

Indexed Universal Life vs. Term Insurance and an Equity Account

For: Lisa Johnson



Presented By: _____

[Licensed user's name appears here]

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Insured: Lisa Johnson

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.

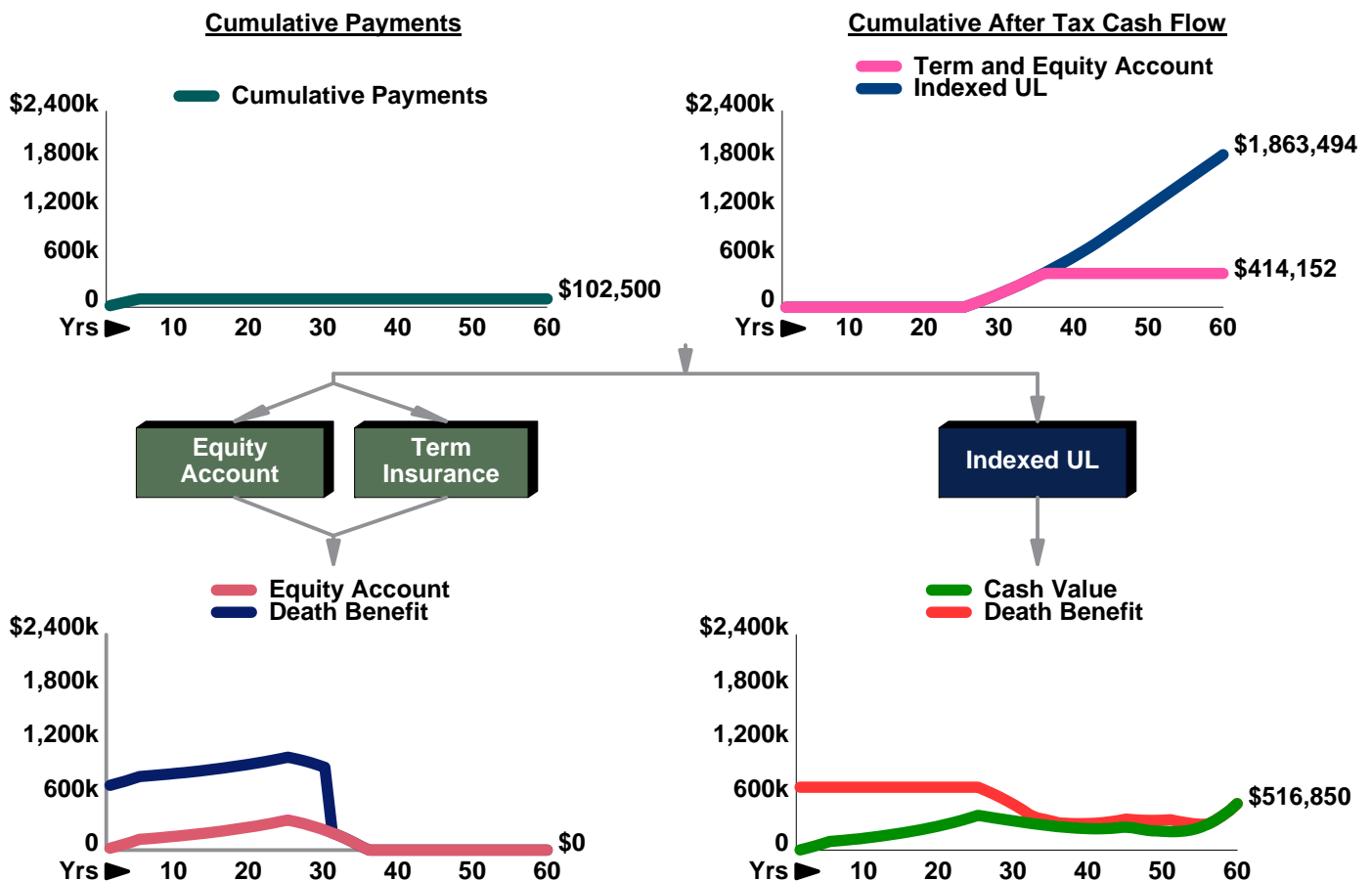
An integrated analysis of these points creates useful information that helps guide your purchasing evaluation. The precision of the conclusions, however, is contingent upon the accuracy of the data utilized. You should be positive that all premises and

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.

