



Below is a view of the Workbook Main Windows from the InsMark Illustration System and Premium Financing System Digital Workbooks used for Blog #171 along with a description of their contents.

InsMark Illustration System

Client Workbook Edit Tools Options Help

Workbook Main Window

Proposals for the workbook: Blog #171

Proposal Description	Sales Concept	Policy Data (if applicable)			
		Policy Notation	Initial Premium	Death Benefit	Name of Product
1. Full Pay IUL	Illustration of Values	Blog #171	\$50,000	\$1,054,069	Indexed UL
2. Various Financial Alt.	Various Financial Alt	Blog #171	\$50,000	\$1,054,069	Indexed UL
3. Full Pay IUL vs. 1/4 Pay IUL	InsMark Compare	Multiple notations	\$50,000	\$1,054,069	Indexed UL

Workbook file: Blog #171.lli Import this file into your *InsMark Illustration System* to see exactly how data was entered to create three of the illustrations for Blog #171.

Proposal 1. Full Pay IUL We used the *Illustration of Values* module located on the *Personal Insurance* tab to display the values for max-funded Indexed Universal Life (“IUL”) with participating loans for retirement cash flow. The insured is age 45, and premiums were scheduled at \$50,000 a year for 15 years. Participating loans of \$170,000 were scheduled from age 65 to age 100 with residual cash value of \$1.7 million at age 100.

Proposal 2. Various Financial Alternatives This module is also located on the *Personal Insurance* tab. We used the same IUL data in **Proposal 1** to compare its results with Taxable, Tax Deferred, and Equity Accounts all with the same cost and retirement benefits. None of the three alternatives could match the IUL as their values were all depleted (respectively) by ages 73, 74, and 77. The IUL lasted until age 100 with a residual cash value of \$1.7 million. This comparison was used to show the superb results of IUL using “Compared to What” logic.

Proposal 3. Full Pay IUL vs. 1/4 Pay IUL You can enter up to four different policies in this module (minimum of two) with the following data: Premiums, optional withdrawals and/or loans, cash values, and death benefits. In this case, we compared two different sets of source data:

Source Data #1: The data from the IUL illustration noted above in **Proposal 1**.

Source Data #2: The insured’s portion of a premium financing case illustrated in our Premium Financing System. (See **Proposal 1** below for how the insured’s share of the premium financing is calculated and how it can be imported into InsMark Compare.)

Premium Financing System

Client Workbook Edit Tools Options Help

Workbook Main Window

Proposals for the workbook: Blog #171 (PFS)

Proposal Description	Sales Concept	Policy Data (if applicable)			
		Policy Notation	Initial Premium	Death Benefit	Name of Product
Proposal 1	Prem. Financing - Individual	Blog #171 (PFS)	\$200,000	\$4,216,273	Indexed UL

Workbook file: Blog #171 (PFS).lli Import this file into your *Premium Financing System* to see exactly how data was entered to create the premium financing illustration for Blog #171.

Proposal 1. Premium Financing (Individual) We changed the max-funded illustration for this presentation in **Proposal 1** by increasing the IUL premiums noted above to \$200,000 a year for 15 years (which increased the policy

death benefit accordingly). Participating loans of \$350,000 were scheduled from age 65 to age 100. We scheduled bank loans for the remaining \$150,000 of premiums and accrued the loan interest. In year 16, we scheduled a policy loan of \$3,202,513 to repay the loans to the bank including accrued interest. This design resulted in the insured paying the same \$50,000 of premium for 15 years that is illustrated in **Proposal 1. Full Pay IUL** from **Workbook file: Blog #171.iii**, thus producing \$350,000 in retirement cash flow instead of \$170,000. Residual cash value at age 100 is illustrated to be almost \$9.4 million instead of \$1.7 million.

We then needed to extract the executive's costs and values from the completed premium financing illustration in order to import them into InsMark Compare (**Proposal 3. Source Data #2** above). We did so by clicking on the following selection in the Premium Financing System while in Edit mode:



That selection exports the executive's share of plan data to InsMark Source Data Storage where it can be accessed by, and imported into, the InsMark Compare illustration module in the InsMark Illustration System.

The only complex data entry in the Premium Financing case is on the *Schedule Payments and Interest* tab. Here it is filled in for this case:

