

#3. Term Insurance and an Equity Account vs. Indexed Universal Life

For: Tom Robinson



Dealing With "Termmites"

Presented By: _____

[Licensed user's name appears here]

Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

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 will involve your selection of the appropriate life insurance policy.

There are several important factors to consider which include:

1. The time frame for the insurance need;
2. Your available cash flow;
3. Your alternative uses for the cash flow;
4. The income tax considerations.

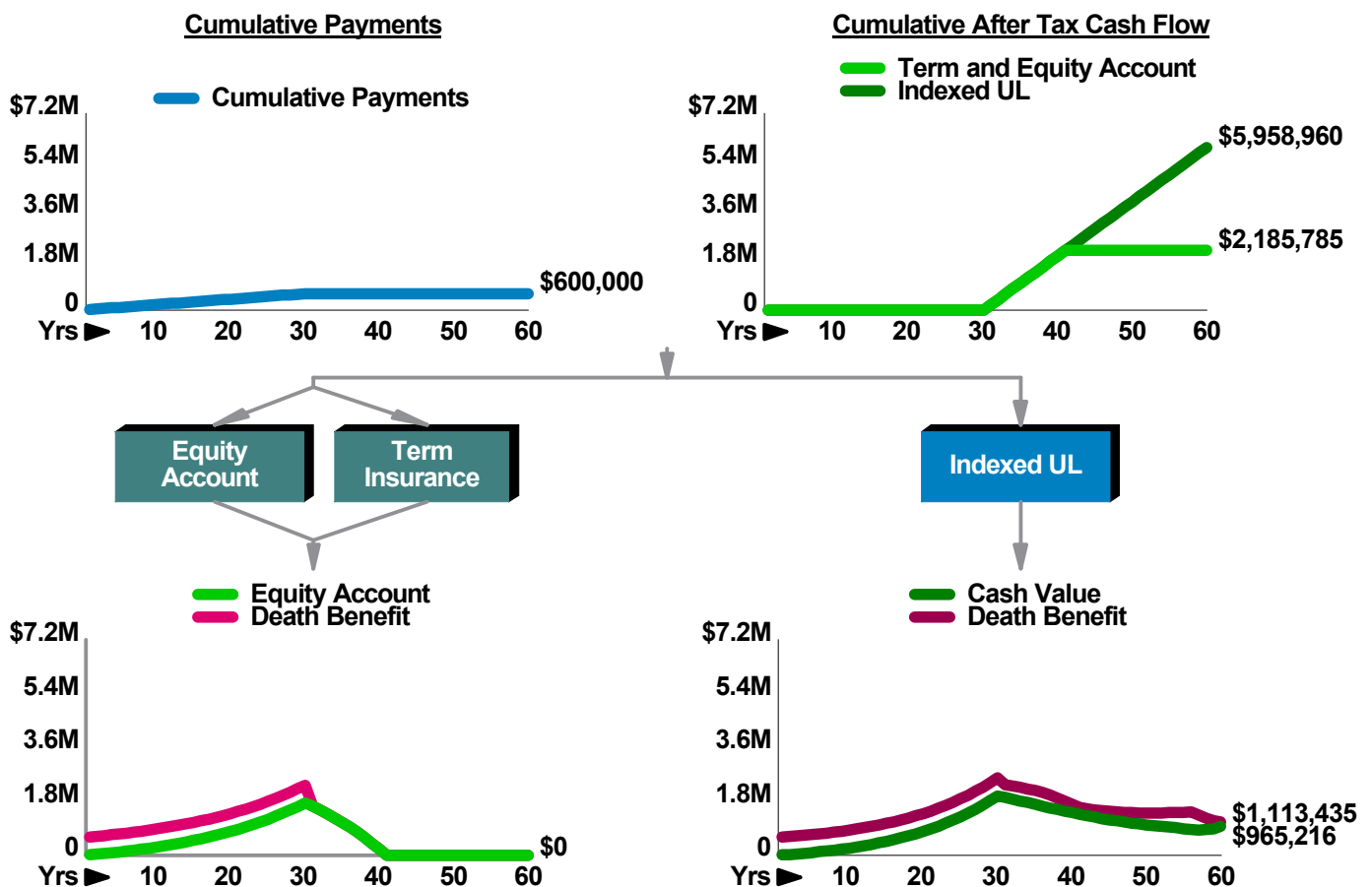
An integrated analysis of these points creates useful information that helps guide your purchasing evaluation. The precision of the conclusions, however, is contingent upon the accuracy of the data utilized. You should be positive that all premises and

conditions accurately reflect your goals and expectations.

The accompanying analysis contrasts a cash value policy to a term insurance alternative. Any difference in premiums between the two choices has been evaluated regarding time/use of money.

The study produces information which should form a basis from which you and your advisors can draw informed conclusions.