Indexed Universal Life vs. Term Insurance and an Equity Account

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Insured: Lisa Johnson

Comparison

Equity Account Growth 7.50% Equity Account Dividend 1.00% Dividend Tax Rate 30.00% Income Tax Rate 35.00% Indexed UL Interest Rate 7.50% Initial Death Benefit 700,000

Year	Female Age	Payment Allocation			700,000 Scheduled Term Insurance Along with an Equity Account*				Indexed UL		
		(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	40	20,500	700	19,800	0	21,148	700,000	721,148	0	2,181	700,000
2	41	20,500	700	19,800	0	43,662	700,000	743,662	0	23,409	700,000
3	42	20,500	700	19,800	0	67,574	700,000	767,574	0	46,083	700,000
4	43	20,500	700	19,800	0	92,928	700,000	792,928	0	70,304	700,000
5	44	20,500	700	19,800	0	119,780	700,000	819,780	0	96,184	700,000
6	45	0	700	-700	0	126,351	700,000	826,351	0	103,010	700,000
7	46	0	700	-700	0	133,142	700,000	833,142	0	110,296	700,000
8	47	0	700	-700	0	140,202	700,000	840,202	0	118,094	700,000
9	48	0	700	-700	0	147,570	700,000	847,570	0	126,463	700,000
10	49	0	700	-700	0	155,285	700,000	855,285	0	135,473	700,000
11	50	0	700	-700	0	163,381	700,000	863,381	0	146,875	700,000
12	51	0	700	-700	0	171,892	700,000	871,892	0	157,378	700,000
13	52	0	700	-700	0	180,849	700,000	880,849	0	168,638	700,000
14	53	0	700	-700	0	190,284	700,000	890,284	0	180,710	700,000
15	54	0	700	-700	0	200,229	700,000	900,229	0	193,650	700,000
16	55	0	700	-700	0	210,717	700,000	910,717	0	207,516	700,000
17	56	0	700	-700	0	221,781	700,000	921,781	0	222,376	700,000
18	57	0	700	-700	0	233,455	700,000	933,455	0	238,298	700,000
19	58	0	700	-700	0	245,774	700,000	945,774	0	255,360	700,000
20	59	0	700	-700	0	258,777	700,000	958,777	0	273,642	700,000
21	60	0	700	-700	0	272,503	700,000	972,503	0	293,229	700,000
22	61	0	700	-700	0	286,994	700,000	986,994	0	314,207	700,000
23	62	0	700	-700	0	302,292	700,000	1,002,292	0	336,669	700,000
24	63	0	700	-700	0	318,442	700,000	1,018,442	0	360,721	700,000
25	64	0	700	-700	0	335,492	700,000	1,035,492	0	386,481	700,000
26	65	0	700	-700	32,304	317,772	700,000	1,017,772	32,304	374,073	666,081
27	66	0	700	-700	33,463	297,737	700,000	997,737	33,463	361,479	629,248
28	67	0	700	-700	34,658	275,223	700,000	975,223	34,658	348,781	589,320
29	68	0	700	-700	35,888	250,057	700,000	950,057	35,888	336,073	546,104
30	69	0	700	-700	37,155	222,054	700,000	922,054	37,155	323,480	499,397
		102,500	21,000	81,500	173,468				173,468		

Management fees reflected in column (5): 0.75%

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

**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.

30 Year Summary

	Term/Equity Account	Indexed UL
After Tax Payments	102,500	102,500
After Tax Cash Flow	173,468	173,468
Living Values	222,054	323,480
Death Benefit	922,054	499,397

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Insured: Lisa Johnson

Comparison

Equity Account Growth 7.50% Equity Account Dividend 1.00% Dividend Tax Rate 30.00% Income Tax Rate 35.00% Indexed UL Interest Rate 7.50% Initial Death Benefit 700,000

