

Indexed Universal Life vs. Term and a Taxable Side Fund

For: Lisa Johnson



Presented By: _____

[Licensed user's name appears here]

Indexed Universal Life vs. Term Insurance and A Taxable Side Fund

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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.

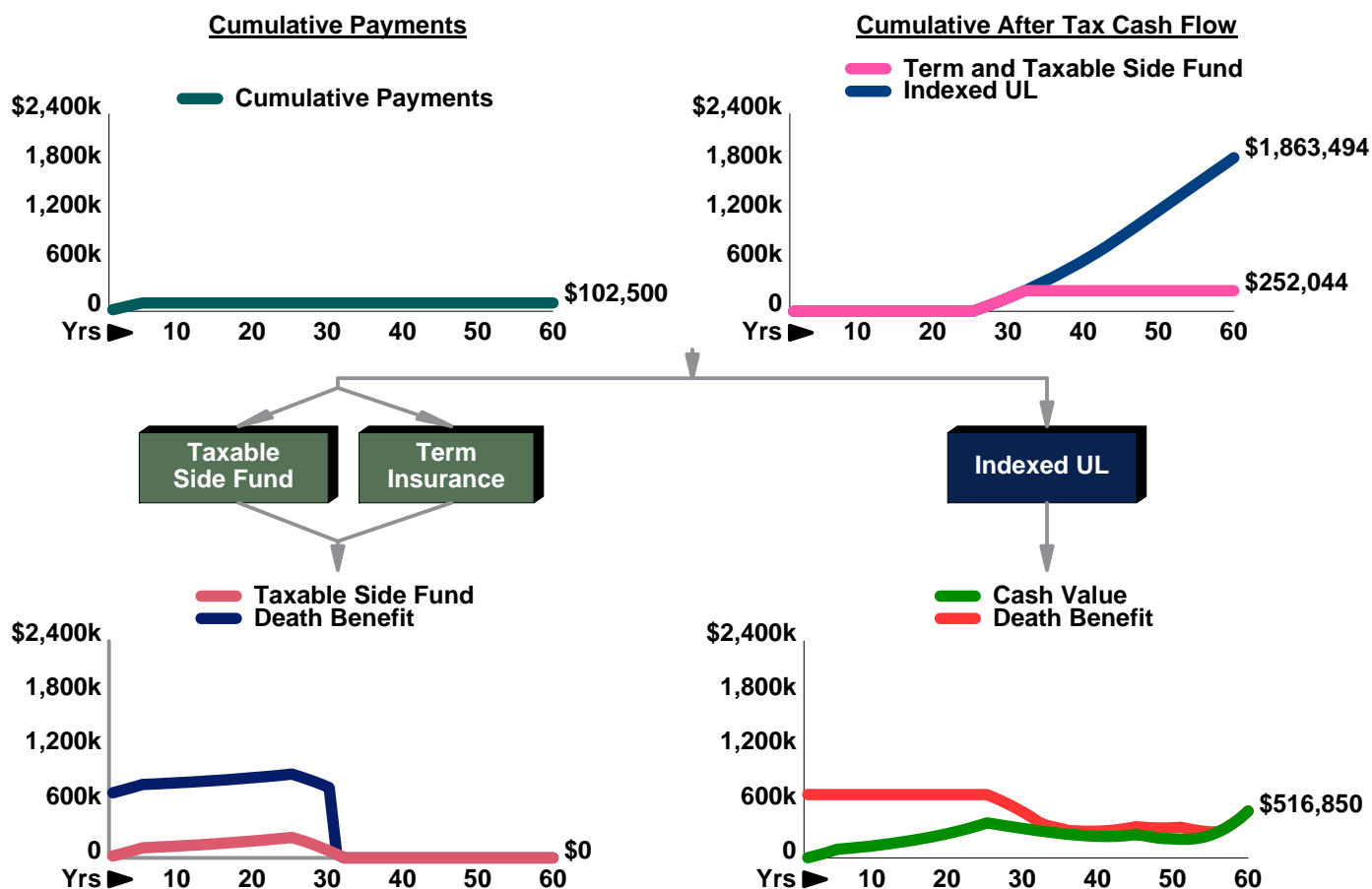
An integrated analysis of these points creates useful information that helps guide your purchasing evaluation. The precision of the conclusions, however, is contingent upon the accuracy of the data utilized. You should be positive that all premises and