Based upon the results of the analysis, we recommend funding your life insurance requirement with the cash value policy illustrated rather than a term life insurance policy.



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.

Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

Comparison

		Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 35.00%	Indexed UL Interest Rate 7.00%	Initial Death Benefit 601,839				
		Payment Allocation			600,000 Scheduled Term Insurance Along with an Equity Account*			Indexed UL			
Year	Male Age	(1) Cost of the Proposed Premium	(2) Alternative Term Policy Premium	(3) Net to Equity Account (1) - (2)	(4) After Tax Cash Flow from the Account	(5) Year End Equity Account Value	(6) Scheduled Term Death Benefit	(7) Combined Death Benefit (5) + (6)	(8) After Tax Policy Loan Proceeds	(9) Year End Cash Value**	(10) Death Benefit
1	35	20,000	525	19,475	0	20,861	600,000	620,861	0	17,360	619,199
2	36	20,000	525	19,475	0	43,168	600,000	643,168	0	35,960	637,799
3	37	20,000	525	19,475	0	66,985	600,000	666,985	0	55,875	657,714
4	38	20,000	525	19,475	0	92,386	600,000	692,386	0	77,192	679,031
5	39	20,000	525	19,475	0	119,451	600,000	719,451	0	100,018	701,857
6	40	20,000	525	19,475	0	148,269	600,000	748,269	0	124,455	726,294
7	41	20,000	525	19,475	0	178,933	600,000	778,933	0	150,620	752,459
8	42	20,000	525	19,475	0	211,547	600,000	811,547	0	178,634	780,473
9	43	20,000	525	19,475	0	246,222	600,000	846,222	0	208,634	810,473
10	44	20,000	525	19,475	0	283,076	600,000	883,076	0	240,770	842,609
11	45	20,000	525	19,475	0	322,235	600,000	922,235	0	279,815	881,654
12	46	20,000	525	19,475	0	363,836	600,000	963,836	0	321,945	923,784
13	47	20,000	525	19,475	0	408,024	600,000	1,008,024	0	367,394	969,233
14	48	20,000	525	19,475	0	454,952	600,000	1,054,952	0	416,428	1,018,267
15	49	20,000	525	19,475	0	504,785	600,000	1,104,785	0	469,324	1,071,163
16	50	20,000	525	19,475	0	557,699	600,000	1,157,699	0	526,375	1,128,214
17	51	20,000	525	19,475	0	613,881	600,000	1,213,881	0	587,905	1,189,744
18	52	20,000	525	19,475	0	673,528	600,000	1,273,528	0	654,263	1,256,102
19	53	20,000	525	19,475	0	736,852	600,000	1,336,852	0	725,816	1,327,655
20	54	20,000	525	19,475	0	804,077	600,000	1,404,077	0	802,971	1,404,810
21	55	20,000	525	19,475	0	875,440	600,000	1,475,440	0	886,156	1,487,995
22	56	20,000	525	19,475	0	951,195	600,000	1,551,195	0	975,830	1,577,669
23	57	20,000	525	19,475	0	1,031,609	600,000	1,631,609	0	1,072,479	1,674,318
24	58	20,000	525	19,475	0	1,116,968	600,000	1,716,968	0	1,176,625	1,778,464
25	59	20,000	525	19,475	0	1,207,576	600,000	1,807,576	0	1,288,832	1,890,671
26	60	20,000	525	19,475	0	1,303,754	600,000	1,903,754	0	1,409,696	2,011,535
27	61	20,000	525	19,475	0	1,405,842	600,000	2,005,842	0	1,539,849	2,141,688
28	62	20,000	525	19,475	0	1,514,205	600,000	2,114,205	0	1,680,005	2,281,844
29	63	20,000	525	19,475	0	1,629,226	600,000	2,229,226	0	1,830,920	2,432,759
30	64	20,000	525	19,475	0	1,751,315	600,000	2,351,315	0	1,993,422	2,595,261
		600,000	15,750	584,250	0				0		

Management fees reflected in column (5): 1.00%

30 Year Summary

	Term/Equity Account	Indexed UL
After Tax Payments	600,000	600,000
After Tax Cash Flow	0	0
Living Values	1,751,315	1,993,422
Death Benefit	2,351,315	2,595,261

*See the accompanying reports entitled "Equity Account Details" and "Portfolio Turnover Details" for year-by-year equity calculation and turnover details.