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31	70	0	0	0	38,460	191,792	0	191,792	38,460	311,157	448,984
32	71	0	0	0	39,804	158,324	0	158,324	39,804	299,302	394,639
33	72	0	0	0	41,188	121,427	0	121,427	41,188	288,155	359,879
34	73	0	0	0	42,614	80,861	0	80,861	42,614	277,934	341,361
35	74	0	0	0	44,083	36,374	0	36,374	44,083	268,527	321,935
36	75	0	0	0	34,535	0	0	0	45,596	260,155	301,515
37	76	0	0	0	0	0	0	0	47,154	252,831	297,718
38	77	0	0	0	0	0	0	0	48,759	246,740	295,495
39	78	0	0	0	0	0	0	0	50,412	242,085	295,074
40	79	0	0	0	0	0	0	0	52,115	239,087	296,706
41	80	0	0	0	0	0	0	0	53,868	237,979	300,654
42	81	0	0	0	0	0	0	0	55,675	239,003	307,191
43	82	0	0	0	0	0	0	0	57,535	242,428	316,620
44	83	0	0	0	0	0	0	0	59,452	248,542	329,265
45	84	0	0	0	0	0	0	0	61,426	257,646	345,463
46	85	0	0	0	0	0	0	0	63,459	244,034	338,249
47	86	0	0	0	0	0	0	0	63,459	232,201	333,257
48	87	0	0	0	0	0	0	0	63,459	222,311	330,676
49	88	0	0	0	0	0	0	0	63,459	214,508	330,677
50	89	0	0	0	0	0	0	0	63,459	208,922	333,415
51	90	0	0	0	0	0	0	0	63,459	205,684	339,050
52	91	0	0	0	0	0	0	0	63,459	207,161	321,501
53	92	0	0	0	0	0	0	0	63,459	214,515	306,466
54	93	0	0	0	0	0	0	0	63,459	229,188	294,966
55	94	0	0	0	0	0	0	0	63,459	252,868	288,190
56	95	0	0	0	0	0	0	0	63,459	287,091	287,091
57	96	0	0	0	0	0	0	0	63,459	329,645	329,645
58	97	0	0	0	0	0	0	0	63,459	381,444	381,444
59	98	0	0	0	0	0	0	0	63,459	443,483	443,483
60	99	0	0	0	0	0	0	0	63,459	516,850	516,850
		102,500	21,000	81,500	414,152				1,863,494		

Management fees reflected in column (5): 0.75%

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

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60 Year Summary

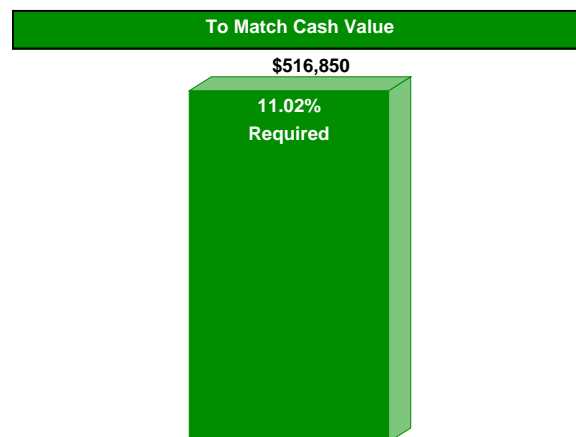
	Term/Equity Account	Indexed UL
After Tax Payments	102,500	102,500
After Tax Cash Flow	414,152	1,863,494
Living Values	0	516,850
Death Benefit	0	516,850

Matching Values

Equity Account Growth	Equity Account Dividend	Dividend Tax Rate	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.50%	1.00%	30.00%	35.00%	7.50%	700,000

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*
To Match Cash Value of: \$516,850	11.02%



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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*Plus 1.00% dividend.