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 A Taxable Side Fund

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Comparison

		Taxable Side Fund Yield 7.50%			Income Tax Rate 35.00%	Indexed UL Interest Rate 7.50%	Initial Death Benefit 700,000				
		Payment Allocation			700,000 Scheduled Term Insurance Along with A Taxable Side Fund				Indexed UL		
Year	Female Age	(1) Cost of the Proposed Premium	(2) Alternative Term Policy Premium	(3) Net to Taxable Side Fund (1) - (2)	(4) After Tax Cash Flow from the Account	(5) Taxable Side Fund Values	(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	20,606	700,000	720,606	0	2,181	700,000
2	41	20,500	700	19,800	0	42,050	700,000	742,050	0	23,409	700,000
3	42	20,500	700	19,800	0	64,366	700,000	764,366	0	46,083	700,000
4	43	20,500	700	19,800	0	87,591	700,000	787,591	0	70,304	700,000
5	44	20,500	700	19,800	0	111,760	700,000	811,760	0	96,184	700,000
6	45	0	700	-700	0	115,579	700,000	815,579	0	103,010	700,000
7	46	0	700	-700	0	119,553	700,000	819,553	0	110,296	700,000
8	47	0	700	-700	0	123,689	700,000	823,689	0	118,094	700,000
9	48	0	700	-700	0	127,993	700,000	827,993	0	126,463	700,000
10	49	0	700	-700	0	132,472	700,000	832,472	0	135,473	700,000
11	50	0	700	-700	0	137,134	700,000	837,134	0	146,875	700,000
12	51	0	700	-700	0	141,985	700,000	841,985	0	157,378	700,000
13	52	0	700	-700	0	147,033	700,000	847,033	0	168,638	700,000
14	53	0	700	-700	0	152,287	700,000	852,287	0	180,710	700,000
15	54	0	700	-700	0	157,755	700,000	857,755	0	193,650	700,000
16	55	0	700	-700	0	163,445	700,000	863,445	0	207,516	700,000
17	56	0	700	-700	0	169,367	700,000	869,367	0	222,376	700,000
18	57	0	700	-700	0	175,529	700,000	875,529	0	238,298	700,000
19	58	0	700	-700	0	181,943	700,000	881,943	0	255,360	700,000
20	59	0	700	-700	0	188,617	700,000	888,617	0	273,642	700,000
21	60	0	700	-700	0	195,563	700,000	895,563	0	293,229	700,000
22	61	0	700	-700	0	202,791	700,000	902,791	0	314,207	700,000
23	62	0	700	-700	0	210,314	700,000	910,314	0	336,669	700,000
24	63	0	700	-700	0	218,143	700,000	918,143	0	360,721	700,000
25	64	0	700	-700	0	226,290	700,000	926,290	0	386,481	700,000
26	65	0	700	-700	32,304	201,150	700,000	901,150	32,304	374,073	666,081
27	66	0	700	-700	33,463	173,782	700,000	873,782	33,463	361,479	629,248
28	67	0	700	-700	34,658	144,056	700,000	844,056	34,658	348,781	589,320
29	68	0	700	-700	35,888	111,840	700,000	811,840	35,888	336,073	546,104
30	69	0	700	-700	37,155	76,996	700,000	776,996	37,155	323,480	499,397
		102,500	21,000	81,500	173,468				173,468		

30 Year Summary

Management fees reflected in column (5): 0.75%

*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.

	Term/Taxable Side Fund	Indexed UL
After Tax Payments	102,500	102,500
After Tax Cash Flow	173,468	173,468
Living Values	76,996	323,480
Death Benefit	776,996	499,397

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		Payment Allocation			700,000 Scheduled Term Insurance Along with A Taxable Side Fund				Indexed UL		
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31	70	0	0	0	38,460	40,103	0	40,103	38,460	311,157	448,984
32	71	0	0	0	39,804	312	0	312	39,804	299,302	394,639
33	72	0	0	0	312	0	0	0	41,188	288,155	359,879
34	73	0	0	0	0	0	0	0	42,614	277,934	341,361
35	74	0	0	0	0	0	0	0	44,083	268,527	321,935
36	75	0	0	0	0	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	252,044				1,863,494		

