



Below is a view of the Workbook Main Window from the InsMark Illustration System used for Blog #174 along with a description of its content.

InsMark Illustration System

Client Workbook Edit Tools Options Help

Workbook Main Window

Proposals for the workbook: Blog #174

Proposal Description	Sales Concept	Policy Data (if applicable)			
		Policy Notation	Initial Premium	Death Benefit	Name of Product
Proposal 1	Dual Security Plan	Blog #174 (Level cash flo...	\$100,000	\$2,200,000	Indexed UL

Workbook file: Blog #174.lli Import this file into your *InsMark Illustration System* to see exactly how data was entered to create the illustration for Blog #174.

Proposal 1. We used the *Dual Security Plan* module located on the *Executive Benefits* tab to display the values for \$2,200,000 of max-funded Indexed Universal Life with participating loans for retirement cash flow. The insured is age 45, and premiums are scheduled at \$100,000 a year for 7 years. Participating policy loans of \$180,000 a year are scheduled from age 65 to age 100 with residual cash value of \$2,490,067 at age 100.

The initial policy owner is a Limited Liability Company that purchases the policy on a senior member of the firm for buy-sell purposes. At retirement, ownership of the policy is illustrated as transferred to the insured member who uses the participating loans as supplemental retirement cash flow. The key to the effectiveness of the plan involves the transfer of the ownership of the policy to the insured member at retirement with no income tax consequences, a feature available only to owners of Limited Liability Companies, Limited Liability Partnerships, and Partnerships (provided they have elected to be taxed as partnerships as most do). This tax treatment is not available to any other business. Blog #174 includes an analysis of the tax citations that provide for this unique taxation.

It is likely that multiple members or partners of a given firm will be involved in similar transactions as part of the adoption of a Dual Security Plan. An illustration module for composite illustrations of multiple lives is also available on the *Executive Benefits* tab in the *InsMark Illustration System*.

Note: InsMark’s [Cloud-Based Documents On A Disk](#)™ has several buy-sell specimen document sets for use by LLCs, LLPs, and Partnerships. When using the policies created by a Dual Security Plan to fund the purchase of a partner’s or member’s interest in the event of death, you may want to consider use of the Entity Buy-Sell variations particularly if multiple partners or members are included.

For those not licensed for the *InsMark Illustration System* who would like to review the case-specific, digital workbook file used for Blog #174, we will be pleased to provide you with a complimentary 30-day installation for the software along with the applicable, digital workbook file. Contact Julie Nayeri at julien@insmark.com or 888-InsMark (467-6275) for details.

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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