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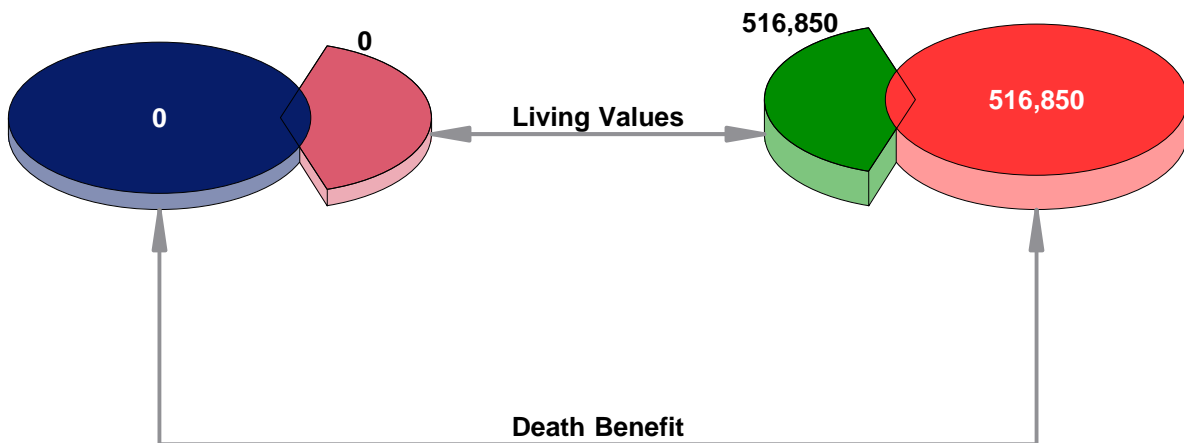
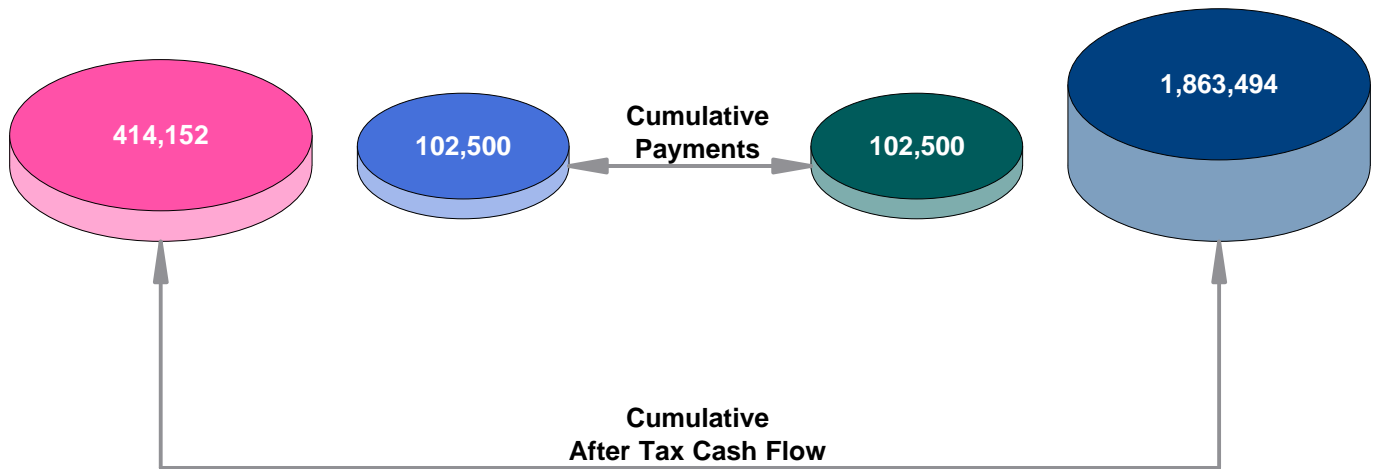
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A Look at Year 60