60 Year Summary

Management fees reflected in column (5): 0.75%

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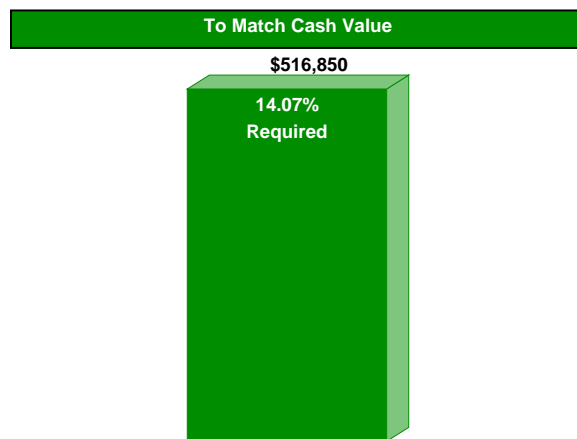
	Term/Taxable Side Fund	Indexed UL
After Tax Payments	102,500	102,500
After Tax Cash Flow Living Values	252,044	1,863,494
Death Benefit	0	516,850
	0	516,850

Matching Values

Taxable Side Fund Yield	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.50%	35.00%	7.50%	700,000

Gross Interest Rate Required on A Taxable Side Fund to Match Indexed Universal Life Policy Values over 60 Years After Applying the Term Payment Illustrated

	Gross Interest Rate Required
To Match Cash Value of: \$516,850	14.07%



Income Tax Considerations

1. Taxable Side Fund: 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.

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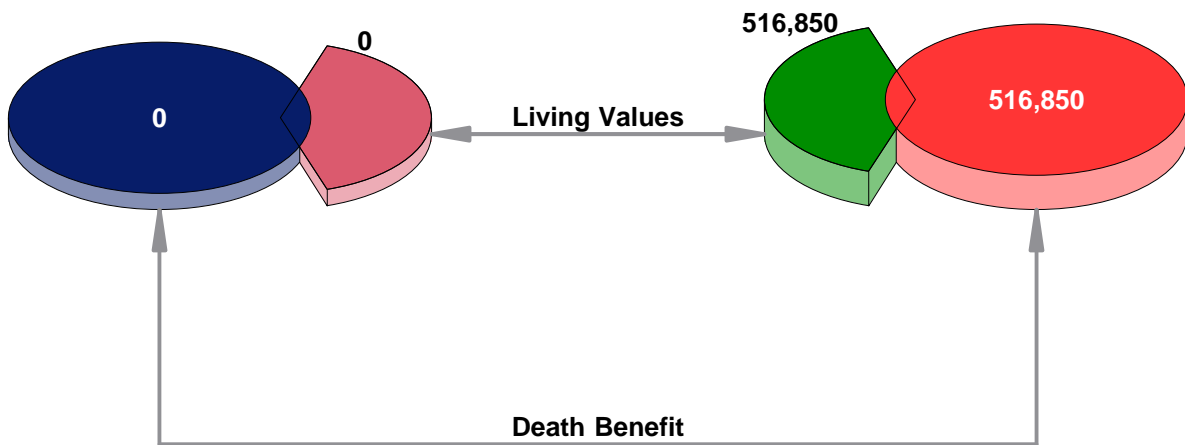
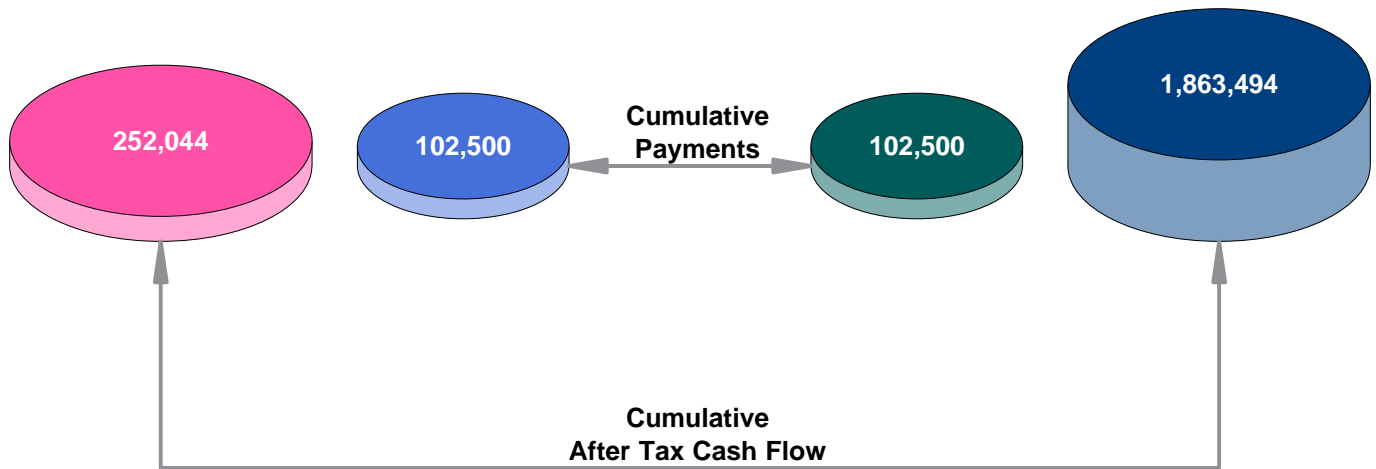
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A Look at Year 60