**This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

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		Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 35.00%	Indexed UL Interest Rate 7.00%	Initial Death Benefit 601,839				
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31	65	0	0	0	198,632	1,638,622	0	1,638,622	198,632	1,936,713	2,365,768
32	66	0	0	0	198,632	1,517,929	0	1,517,929	198,632	1,879,450	2,317,781
33	67	0	0	0	198,632	1,388,911	0	1,388,911	198,632	1,821,822	2,268,100
34	68	0	0	0	198,632	1,251,186	0	1,251,186	198,632	1,763,957	2,216,649
35	69	0	0	0	198,632	1,104,321	0	1,104,321	198,632	1,705,932	2,163,273
36	70	0	0	0	198,632	947,837	0	947,837	198,632	1,648,026	2,108,025
37	71	0	0	0	198,632	781,203	0	781,203	198,632	1,590,877	2,018,448
38	72	0	0	0	198,632	603,841	0	603,841	198,632	1,534,876	1,922,788
39	73	0	0	0	198,632	415,127	0	415,127	198,632	1,480,428	1,820,643
40	74	0	0	0	198,632	214,387	0	214,387	198,632	1,427,996	1,711,586
41	75	0	0	0	198,632	896	0	896	198,632	1,377,595	1,594,626
42	76	0	0	0	833	0	0	0	198,632	1,328,711	1,561,133
43	77	0	0	0	0	0	0	0	198,632	1,281,625	1,530,421
44	78	0	0	0	0	0	0	0	198,632	1,236,660	1,502,871
45	79	0	0	0	0	0	0	0	198,632	1,194,108	1,478,839
46	80	0	0	0	0	0	0	0	198,632	1,154,170	1,458,583
47	81	0	0	0	0	0	0	0	198,632	1,116,989	1,442,307
48	82	0	0	0	0	0	0	0	198,632	1,082,736	1,430,243
49	83	0	0	0	0	0	0	0	198,632	1,051,526	1,422,568
50	84	0	0	0	0	0	0	0	198,632	1,023,053	1,419,023
51	85	0	0	0	0	0	0	0	198,632	996,489	1,418,800
52	86	0	0	0	0	0	0	0	198,632	971,708	1,421,833
53	87	0	0	0	0	0	0	0	198,632	947,947	1,427,389
54	88	0	0	0	0	0	0	0	198,632	924,118	1,434,399
55	89	0	0	0	0	0	0	0	198,632	899,071	1,441,731
56	90	0	0	0	0	0	0	0	198,632	871,465	1,448,059
57	91	0	0	0	0	0	0	0	198,632	857,083	1,347,446
58	92	0	0	0	0	0	0	0	198,632	861,943	1,253,221
59	93	0	0	0	0	0	0	0	198,632	894,396	1,172,249
60	94	0	0	0	0	0	0	0	198,632	965,216	1,113,435
		600,000	15,750	584,250	2,185,785			5,958,960			

Management fees reflected in column (5): 1.00%

60 Year Summary

	Term/Equity Account	Indexed UL
After Tax Payments	600,000	600,000
After Tax Cash Flow	2,185,785	5,958,960
Living Values	0	965,216
Death Benefit	0	1,113,435

*See the accompanying reports entitled "Equity Account Details" and "Portfolio Turnover Details" for year-by-year equity calculation and turnover details.

**This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

Equity Account Details

		Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 35.00%	Composite Capital Gains Tax Rate* 28.50%	Turnover Assumption 15.00%					
Yr	Age	(1) Beginning of Year Account Value	(2) Annual Deposit	(3) Sale of Equities	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Year End Value of Account Before Turnover	(7)** Year End Value of Account After Turnover	(8) After Tax Dividend Cash Flow	(9) After Tax Cash Flow from Equity Sales	(10) Combined After Tax Cash Flow	
1	35	0	19,475	0	1,363	292	21,130	20,861	0	0	0	
2	36	20,861	19,475	0	2,824	605	43,765	43,168	0	0	0	
3	37	43,168	19,475	0	4,385	940	67,968	66,985	0	0	0	
4	38	66,985	19,475	0	6,052	1,297	93,809	92,386	0	0	0	
5	39	92,386	19,475	0	7,830	1,678	121,369	119,451	0	0	0	
6	40	119,451	19,475	0	9,725	2,084	150,735	148,269	0	0	0	
7	41	148,269	19,475	0	11,742	2,516	182,002	178,933	0	0	0	
8	42	178,933	19,475	0	13,889	2,976	215,273	211,547	0	0	0	
9	43	211,547	19,475	0	16,172	3,465	250,659	246,222	0	0	0	
10	44	246,222	19,475	0	18,599	3,985	288,281	283,076	0	0	0	
11	45	283,076	19,475	0	21,179	4,538	328,268	322,235	0	0	0	
12	46	322,235	19,475	0	23,920	5,126	370,756	363,836	0	0	0	
13	47	363,836	19,475	0	26,832	5,750	415,893	408,024	0	0	0	
14	48	408,024	19,475	0	29,925	6,412	463,836	454,952	0	0	0	
15	49	454,952	19,475	0	33,210	7,116	514,753	504,785	0	0	0	
16	50	504,785	19,475	0	36,698	7,864	568,822	557,699	0	0	0	
17	51	557,699	19,475	0	40,402	8,658	626,234	613,881	0	0	0	
18	52	613,881	19,475	0	44,335	9,500	687,191	673,528	0	0	0	
19	53	673,528	19,475	0	48,510	10,395	751,908	736,852	0	0	0	
20	54	736,852	19,475	0	52,943	11,345	820,615	804,077	0	0	0	
21	55	804,077	19,475	0	57,649	12,353	893,554	875,440	0	0	0	
22	56	875,440	19,475	0	62,644	13,424	970,983	951,195	0	0	0	
23	57	951,195	19,475	0	67,947	14,560	1,053,177	1,031,609	0	0	0	
24	58	1,031,609	19,475	0	73,576	15,766	1,140,426	1,116,968	0	0	0	
25	59	1,116,968	19,475	0	79,551	17,047	1,233,041	1,207,576	0	0	0	
26	60	1,207,576	19,475	0	85,894	18,406	1,331,351	1,303,754	0	0	0	
27	61	1,303,754	19,475	0	92,626	19,848	1,435,703	1,405,842	0	0	0	
28	62	1,405,842	19,475	0	99,772	21,380	1,546,469	1,514,205	0	0	0	
29	63	1,514,205	19,475	0	107,358	23,005	1,664,043	1,629,226	0	0	0	
30	64	1,629,226	19,475	0	115,409	24,731	1,788,841	1,751,315	0	0	0	
			584,250	0	1,292,961	277,062			0	0	0	

