57	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-628,980
14	58	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-611,160
15	59	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-593,340
16	60	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-575,520
17	61	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-557,700
18	62	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-539,880
19	63	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-522,060
20	64	0	0	0	0	33,000	21,780	60,000	39,600	17,820	17,820	-504,240
21	65	0	0	0	1,250,000	0	0	0	0	-1,250,000	0	-504,240
22	66	0	0	0	0	0	0	0	0	0	0	-504,240
23	67	0	0	0	0	0	0	0	0	0	0	-504,240
24	68	0	0	0	0	0	0	0	0	0	0	-504,240
25	69	0	0	0	0	0	0	0	0	0	0	-504,240
26	70	0	0	0	0	0	0	0	0	0	0	-504,240
27	71	0	0	0	0	0	0	0	0	0	0	-504,240
28	72	0	0	0	0	0	0	0	0	0	0	-504,240
29	73	0	0	0	0	0	0	0	0	0	0	-504,240
30	74	0	0	0	0	0	0	0	0	0	0	-504,240
		1,250,000	825,000	1,250,000	1,250,000	594,000	392,040	1,080,000	712,800	-504,240	-504,240	

*As of the date of this illustration. (See accompanying "Leveraged Deferred Compensation (Preface)" for remarks regarding loan interest rates used in this illustration.)

***A negative value indicates a credit to earnings.

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (9) = (3) - (2) - (4) - (6) + (8)

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer's Net Payment Analysis

Employer: Ryder Manufacturing Co., Inc.

Male Age 45
 Employer's Tax Bracket 34.00%
 Assumed Long-Term AFR for All Years Illustrated 2.64%*
 Promissory Note Interest Rate 2.64%

Yr	Age	(1) Comp. Adjustment by Executive	(2) Employer's After Tax Gain from Comp. Adjustment	(3) Loan to Executive	(4) Loan Repayment from Executive	(5) Loan Interest Received from Executive	(6) After Tax Loan Interest Received from Executive	(7) Bonus Paid to Executive	(8) After Tax Cost of Bonus Paid to Executive	(9) Employer's Net Payment**	(10) Employer's Annual Charge to Earnings*** (8) - (6) - (2)	(11) Employer's Cumulative Charge to Earnings***
31	75	0	0	0	0	0	0	0	0	0	0	-504,240
32	76	0	0	0	0	0	0	0	0	0	0	-504,240
33	77	0	0	0	0	0	0	0	0	0	0	-504,240
34	78	0	0	0	0	0	0	0	0	0	0	-504,240
35	79	0	0	0	0	0	0	0	0	0	0	-504,240
36	80	0	0	0	0	0	0	0	0	0	0	-504,240
37	81	0	0	0	0	0	0	0	0	0	0	-504,240
38	82	0	0	0	0	0	0	0	0	0	0	-504,240
39	83	0	0	0	0	0	0	0	0	0	0	-504,240
40	84	0	0	0	0	0	0	0	0	0	0	-504,240
41	85	0	0	0	0	0	0	0	0	0	0	-504,240
42	86	0	0	0	0	0	0	0	0	0	0	-504,240
43	87	0	0	0	0	0	0	0	0	0	0	-504,240
44	88	0	0	0	0	0	0	0	0	0	0	-504,240
45	89	0	0	0	0	0	0	0	0	0	0	-504,240
46	90	0	0	0	0	0	0	0	0	0	0	-504,240
47	91	0	0	0	0	0	0	0	0	0	0	-504,240
48	92	0	0	0	0	0	0	0	0	0	0	-504,240
49	93	0	0	0	0	0	0	0	0	0	0	-504,240
50	94	0	0	0	0	0	0	0	0	0	0	-504,240

1,250,000 825,000 1,250,000 1,250,000 594,000 392,040 1,080,000 712,800 -504,240 -504,240

*As of the date of this illustration. (See accompanying "Leveraged Deferred Compensation (Preface)" for remarks regarding loan interest rates used in this illustration.)

***A negative value indicates a credit to earnings.

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (9) = (3) - (2) - (4) - (6) + (8)

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Executive's Net Payment Analysis

Employer: Ryder Manufacturing Co., Inc.