Term Insurance and an Equity Account

Indexed Universal Life



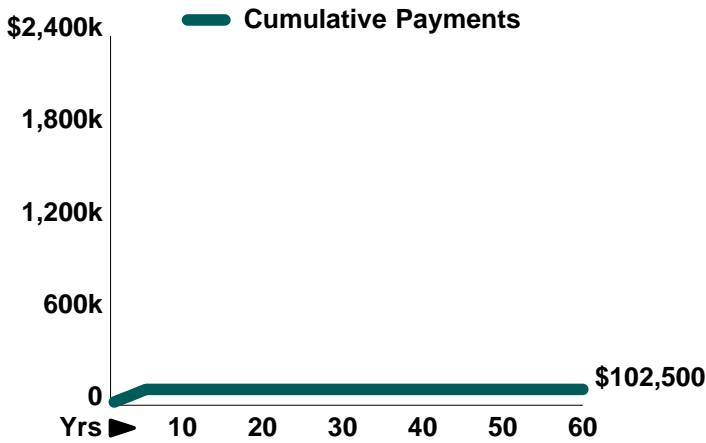
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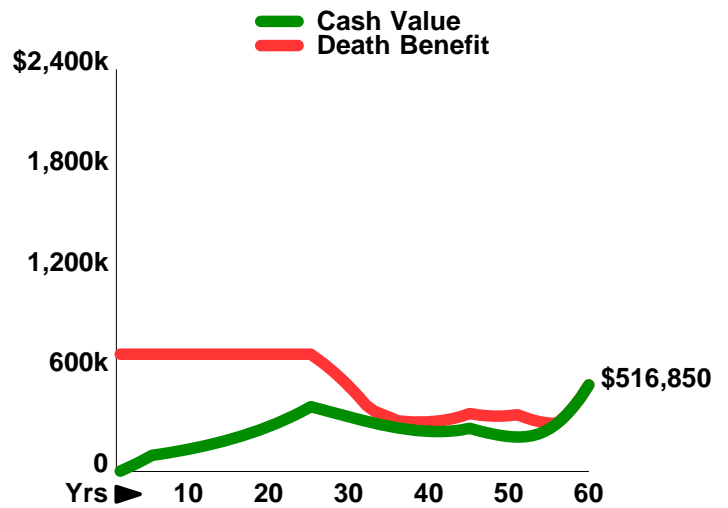
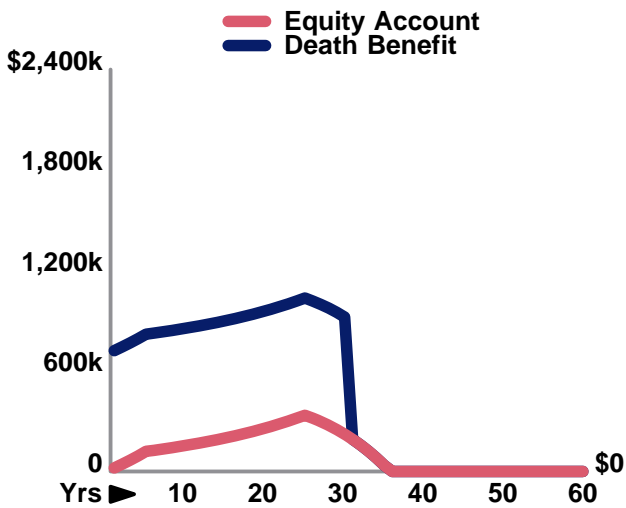
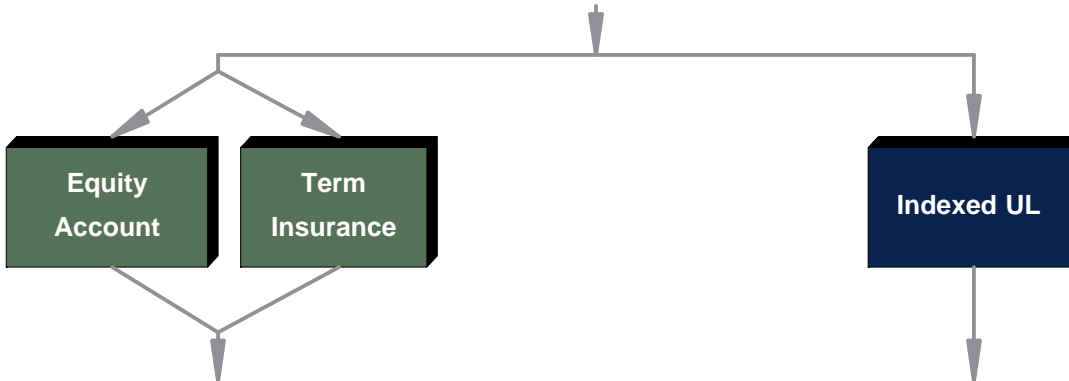
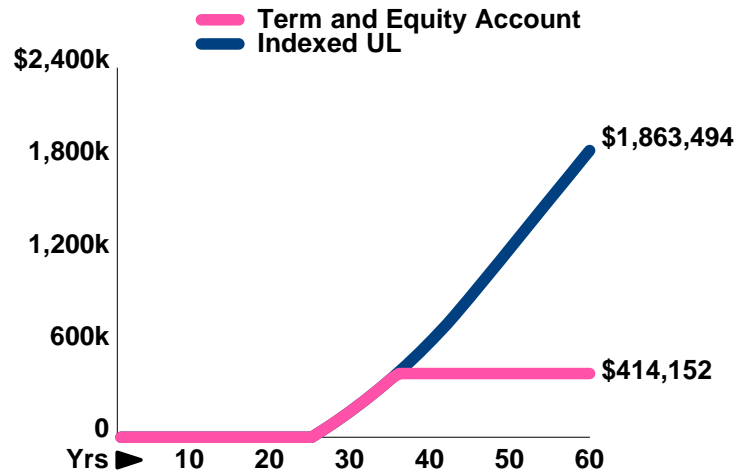
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60 Year Analysis