*The composite capital gains tax rate includes 35.00% short-term gains subject to ordinary income tax and 65.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%
Income Tax: 35.00%

**Column (7) is reduced by a 1.00% management fee.

(To review turnover calculations, see the Portfolio Turnover Details report.)

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

Equity Account Details

		Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 35.00%	Composite Capital Gains Tax Rate* 28.50%	Turnover Assumption 15.00%				
Yr	Age	(1) Beginning of Year Account Value	(2) Annual Deposit	(3) Sale of Equities	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Year End Value of Account Before Turnover	(7)** Year End Value of Account After Turnover	(8) After Tax Dividend Cash Flow	(9) After Tax Cash Flow from Equity Sales	(10) Combined After Tax Cash Flow
31	65	1,751,315	0	186,601	109,530	0	1,674,244	1,638,622	23,470	175,162	198,632
32	66	1,638,622	0	188,793	101,488	0	1,551,317	1,517,929	21,747	176,885	198,632
33	67	1,517,929	0	191,057	92,881	0	1,419,753	1,388,911	19,903	178,729	198,632
34	68	1,388,911	0	193,410	83,685	0	1,279,186	1,251,186	17,932	180,700	198,632
35	69	1,251,186	0	195,866	73,872	0	1,129,192	1,104,321	15,830	182,802	198,632
36	70	1,104,321	0	198,439	63,412	0	969,294	947,837	13,588	185,044	198,632
37	71	947,837	0	201,143	52,269	0	798,963	781,203	11,200	187,432	198,632
38	72	781,203	0	203,991	40,405	0	617,617	603,841	8,658	189,974	198,632
39	73	603,841	0	206,995	27,779	0	424,625	415,127	5,953	192,679	198,632
40	74	415,127	0	210,171	14,347	0	219,303	214,387	3,074	195,558	198,632
41	75	214,387	0	213,531	60	0	916	896	13	198,619	198,632
42	76	896	0	896	0	0	0	0	0	833	833
43	77	0	0	0	0	0	0	0	0	0	0
44	78	0	0	0	0	0	0	0	0	0	0
45	79	0	0	0	0	0	0	0	0	0	0
46	80	0	0	0	0	0	0	0	0	0	0
47	81	0	0	0	0	0	0	0	0	0	0
48	82	0	0	0	0	0	0	0	0	0	0
49	83	0	0	0	0	0	0	0	0	0	0
50	84	0	0	0	0	0	0	0	0	0	0
51	85	0	0	0	0	0	0	0	0	0	0
52	86	0	0	0	0	0	0	0	0	0	0
53	87	0	0	0	0	0	0	0	0	0	0
54	88	0	0	0	0	0	0	0	0	0	0
55	89	0	0	0	0	0	0	0	0	0	0
56	90	0	0	0	0	0	0	0	0	0	0
57	91	0	0	0	0	0	0	0	0	0	0
58	92	0	0	0	0	0	0	0	0	0	0
59	93	0	0	0	0	0	0	0	0	0	0
60	94	0	0	0	0	0	0	0	0	0	0
			584,250	2,190,893	1,952,689	277,062			141,368	2,044,417	2,185,785

*The composite capital gains tax rate includes 35.00% short-term gains subject to ordinary income tax and 65.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%
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**Column (7) is reduced by a 1.00% management fee.

(To review turnover calculations, see the Portfolio Turnover Details report.)