Male Age 45 Executive's Tax Bracket 45.00% Assumed Long-Term AFR for All Years Illustrated 2.64%* Promissory Note Interest Rate 2.64%

Year	Age	(1) Compensation Adjustment by Executive	(2) Executive's After Tax Cost of Compensation Adjustment	(3) Policy Premium Due by Executive	(4) Beginning of Year Loan from Employer	(5) Loan Interest Paid to Employer from Non-Policy Values	(6) Bonus Received from Employer	(7) After Tax Bonus Received from Employer	(8) Executive's Net Payment**
1	45	250,000	137,500	250,000	250,000	6,600	12,000	6,600	137,500
2	46	250,000	137,500	250,000	250,000	13,200	24,000	13,200	137,500
3	47	250,000	137,500	250,000	250,000	19,800	36,000	19,800	137,500
4	48	250,000	137,500	250,000	250,000	26,400	48,000	26,400	137,500
5	49	250,000	137,500	250,000	250,000	33,000	60,000	33,000	137,500
6	50	0	0	0	0	33,000	60,000	33,000	0
7	51	0	0	0	0	33,000	60,000	33,000	0
8	52	0	0	0	0	33,000	60,000	33,000	0
9	53	0	0	0	0	33,000	60,000	33,000	0
10	54	0	0	0	0	33,000	60,000	33,000	0
11	55	0	0	0	0	33,000	60,000	33,000	0
12	56	0	0	0	0	33,000	60,000	33,000	0
13	57	0	0	0	0	33,000	60,000	33,000	0
14	58	0	0	0	0	33,000	60,000	33,000	0
15	59	0	0	0	0	33,000	60,000	33,000	0
16	60	0	0	0	0	33,000	60,000	33,000	0
17	61	0	0	0	0	33,000	60,000	33,000	0
18	62	0	0	0	0	33,000	60,000	33,000	0
19	63	0	0	0	0	33,000	60,000	33,000	0
20	64	0	0	0	0	33,000	60,000	33,000	0
21	65	0	0	0	0	0	0	0	0
22	66	0	0	0	0	0	0	0	0
23	67	0	0	0	0	0	0	0	0
24	68	0	0	0	0	0	0	0	0
25	69	0	0	0	0	0	0	0	0
26	70	0	0	0	0	0	0	0	0
27	71	0	0	0	0	0	0	0	0
28	72	0	0	0	0	0	0	0	0
29	73	0	0	0	0	0	0	0	0
30	74	0	0	0	0	0	0	0	0
		1,250,000	687,500	1,250,000	1,250,000	594,000	1,080,000	594,000	687,500

*As of the date of this illustration. (See accompanying "Leveraged Deferred Compensation (Preface)" for remarks regarding loan interest rates used in this illustration.)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (8) = (2) + (3) - (4) + (5) - (7)

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Executive's Net Payment Analysis

Employer: Ryder Manufacturing Co., Inc.

Male Age 45 Executive's Tax Bracket 45.00% Assumed Long-Term AFR for All Years Illustrated 2.64%* Promissory Note Interest Rate 2.64%

Year	Age	(1) Compensation Adjustment by Executive	(2) Executive's After Tax Cost of Compensation Adjustment	(3) Policy Premium Due by Executive	(4) Beginning of Year Loan from Employer	(5) Loan Interest Paid to Employer from Non-Policy Values	(6) Bonus Received from Employer	(7) After Tax Bonus Received from Employer	(8) Executive's Net Payment**
31	75	0	0	0	0	0	0	0	0
32	76	0	0	0	0	0	0	0	0
33	77	0	0	0	0	0	0	0	0
34	78	0	0	0	0	0	0	0	0
35	79	0	0	0	0	0	0	0	0
36	80	0	0	0	0	0	0	0	0
37	81	0	0	0	0	0	0	0	0
38	82	0	0	0	0	0	0	0	0
39	83	0	0	0	0	0	0	0	0
40	84	0	0	0	0	0	0	0	0
41	85	0	0	0	0	0	0	0	0
42	86	0	0	0	0	0	0	0	0
43	87	0	0	0	0	0	0	0	0
44	88	0	0	0	0	0	0	0	0
45	89	0	0	0	0	0	0	0	0
46	90	0	0	0	0	0	0	0	0
47	91	0	0	0	0	0	0	0	0
48	92	0	0	0	0	0	0	0	0
49	93	0	0	0	0	0	0	0	0
50	94	0	0	0	0	0	0	0	0
		1,250,000	687,500	1,250,000	1,250,000	594,000	1,080,000	594,000	687,500

*As of the date of this illustration. (See accompanying "Leveraged Deferred Compensation (Preface)" for remarks regarding loan interest rates used in this illustration.)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (8) = (2) + (3) - (4) + (5) - (7)

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer's Analysis of Optional Severance Benefit

Employer: Ryder Manufacturing Co., Inc.

