

# Indexed Universal Life vs. Term Insurance and a Side Fund

Comparison Page: 1  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

Female Age 40      Side Fund Yield 7.50%      Income Tax Rate 45.00%      Indexed UL Interest Rate 7.50%      Initial Death Benefit 3,600,000

| Year | Payment Allocation                  |  |                                   | 3,600,000 Scheduled Term Insurance Along with a Side Fund |                         |                                     |   | Indexed UL                            |                             |                       |
|------|-------------------------------------|--|-----------------------------------|---|-------------------------|-------------------------------------|---|---------------------------------------|-----------------------------|-----------------------|
|      | (1)<br>Cost of the Proposed Premium | (2)<br>Alternative Term Policy Premium | (3)<br>Net to Side Fund (1) - (2) | (4)<br>After Tax Cash Flow from the Account               | (5)<br>Side Fund Values | (6)<br>Scheduled Term Death Benefit | (7)<br>Combined Death Benefit (5) + (6) | (8)<br>After Tax Policy Loan Proceeds | (9)<br>Year End Cash Value* | (10)<br>Death Benefit |
| 1    | 100,000                             | 3,000                                  | 97,000                            | 0   | 100,219                 | 3,600,000                           | 3,700,219                               | 0                                     | 6,978                       | 3,600,000             |
| 2    | 100,000                             | 3,000                                  | 97,000                            | 0   | 203,764                 | 3,600,000                           | 3,803,764                               | 0                                     | 111,594                     | 3,600,000             |
| 3    | 100,000                             | 3,000                                  | 97,000                            | 0   | 310,746                 | 3,600,000                           | 3,910,746                               | 0                                     | 223,290                     | 3,600,000             |
| 4    | 100,000                             | 3,000                                  | 97,000                            | 0   | 421,278                 | 3,600,000                           | 4,021,278                               | 0                                     | 342,566                     | 3,600,000             |
| 5    | 100,000                             | 3,000                                  | 97,000                            | 0   | 535,478                 | 3,600,000                           | 4,135,478                               | 0                                     | 469,969                     | 3,600,000             |
| 6    | 0                                   | 3,000                                  | -3,000                            | 0   | 550,150                 | 3,600,000                           | 4,150,150                               | 0                                     | 504,495                     | 3,600,000             |
| 7    | 0                                   | 3,000                                  | -3,000                            | 0   | 565,309                 | 3,600,000                           | 4,165,309                               | 0                                     | 541,336                     | 3,600,000             |
| 8    | 0                                   | 3,000                                  | -3,000                            | 0   | 580,970                 | 3,600,000                           | 4,180,970                               | 0                                     | 580,753                     | 3,600,000             |
| 9    | 0                                   | 3,000                                  | -3,000                            | 0   | 597,152                 | 3,600,000                           | 4,197,152                               | 0                                     | 623,070                     | 3,600,000             |
| 10   | 0                                   | 3,000                                  | -3,000                            | 0   | 613,870                 | 3,600,000                           | 4,213,870                               | 0                                     | 668,639                     | 3,600,000             |
| 11   | 0                                   | 3,000                                  | -3,000                            | 0   | 631,143                 | 3,600,000                           | 4,231,143                               | 0                                     | 725,499                     | 3,600,000             |
| 12   | 0                                   | 3,000                                  | -3,000                            | 0   | 648,990                 | 3,600,000                           | 4,248,990                               | 0                                     | 777,622                     | 3,600,000             |
| 13   | 0                                   | 3,000                                  | -3,000                            | 0   | 667,429                 | 3,600,000                           | 4,267,429                               | 0                                     | 833,501                     | 3,600,000             |
| 14   | 0                                   | 3,000                                  | -3,000                            | 0   | 686,479                 | 3,600,000                           | 4,286,479                               | 0                                     | 893,403                     | 3,600,000             |
| 15   | 0                                   | 3,000                                  | -3,000                            | 0   | 706,162                 | 3,600,000                           | 4,306,162                               | 0                                     | 957,611                     | 3,600,000             |
| 16   | 0                                   | 3,000                                  | -3,000                            | 0   | 726,498                 | 3,600,000                           | 4,326,498                               | 0                                     | 1,026,416                   | 3,600,000             |
| 17   | 0                                   | 3,000                                  | -3,000                            | 0   | 747,510                 | 3,600,000                           | 4,347,510                               | 0                                     | 1,100,162                   | 3,600,000             |
| 18   | 0                                   | 3,000                                  | -3,000                            | 0   | 769,218                 | 3,600,000                           | 4,369,218                               | 0                                     | 1,179,187                   | 3,600,000             |
| 19   | 0                                   | 3,000                                  | -3,000                            | 0   | 791,647                 | 3,600,000                           | 4,391,647                               | 0                                     | 1,263,880                   | 3,600,000             |
| 20   | 0                                   | 3,000                                  | -3,000                            | 0   | 814,820                 | 3,600,000                           | 4,414,820                               | 0                                     | 1,354,642                   | 3,600,000             |
|      | 500,000                             | 60,000                                 | 440,000                           | 0   |                         |                                     |   | 0                                     |                             |                       |