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

Term Insurance and an Equity Account vs. Indexed Universal Life

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

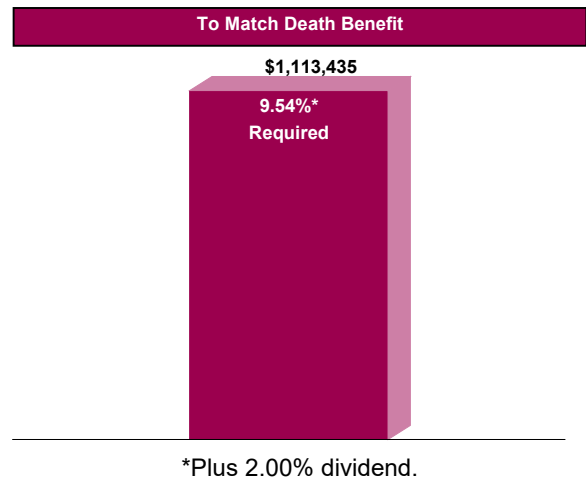
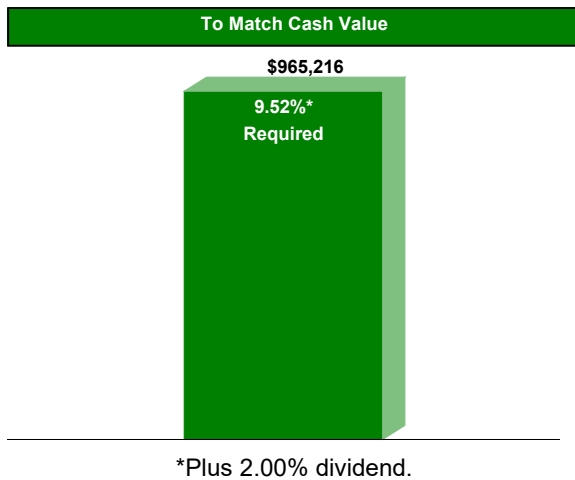
Insured: Tom Robinson

Matching Values at Age 94 (Year 60)

Equity Account Growth	Equity Account Dividend	Dividend Tax Rate	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.00%	2.00%	25.00%	35.00%	7.00%	601,839

Growth Required on an Equity Account in Addition to the Dividend Illustrated to Match Indexed Universal Life Policy Values over 60 Years After Applying the Term Payment Illustrated

	Growth Required (Plus 2.00% Dividend)
To Match Cash Value of: \$965,216	9.52%
To match Death Benefit of: \$1,113,435	9.54%



Income Tax Considerations

1. Equity Account: Capital gains tax calculations are taxed based on a ratio of asset value to remaining cost basis in any given year.
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.

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Term Insurance and an Equity Account vs. Indexed Universal Life

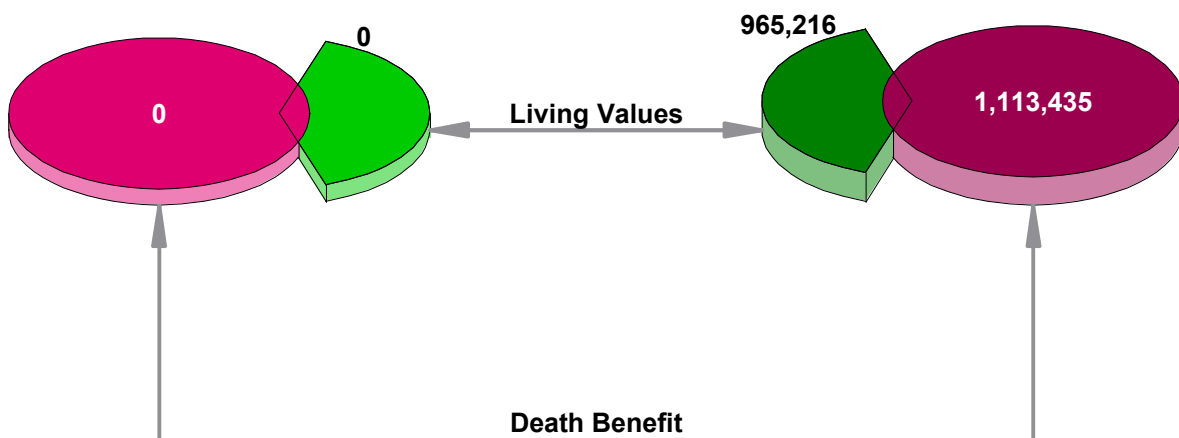
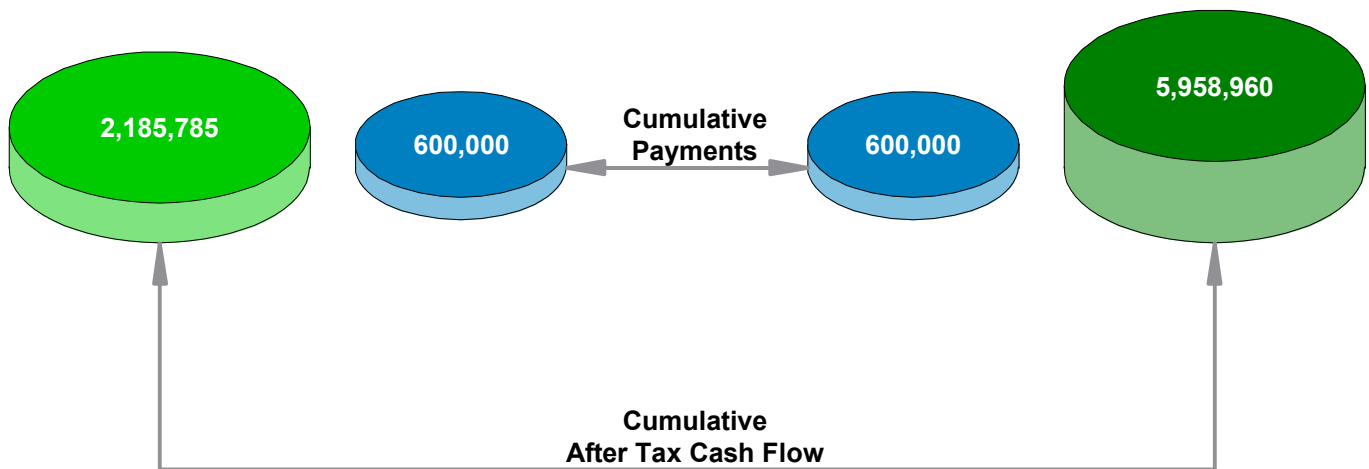
Presented By: [Licensed user's name appears here]