Male
Age
45
Employer's
Tax Bracket
34.00%

Year	Age	(1) Cumulative Compensation Adjustment by Executive	(2) One-Time Severance Benefit Due to Executive or Executive's Beneficiaries*	(3) Employer's After Tax Cost of One-Time Severance Payment	(4) Employer's One-Time Charge to Earnings Due to Severance	(5) Employer's Cumulative Charge to Earnings** No Severance	(6) Employer's Cumulative Charge to Earnings** Incl. One-Time Severance (4) + (5)
1	45	250,000	250,000	165,000	165,000	-161,436	3,564
2	46	500,000	500,000	330,000	330,000	-319,308	10,692
3	47	750,000	750,000	495,000	495,000	-473,616	21,384
4	48	1,000,000	1,000,000	660,000	660,000	-624,360	35,640
5	49	1,250,000	1,250,000	825,000	825,000	-771,540	53,460
6	50	1,250,000	1,250,000	825,000	825,000	-753,720	71,280
7	51	1,250,000	1,250,000	825,000	825,000	-735,900	89,100
8	52	1,250,000	1,250,000	825,000	825,000	-718,080	106,920
9	53	1,250,000	1,250,000	825,000	825,000	-700,260	124,740
10	54	1,250,000	1,250,000	825,000	825,000	-682,440	142,560
11	55	1,250,000	1,250,000	825,000	825,000	-664,620	160,380
12	56	1,250,000	1,250,000	825,000	825,000	-646,800	178,200
13	57	1,250,000	1,250,000	825,000	825,000	-628,980	196,020
14	58	1,250,000	1,250,000	825,000	825,000	-611,160	213,840
15	59	1,250,000	1,250,000	825,000	825,000	-593,340	231,660
16	60	1,250,000	1,250,000	825,000	825,000	-575,520	249,480
17	61	1,250,000	1,250,000	825,000	825,000	-557,700	267,300
18	62	1,250,000	1,250,000	825,000	825,000	-539,880	285,120
19	63	1,250,000	1,250,000	825,000	825,000	-522,060	302,940
20	64	1,250,000	1,250,000	825,000	825,000	-504,240	320,760
21	65	1,250,000	1,250,000	825,000	825,000	-504,240	320,760

*Severance is conditional on a formal agreement between the parties. It is illustrated in yrs 1 thru 21 in the event of employment termination for any reason - including death. Severance is assumed to be paid when the loan is repaid.

This is an illustration and not a contract. Severance is typically conditional upon a formal agreement between the parties.

**See Employer's Net Payment Analysis for details.
(A negative value indicates a credit to earnings.)

Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Employer: Ryder Manufacturing Co., Inc.

Executive's Analysis of Optional Severance Benefit

Male Executive's
Age 45 Tax Bracket 45.00%

Year	Age	(1) Cumulative Compensation Adjustment by Executive	(2) One-Time Severance Benefit Due to Executive or Executive's Beneficiaries*	(3) After Tax Severance Benefit
1	45	250,000	250,000	137,500
2	46	500,000	500,000	275,000
3	47	750,000	750,000	412,500
4	48	1,000,000	1,000,000	550,000
5	49	1,250,000	1,250,000	687,500
6	50	1,250,000	1,250,000	687,500
7	51	1,250,000	1,250,000	687,500
8	52	1,250,000	1,250,000	687,500
9	53	1,250,000	1,250,000	687,500
10	54	1,250,000	1,250,000	687,500
11	55	1,250,000	1,250,000	687,500
12	56	1,250,000	1,250,000	687,500
13	57	1,250,000	1,250,000	687,500
14	58	1,250,000	1,250,000	687,500
15	59	1,250,000	1,250,000	687,500
16	60	1,250,000	1,250,000	687,500
17	61	1,250,000	1,250,000	687,500
18	62	1,250,000	1,250,000	687,500
19	63	1,250,000	1,250,000	687,500
20	64	1,250,000	1,250,000	687,500
21	65	1,250,000	1,250,000	687,500

*Severance is conditional on a formal agreement between the parties. It is illustrated in yrs 1 thru 21 in the event of employment termination for any reason - including death. Severance is assumed to be paid when the loan is repaid.

This is an illustration and not a contract. Severance is typically conditional upon a formal agreement between the parties.