Term Insurance and Taxable Side Fund

Indexed Universal Life

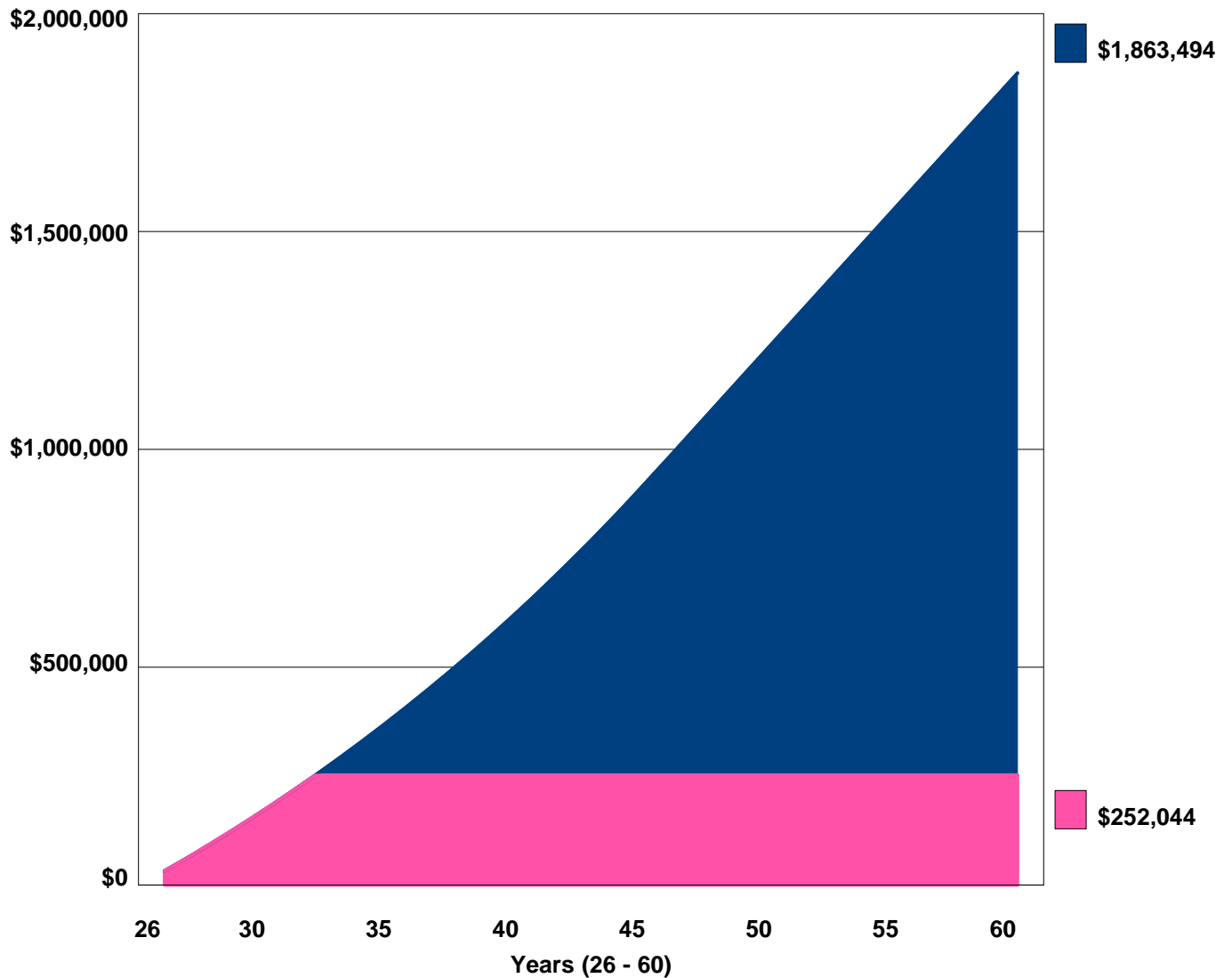


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Cash Flow Comparison of Years 26 - 60



