

Cash Flow Cost of Ignoring Life Insurance (Roth IRA vs. IUL)

For: Erin Coppola



Presented By: _____

[Licensed user's name appears here]

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 involves the comparison of the life insurance policy to alternative investment possibilities.

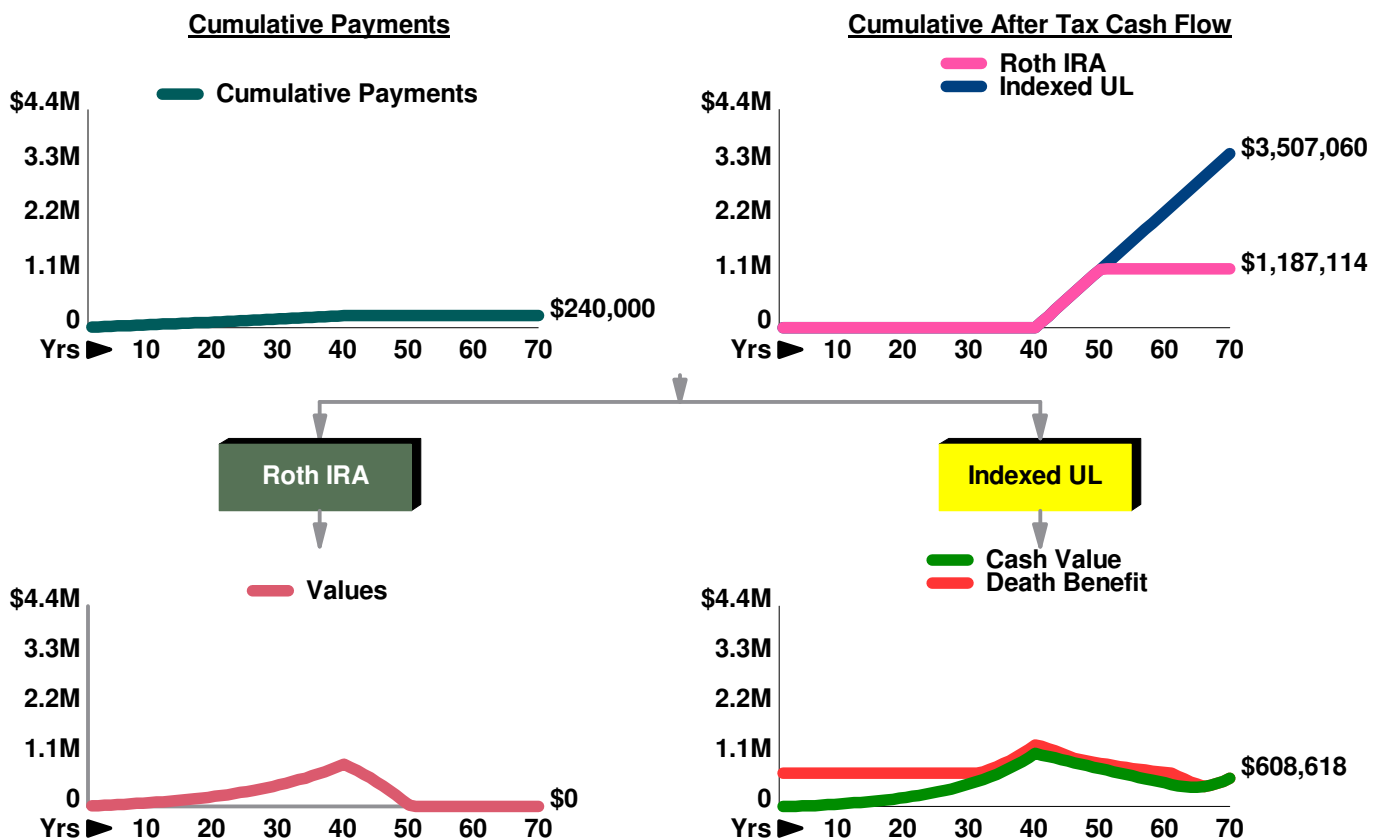
To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a Roth IRA.