Cumulative Payments



Cumulative After Tax Cash Flow

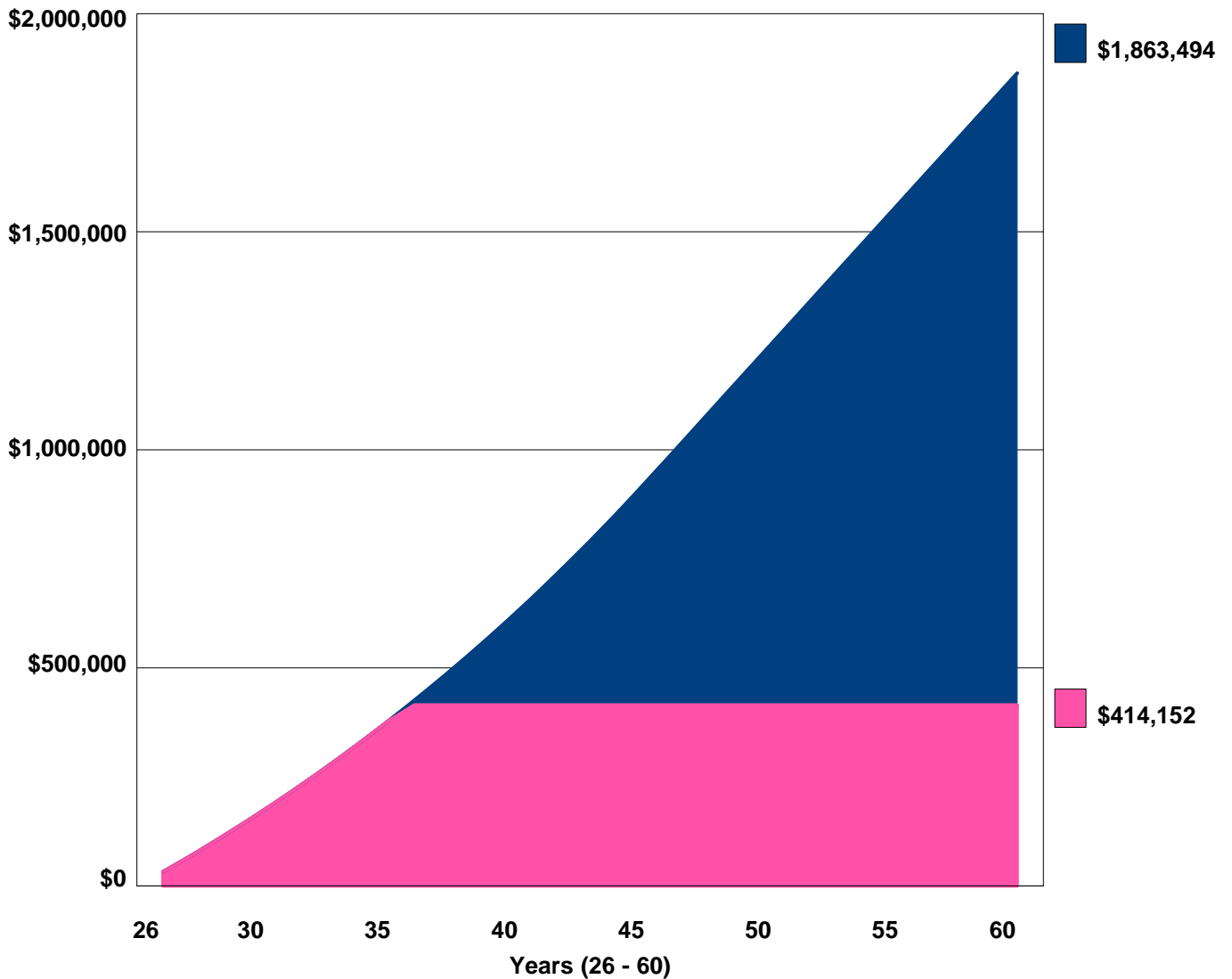


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Cash Flow Comparison of Years 26 - 60