Insured: Tom Robinson

A Look at Year 60

Term Insurance and an Equity Account

Indexed Universal Life

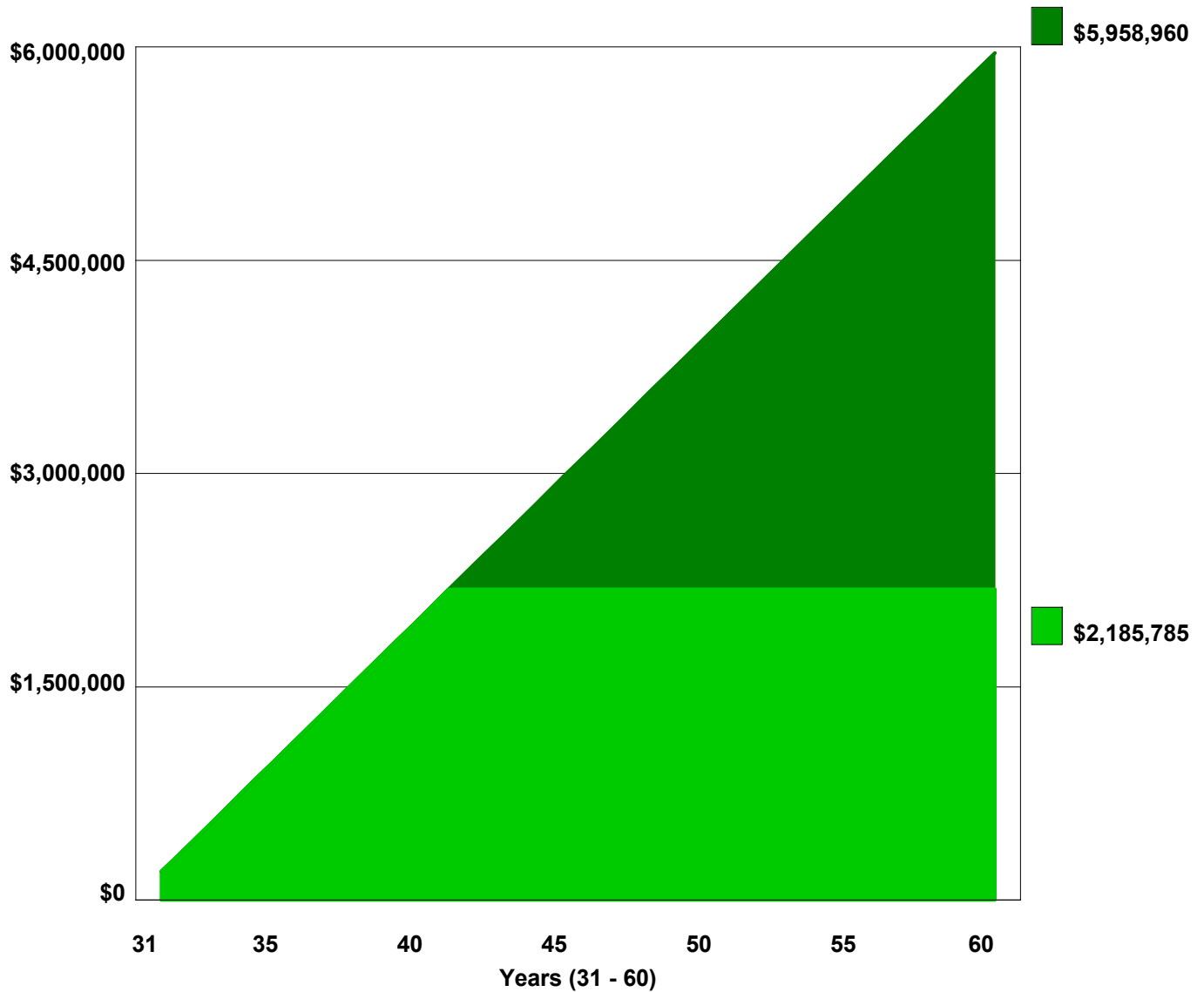


Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