At Year 60

Cumulative After Tax Cash Flow - Taxable Side Fund ■ \$252,044

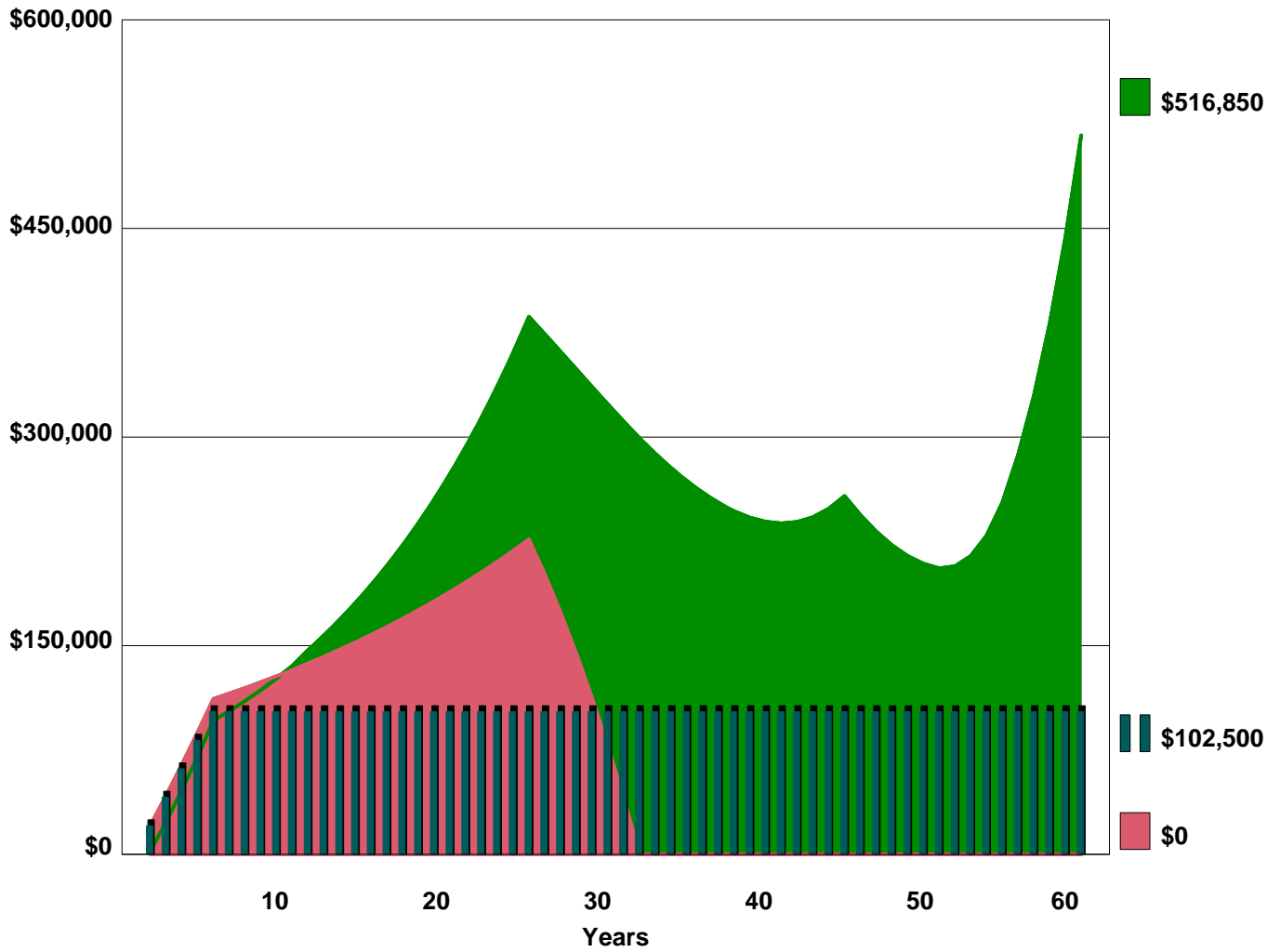
Cumulative After Tax Policy Cash Flow - Indexed UL ■ \$1,863,494