Basic Data	Loan Details	Schedule Payments and Interest	Loan Reserve Accts (LIRA / LIBRA)	Rate of Return	Report Selections																																																																																																																																																									
Change loan interest payments <input checked="" type="radio"/> No payments -- accrue all loan interest <input type="radio"/> Accrue loan interest for 5 years, pay loan interest thereafter <input type="radio"/> Pay loan interest <input type="radio"/> Pay loan interest for 5 years, accrue loan interest thereafter <input type="radio"/> Schedule loan interest payments (below)		Change loan interest rate charged by lender: Rate: 0.00 % from yr: 1 to: 55 <input type="button" value="Apply"/>	Change level amount Level amount: \$0 from year: 1 to: 55 <input checked="" type="radio"/> Payment by policy owner <input type="radio"/> Portion of premium paid by loan <input type="button" value="Apply"/>	Interpolate from year: 1 to: 15 <input checked="" type="radio"/> Loan interest rates <input type="radio"/> Loan interest payments <input type="button" value="Apply"/>																																																																																																																																																										
Loans and payments <div style="border: 1px solid black; padding: 5px;"> <table border="1"> <thead> <tr> <th>Yr</th> <th>Age</th> <th>Amount of Policy Premium</th> <th>Payment by Policy Owner</th> <th>Portion of Premium Paid by Loan</th> <th>Loan Interest Rate</th> <th>Loan Interest Due</th> <th>Loan Interest Paid by Policy Owner</th> <th>Year End Balance of Loan</th> </tr> </thead> <tbody> <tr><td>1</td><td>45</td><td>200,000</td><td>50,000</td><td>150,000</td><td>3.00%</td><td>4,500</td><td>0</td><td>154,500</td></tr> <tr><td>2</td><td>46</td><td>200,000</td><td>50,000</td><td>150,000</td><td>3.14%</td><td>9,561</td><td>0</td><td>314,061</td></tr> <tr><td>3</td><td>47</td><td>200,000</td><td>50,000</td><td>150,000</td><td>3.29%</td><td>15,268</td><td>0</td><td>479,329</td></tr> <tr><td>4</td><td>48</td><td>200,000</td><td>50,000</td><td>150,000</td><td>3.43%</td><td>21,586</td><td>0</td><td>650,915</td></tr> <tr><td>5</td><td>49</td><td>200,000</td><td>50,000</td><td>150,000</td><td>3.57%</td><td>28,593</td><td>0</td><td>829,508</td></tr> <tr><td>6</td><td>50</td><td>200,000</td><td>50,000</td><td>150,000</td><td>3.71%</td><td>36,340</td><td>0</td><td>1,015,848</td></tr> <tr><td>7</td><td>51</td><td>200,000</td><td>50,000</td><td>150,000</td><td>3.86%</td><td>45,002</td><td>0</td><td>1,210,850</td></tr> <tr><td>8</td><td>52</td><td>200,000</td><td>50,000</td><td>150,000</td><td>4.00%</td><td>54,434</td><td>0</td><td>1,415,284</td></tr> <tr><td>9</td><td>53</td><td>200,000</td><td>50,000</td><td>150,000</td><td>4.14%</td><td>64,803</td><td>0</td><td>1,630,087</td></tr> <tr><td>10</td><td>54</td><td>200,000</td><td>50,000</td><td>150,000</td><td>4.29%</td><td>76,366</td><td>0</td><td>1,856,453</td></tr> <tr><td>11</td><td>55</td><td>200,000</td><td>50,000</td><td>150,000</td><td>4.43%</td><td>88,886</td><td>0</td><td>2,095,339</td></tr> <tr><td>12</td><td>56</td><td>200,000</td><td>50,000</td><td>150,000</td><td>4.57%</td><td>102,612</td><td>0</td><td>2,347,951</td></tr> <tr><td>13</td><td>57</td><td>200,000</td><td>50,000</td><td>150,000</td><td>4.71%</td><td>117,653</td><td>0</td><td>2,615,604</td></tr> <tr><td>14</td><td>58</td><td>200,000</td><td>50,000</td><td>150,000</td><td>4.86%</td><td>134,408</td><td>0</td><td>2,900,012</td></tr> <tr><td>15</td><td>59</td><td>200,000</td><td>50,000</td><td>150,000</td><td>5.00%</td><td>152,501</td><td>0</td><td>3,202,513</td></tr> <tr><td>16</td><td>60</td><td>0</td><td>0</td><td>0</td><td>0.00%</td><td>0</td><td>0</td><td>0</td></tr> </tbody> </table> </div> <p>TIP: Use the "=" key to repeat the prior year's entry.</p>						Yr	Age	Amount of Policy Premium	Payment by Policy Owner	Portion of Premium Paid by Loan	Loan Interest Rate	Loan Interest Due	Loan Interest Paid by Policy Owner	Year End Balance of Loan	1	45	200,000	50,000	150,000	3.00%	4,500	0	154,500	2	46	200,000	50,000	150,000	3.14%	9,561	0	314,061	3	47	200,000	50,000	150,000	3.29%	15,268	0	479,329	4	48	200,000	50,000	150,000	3.43%	21,586	0	650,915	5	49	200,000	50,000	150,000	3.57%	28,593	0	829,508	6	50	200,000	50,000	150,000	3.71%	36,340	0	1,015,848	7	51	200,000	50,000	150,000	3.86%	45,002	0	1,210,850	8	52	200,000	50,000	150,000	4.00%	54,434	0	1,415,284	9	53	200,000	50,000	150,000	4.14%	64,803	0	1,630,087	10	54	200,000	50,000	150,000	4.29%	76,366	0	1,856,453	11	55	200,000	50,000	150,000	4.43%	88,886	0	2,095,339	12	56	200,000	50,000	150,000	4.57%	102,612	0	2,347,951	13	57	200,000	50,000	150,000	4.71%	117,653	0	2,615,604	14	58	200,000	50,000	150,000	4.86%	134,408	0	2,900,012	15	59	200,000	50,000	150,000	5.00%	152,501	0	3,202,513	16	60	0	0	0	0.00%	0	0	0
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For those not licensed for the InsMark Illustration System and the InsMark Premium Financing System who would like to review the case-specific, digital workbook files used for this Blog #171, we will be pleased to provide you with a complimentary 30-day installation for the software along with the applicable, digital workbook files. Contact Julie Nayeri at julien@insmark.com or 888-InsMark (467-6275) for details. (This offer applies to any digital workbook files discussed in any of my Blogs.)

Important Note: The information in this file is for educational purposes only. In all cases, the approval of a client's legal and tax advisers must be secured regarding the implementation or modification of any planning technique as well as the applicability and consequences of new cases, rulings, or legislation upon existing or impending plans.

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