### 20 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/Side Fund | Indexed UL |
|---------------------|----------------|------------|
| After Tax Payments  | 500,000        | 500,000    |
| After Tax Cash Flow | 0              | 0          |
| Living Values       | 814,820        | 1,354,642  |
| Death Benefit       | 4,414,820      | 3,600,000  |

# Indexed Universal Life vs. Term Insurance and a Side Fund

Comparison Page: 2  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

Female Age 40      Side Fund Yield 7.50%      Income Tax Rate 45.00%      Indexed UL Interest Rate 7.50%      Initial Death Benefit 3,600,000

| Year | Payment Allocation                  |  |                                   | 3,600,000 Scheduled Term Insurance Along with a Side Fund |                         |                                     |   | Indexed UL                            |                             |                       |
|------|-------------------------------------|--|-----------------------------------|---|-------------------------|-------------------------------------|---|---------------------------------------|-----------------------------|-----------------------|
|      | (1)<br>Cost of the Proposed Premium | (2)<br>Alternative Term Policy Premium | (3)<br>Net to Side Fund (1) - (2) | (4)<br>After Tax Cash Flow from the Account               | (5)<br>Side Fund Values | (6)<br>Scheduled Term Death Benefit | (7)<br>Combined Death Benefit (5) + (6) | (8)<br>After Tax Policy Loan Proceeds | (9)<br>Year End Cash Value* | (10)<br>Death Benefit |
| 21   | 0                                   | 3,000                                  | -3,000                            | 120,000   | 714,780                 | 3,600,000                           | 4,314,780                               | 120,000                               | 1,325,529                   | 3,473,640             |
| 22   | 0                                   | 3,000                                  | -3,000                            | 120,000   | 611,420                 | 3,600,000                           | 4,211,420                               | 120,000                               | 1,296,635                   | 3,340,583             |
| 23   | 0                                   | 3,000                                  | -3,000                            | 120,000   | 504,629                 | 3,600,000                           | 4,104,629                               | 120,000                               | 1,268,069                   | 3,200,474             |
| 24   | 0                                   | 3,000                                  | -3,000                            | 120,000   | 394,294                 | 3,600,000                           | 3,994,294                               | 120,000                               | 1,239,974                   | 3,052,939             |
| 25   | 0                                   | 3,000                                  | -3,000                            | 120,000   | 280,298                 | 3,600,000                           | 3,880,298                               | 120,000                               | 1,212,553                   | 2,897,585             |
| 26   | 0                                   | 3,000                                  | -3,000                            | 120,000   | 162,518                 | 3,600,000                           | 3,762,518                               | 120,000                               | 1,186,057                   | 2,733,997             |
| 27   | 0                                   | 3,000                                  | -3,000                            | 120,000   | 40,830                  | 3,600,000                           | 3,640,830                               | 120,000                               | 1,160,898                   | 2,561,739             |
| 28   | 0                                   | 0                                      | 0                                 | 40,830  | 0                       | 0                                   | 0                                       | 120,000                               | 1,137,460                   | 2,380,351             |
| 29   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,116,204                   | 2,189,349             |
| 30   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,097,701                   | 1,988,225             |
| 31   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,082,659                   | 1,776,441             |
| 32   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,071,939                   | 1,553,432             |
| 33   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,066,568                   | 1,434,845             |
| 34   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,067,280                   | 1,390,915             |
| 35   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,073,679                   | 1,344,070             |
| 36   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,086,691                   | 1,294,187             |
| 37   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,106,229                   | 1,329,137             |
| 38   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,133,004                   | 1,372,452             |
| 39   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,167,781                   | 1,424,974             |
| 40   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,211,389                   | 1,487,617             |
|      | 500,000                             | 81,000                                 | 419,000                           | 880,830   |                         |                                     |   | 2,400,000                             |                             |                       |