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60 Year Analysis



At Year 60

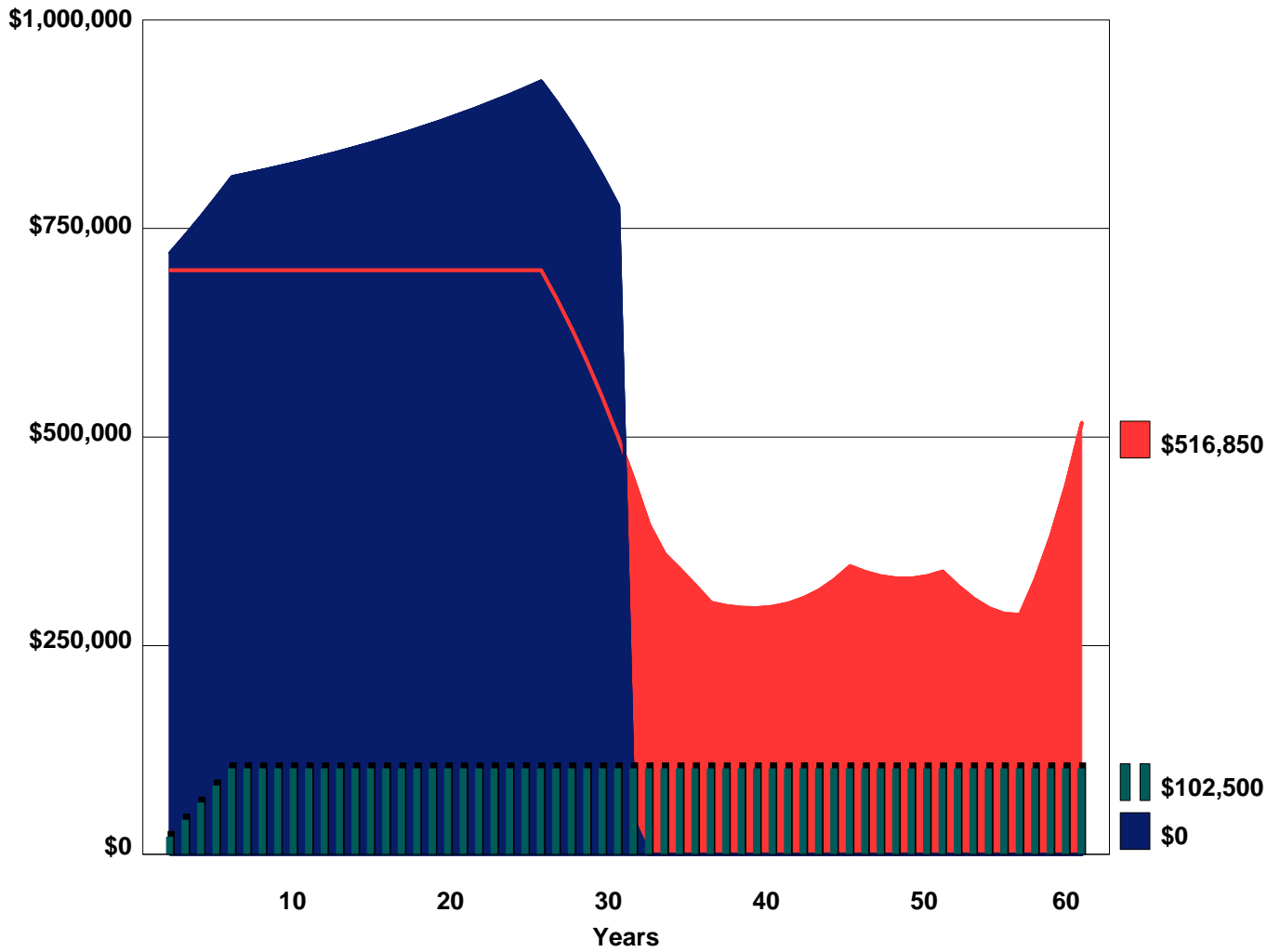
Payments (Cumulative)	\$102,500
Taxable Side Fund Values	\$0
Indexed UL Cash Values	\$516,850

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60 Year Analysis



At Year 60

- Payments (Cumulative) \$102,500
- Term Plus Taxable Side Fund Death Benefit \$0
- Indexed UL Policy Death Benefit \$516,850