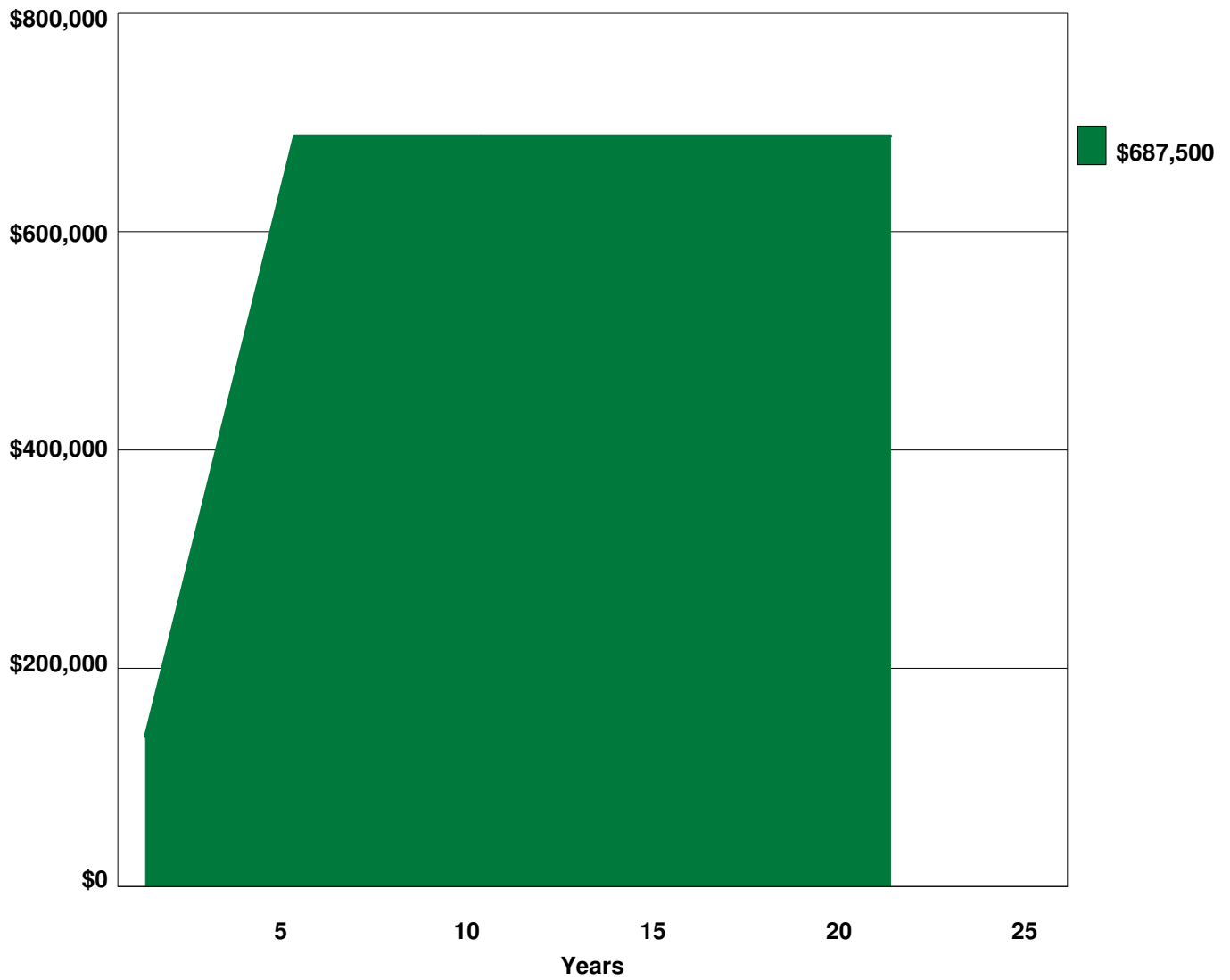
Leveraged Deferred Compensation Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]

Insured: Arthur Lee

Arthur Lee Severance Analysis

Employer: Ryder Manufacturing Co., Inc.



At Year 21
One-Time After Tax Severance Benefit ■ **\$687,500**

Supplemental Report: Duration of Loans

Employer: Ryder Manufacturing Co., Inc.

The accompanying illustrations reflect loans that may remain in effect for many years. Most loans illustrated are assumed to be long-term loans (over 9 years) bearing a loan interest rate equal to or greater than the Applicable Federal Rate of 2.64% for September 2015. Other Applicable Federal Rates in effect for September 2015 are:

Mid-term loans (over 3 years but not over 9): 1.77%;

Short-term loans (3 years or less): 0.54%;

Demand loans: 0.54%.

The demand loan rate changes monthly -- an unhappy condition for a loan expected to remain in effect for many years. A so-called "blended" rate that is stable for one year at a time can be used for demand loans. The 2015 blended rate for demand loans is 0.45%, and the blended rate for 2016 will not be announced until late June 2016.

Stability of loan interest is an important component of any arrangement involving loans. A dramatic rise in loan interest rates at the maturity of a demand, short-term or mid-term loan may result in less-than-acceptable loan interest rates when the loan is renewed. When you are dealing with a financial arrangement of many years, long-term loans produce more stable interest rates that can be renegotiated downward should rates decline, but are capped at rates that are known as each loan is made. For an example of renegotiating loan interest downward, see the report entitled "Renegotiating the Applicable Federal Rate".

Due to the relative stability of the long-term Applicable Federal Rate coupled with the ability to renegotiate it downward, you may wish to establish your arrangement using long-term loans.