### 40 Year Summary

Management fees reflected in column (5): 0.75%

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|                     | Term/Side Fund | Indexed UL |
|---------------------|----------------|------------|
| After Tax Payments  | 500,000        | 500,000    |
| After Tax Cash Flow | 880,830        | 2,400,000  |
| Living Values       | 0              | 1,211,389  |
| Death Benefit       | 0              | 1,487,617  |

# Indexed Universal Life vs. Term Insurance and a Side Fund

Comparison Page: 3  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

Female Age 40      Side Fund Yield 7.50%      Income Tax Rate 45.00%      Indexed UL Interest Rate 7.50%      Initial Death Benefit 3,600,000

| Year | Payment Allocation                  |  |                                   | 3,600,000 Scheduled Term Insurance Along with a Side Fund |                         |                                     |   | Indexed UL                            |                             |                       |
|------|-------------------------------------|--|-----------------------------------|---|-------------------------|-------------------------------------|---|---------------------------------------|-----------------------------|-----------------------|
|      | (1)<br>Cost of the Proposed Premium | (2)<br>Alternative Term Policy Premium | (3)<br>Net to Side Fund (1) - (2) | (4)<br>After Tax Cash Flow from the Account               | (5)<br>Side Fund Values | (6)<br>Scheduled Term Death Benefit | (7)<br>Combined Death Benefit (5) + (6) | (8)<br>After Tax Policy Loan Proceeds | (9)<br>Year End Cash Value* | (10)<br>Death Benefit |
| 41   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,264,667                   | 1,561,307             |
| 42   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,328,478                   | 1,646,997             |
| 43   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,403,772                   | 1,745,735             |
| 44   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,491,556                   | 1,858,629             |
| 45   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,592,860                   | 1,986,819             |
| 46   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,708,735                   | 2,131,465             |
| 47   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,840,278                   | 2,293,780             |
| 48   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 1,988,561                   | 2,474,953             |
| 49   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 2,154,605                   | 2,676,127             |
| 50   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 2,339,380                   | 2,898,389             |
| 51   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 2,543,876                   | 3,142,857             |
| 52   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 2,778,588                   | 3,292,219             |
| 53   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 3,048,965                   | 3,462,089             |
| 54   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 3,361,686                   | 3,657,249             |
| 55   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 3,724,524                   | 3,883,249             |
| 56   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 4,144,664                   | 4,144,664             |
| 57   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 4,613,258                   | 4,613,258             |
| 58   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 5,134,839                   | 5,134,839             |
| 59   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 5,714,327                   | 5,714,327             |
| 60   | 0                                   | 0                                      | 0                                 | 0   | 0                       | 0                                   | 0                                       | 120,000                               | 6,357,060                   | 6,357,060             |
|      | 500,000                             | 81,000                                 | 419,000                           | 880,830   |                         |                                     |   | 4,800,000                             |                             |                       |

### 60 Year Summary

Management fees reflected in column (5): 0.75%

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|                     | Term/Side Fund | Indexed UL |
|---------------------|----------------|------------|
| After Tax Payments  | 500,000        | 500,000    |
| After Tax Cash Flow | 880,830        | 4,800,000  |
| Living Values       | 0              | 6,357,060  |
| Death Benefit       | 0              | 6,357,060  |

# Indexed Universal Life vs. Term Insurance and a Side Fund

MV Page: 1  
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For: Elizabeth Rand, MD

|                     |                             |                              |                                      |                                       |
|---------------------|-----------------------------|------------------------------|--------------------------------------|---------------------------------------|
| Female<br>Age<br>40 | Side Fund<br>Yield<br>7.50% | Income<br>Tax Rate<br>45.00% | Indexed UL<br>Interest Rate<br>7.50% | Initial<br>Death Benefit<br>3,600,000 |
|---------------------|-----------------------------|------------------------------|--------------------------------------|---------------------------------------|

## Matching Values

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

|                         |             |                                    |
|-------------------------|-------------|------------------------------------|
|                         |             | Gross<br>Interest Rate<br>Required |
| To Match Cash Value of: | \$6,357,060 | 16.12%                             |

### Income Tax Considerations

1. 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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# Indexed Universal Life vs. Term Insurance and a Side Fund

Date: [Current date appears here]

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

For: Elizabeth Rand, MD

## 60th Year Summary Analysis

### Term Insurance and a Side Fund

### Indexed Universal Life