At Year 60

Cumulative After Tax Cash Flow - Equity Account ■ \$414,152

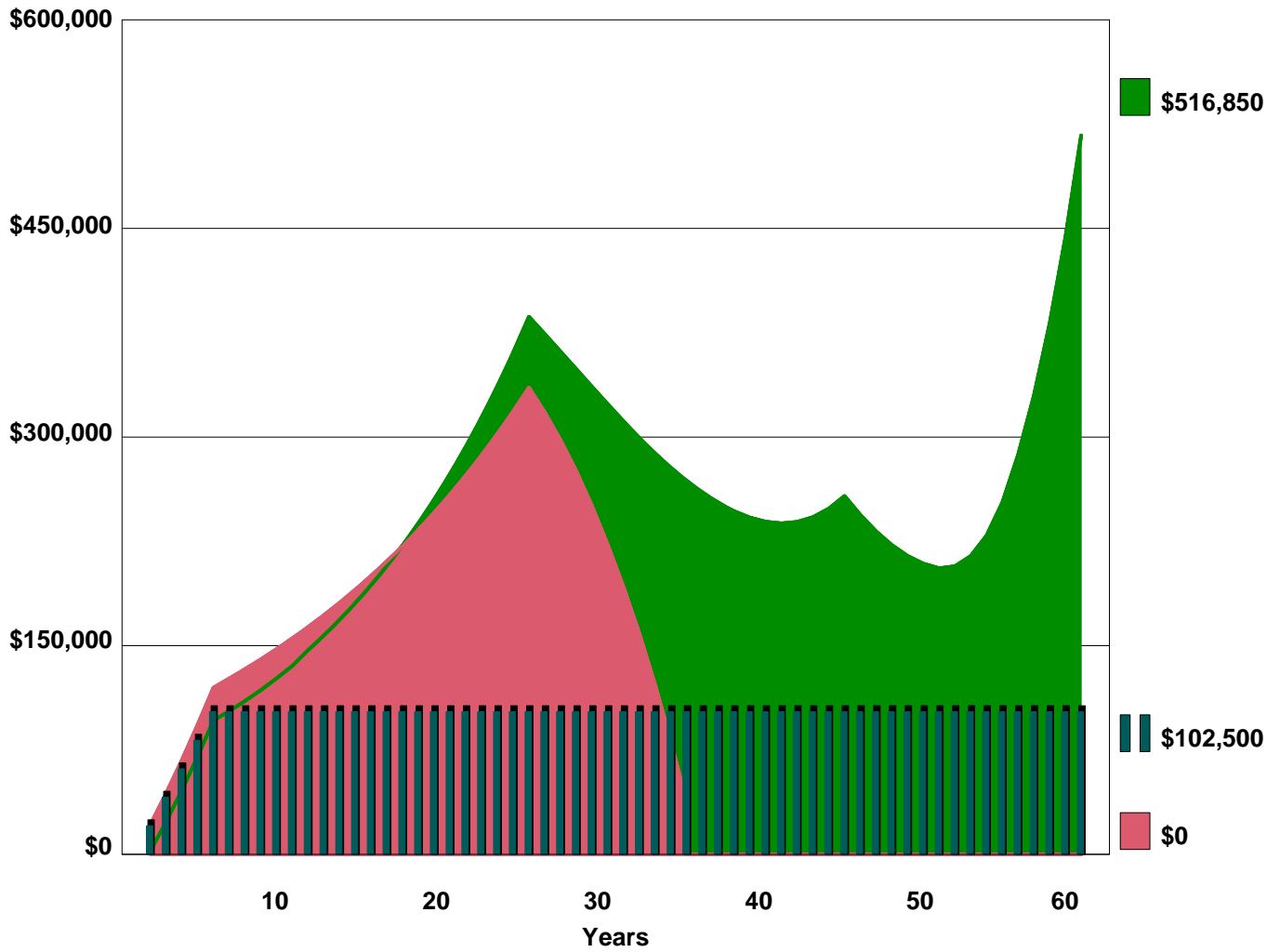
Cumulative After Tax Policy Cash Flow - Indexed UL ■ \$1,863,494