The study offers information from which you and your advisers can draw informed conclusions about the suitability of either plan.

Following are major features of the life insurance policy for you to consider as part of your overall assessment:

1. Accumulating cash values;
2. Income tax deferred growth of cash values;
3. Competitive current interest rate;
4. Tax free access to cash values via policy loans;
5. Income tax free death benefits;
6. Probate free death benefits;
7. Privacy of all transactions;
8. Advance of death benefits in certain adverse health circumstances -- as defined in the policy contract.

Favorable income tax consequences combine with significant policy values and benefits to produce a life insurance solution that has a considerable amount of financial leverage.



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.

Roth IRA vs. Indexed Universal Life

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

Insured: Erin Coppola

Comparison

Roth IRA Yield 7.00% Income Tax Rate 28.00% Indexed UL Interest Rate 7.00% Initial Payment 5,500 Initial Death Benefit 730,708

		Roth IRA				Indexed Universal Life				
Year	Female Age	(1) Annual Deposit to the Account	(2) After Tax Cash Flow from the Account	(3) Investment Income	(4) Year End Account Value	(5) Policy Premium	(6) After Tax Policy Loan Proceeds	(7) Year End Accum Value*	(8) Year End Cash Value*	(9) Death Benefit
1	30	5,500	0	385	5,826	5,500	0	3,840	0	730,708
2	31	5,500	0	793	11,998	5,500	0	7,963	0	730,708
3	32	5,500	0	1,225	18,535	5,500	0	12,390	0	730,708
4	33	5,500	0	1,682	25,461	5,500	0	17,139	3,935	730,708
5	34	5,500	0	2,167	32,797	5,500	0	22,235	9,133	730,708
6	35	5,500	0	2,681	40,568	5,500	0	27,700	14,701	730,708
7	36	5,500	0	3,225	48,799	5,500	0	33,561	23,163	730,708
8	37	5,500	0	3,801	57,519	5,500	0	39,851	32,055	730,708
9	38	5,500	0	4,411	66,757	5,500	0	46,606	41,411	730,708
10	39	5,500	0	5,058	76,541	5,500	0	53,860	51,266	730,708
11	40	5,500	0	5,743	86,906	5,500	0	63,428	63,428	730,708
12	41	5,500	0	6,468	97,886	5,500	0	73,751	73,751	730,708
13	42	5,500	0	7,237	109,517	5,500	0	84,884	84,884	730,708
14	43	5,500	0	8,051	121,837	5,500	0	96,890	96,890	730,708
15	44	5,500	0	8,914	134,888	5,500	0	109,828	109,828	730,708
16	45	5,500	0	9,827	148,713	5,500	0	123,766	123,766	730,708
17	46	5,500	0	10,795	163,358	5,500	0	138,792	138,792	730,708
18	47	5,500	0	11,820	178,872	5,500	0	154,982	154,982	730,708
19	48	5,500	0	12,906	195,305	5,500	0	172,425	172,425	730,708
20	49	5,500	0	14,056	212,713	5,500	0	191,216	191,216	730,708
21	50	6,500	0	15,345	232,212	6,500	0	212,479	212,479	730,708
22	51	6,500	0	16,710	252,868	6,500	0	235,398	235,398	730,708
23	52	6,500	0	18,156	274,748	6,500	0	260,104	260,104	730,708
24	53	6,500	0	19,687	297,926	6,500	0	286,742	286,742	730,708
25	54	6,500	0	21,310	322,479	6,500	0	315,466	315,466	730,708
26	55	6,500	0	23,029	348,487	6,500	0	346,441	346,441	730,708
27	56	6,500	0	24,849	376,038	6,500	0	379,873	379,873	730,708
28	57	6,500	0	26,778	405,222	6,500	0	415,981	415,981	730,708
29	58	6,500	0	28,821	436,137	6,500	0	454,995	454,995	730,708
30	59	6,500	0	30,985	468,886	6,500	0	497,174	497,174	730,708
		175,000	0			175,000	0			

