



Below is a view of the Workbook Main Window from the InsMark Loan-Based Split Dollar System used for Blog #157 along with a brief description of the illustration.

Client Workbook Edit Tools Options Help

Workbook Main Window

Proposals for the workbook: Blog #157

Proposal Description	Sales Concept	Policy Data (if applicable)			
		Policy Notation	Initial Premium	Death Benefit	Name of Product
1. Loan-Based Split Dollar	Loan-Based Split Dollar	Blog #157	\$65,000	\$1,947,400	Indexed UL

Proposal

- New...
- Copy
- Edit
- Delete
- Preview
- Print...

Workbook file name: Blog #157.ILS

(This workbook can also be imported into certain InsMark Illustration Systems.)

Proposal 1: This Workbook illustrates a Loan-Based Split Dollar Plan using a personally-owned indexed universal life policy for an important non-owner executive (age 45) employed by an S corporation. The policy has premiums of \$65,000 a year for five years increasing to \$130,000 in years six through ten. All premiums are funded with loans from the employer.

Starting in year 11, equal annual bonuses are awarded to the executive that gradually repay the outstanding loans over the subsequent ten years. The bonuses include funds for the tax on the bonus. Starting at retirement, participating policy loans are scheduled that provide annual, after tax, retirement cash flow of \$235,000.

Since loans from the employer will be in effect for almost twenty years, the long-term Applicable Federal Rate (AFR) was used to establish the executive’s loan interest rate for the employer’s loans.

In Blog #157, the Loan-Based Split Dollar Plan was contrasted with the Controlled Executive Bonus Plan illustrated in Blog #156.

Important Note #1: Special plan documentation is required to support either benefit plan. InsMark’s Cloud-Based Documents On A Disk™ (“DOD”) contains comprehensive sets of specimen documents for the Loan-Based Split Dollar Plan and the Controlled Executive Bonus Plan in the Key Employee Benefit Plans section of documents.

If you are not licensed for DOD and would like more information, go to <http://www.documentsonadisk.com>.

If you are licensed for DOD, you can access the document sets by signing in at www.insmark.com.

Important Note #2: The hypothetical life insurance illustrations assume the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. Actual illustrations are not valid unless accompanied by a basic illustration from the issuing life insurance company.