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60 Year Analysis



At Year 60

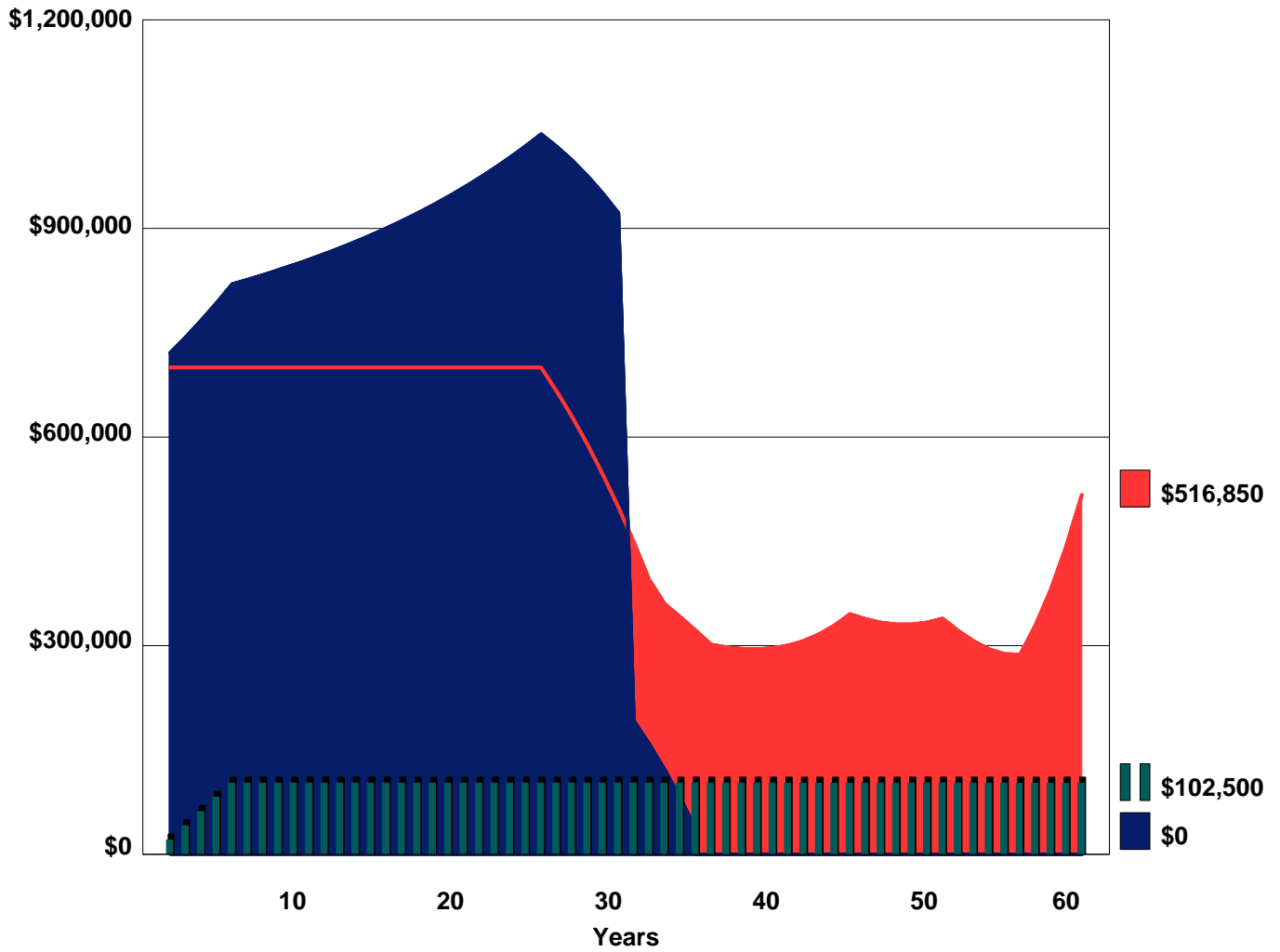
Payments (Cumulative)	\$102,500
Equity Account Values	\$0
Indexed UL Cash Values	\$516,850

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60 Year Analysis



	At Year 60
Payments (Cumulative)	\$102,500
Term Plus Equity Account Death Benefit	\$0
Indexed UL Policy Death Benefit	\$516,850