Cash Flow Comparison of Years 31 - 60



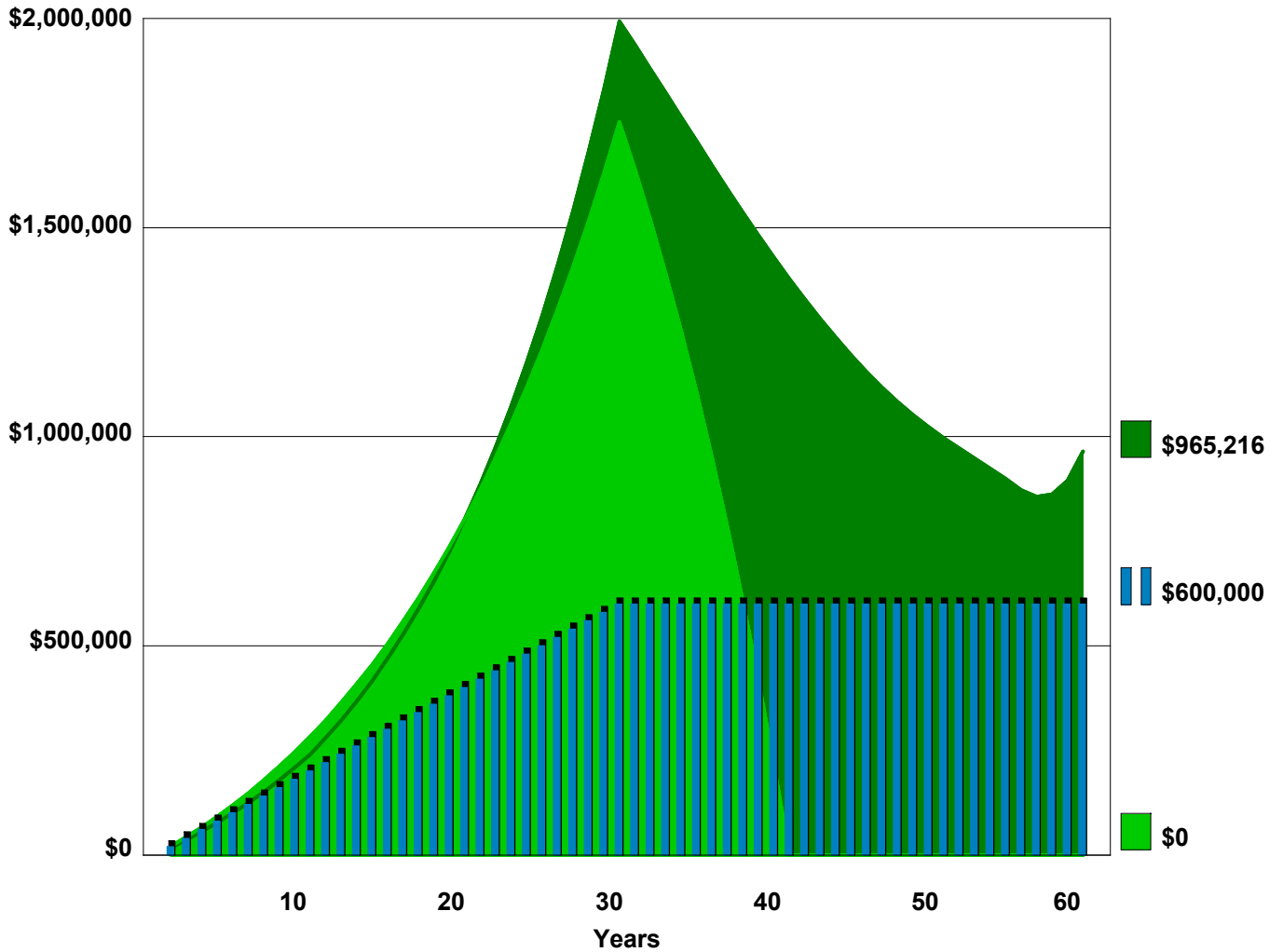
At Year 60
Cumulative After Tax Cash Flow - Equity Account ■ \$2,185,785
Cumulative After Tax Policy Cash Flow - Indexed UL ■ \$5,958,960

Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

60 Year Analysis



At Year 60

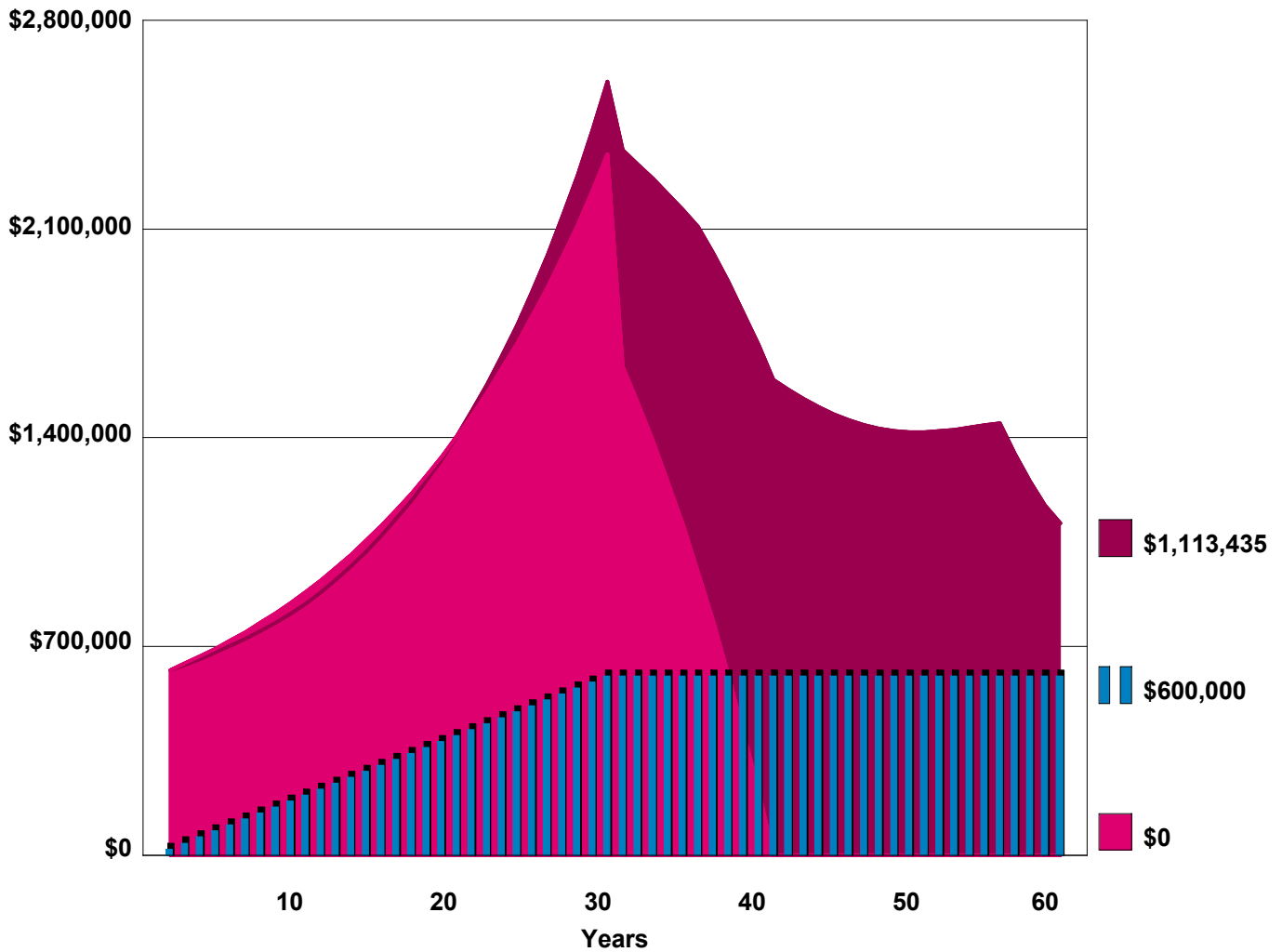
Payments (Cumulative)	\$600,000
Equity Account Values	\$0
Indexed UL Cash Values	\$965,216

Term Insurance and an Equity Account vs. Indexed Universal Life

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

Insured: Tom Robinson

60 Year Analysis



At Year 60

Payments (Cumulative)	\$600,000
Term Plus Equity Account Death Benefit	\$0
Indexed UL Policy Death Benefit	\$1,113,435