30 Year Summary

	Roth IRA	Indexed UL
After Tax Payments	175,000	175,000
After Tax Cash Flow	0	0
Living Values	468,886	497,174
Death Benefit	468,886	730,708

Management fees reflected in column (4): 1.00%

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

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31	60	6,500	0	33,277	503,576	6,500	0	542,806	542,806	730,708
32	61	6,500	0	35,705	540,324	6,500	0	592,218	592,218	758,039
33	62	6,500	0	38,278	579,250	6,500	0	645,661	645,661	813,532
34	63	6,500	0	41,003	620,485	6,500	0	703,334	703,334	872,134
35	64	6,500	0	43,889	664,165	6,500	0	765,574	765,574	934,000
36	65	6,500	0	46,947	710,436	6,500	0	832,747	832,747	999,297
37	66	6,500	0	50,186	759,450	6,500	0	905,189	905,189	1,077,175
38	67	6,500	0	53,617	811,371	6,500	0	983,303	983,303	1,160,297
39	68	6,500	0	57,251	866,371	6,500	0	1,067,529	1,067,529	1,249,009
40	69	6,500	0	61,101	924,632	6,500	0	1,158,342	1,158,342	1,343,677
41	70	0	116,902	56,541	855,628	0	116,902	1,248,258	1,125,510	1,312,749
42	71	0	116,902	51,711	782,533	0	116,902	1,343,906	1,092,275	1,266,983
43	72	0	116,902	46,594	705,103	0	116,902	1,445,719	1,058,759	1,217,788
44	73	0	116,902	41,174	623,081	0	116,902	1,554,171	1,025,115	1,164,991
45	74	0	116,902	35,433	536,195	0	116,902	1,669,788	991,533	1,108,418
46	75	0	116,902	29,351	444,158	0	116,902	1,793,163	958,248	1,047,906
47	76	0	116,902	22,908	346,662	0	116,902	1,924,325	924,917	1,021,133
48	77	0	116,902	16,083	243,385	0	116,902	2,063,750	891,625	994,812
49	78	0	116,902	8,854	133,983	0	116,902	2,211,939	858,460	969,057
50	79	0	116,902	1,196	18,094	0	116,902	2,369,417	825,517	943,988
51	80	0	18,094	0	0	0	116,902	2,536,730	792,888	919,724
52	81	0	0	0	0	0	116,902	2,714,291	760,510	896,224
53	82	0	0	0	0	0	116,902	2,902,624	728,407	873,538
54	83	0	0	0	0	0	116,902	3,102,254	696,579	851,691
55	84	0	0	0	0	0	116,902	3,313,697	664,991	830,676
56	85	0	0	0	0	0	116,902	3,537,444	633,556	810,428
57	86	0	0	0	0	0	116,902	3,774,192	602,362	791,072
58	87	0	0	0	0	0	116,902	4,024,477	571,309	772,532
59	88	0	0	0	0	0	116,902	4,288,809	540,235	754,675
60	89	0	0	0	0	0	116,902	4,567,684	508,934	737,318
		240,000	1,187,114			240,000	2,338,040			

60 Year Summary

	Roth IRA	Indexed UL
After Tax Payments	240,000	240,000
After Tax Cash Flow	1,187,114	2,338,040
Living Values	0	508,934
Death Benefit	0	737,318

Management fees reflected in column (4): 1.00%

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61	90	0	0	0	0	0	116,902	4,861,586	477,151	720,231
62	91	0	0	0	0	0	116,902	5,176,443	450,040	657,097
63	92	0	0	0	0	0	116,902	5,515,013	429,542	594,992
64	93	0	0	0	0	0	116,902	5,880,663	418,172	535,785
65	94	0	0	0	0	0	116,902	6,277,532	419,169	481,944
66	95	0	0	0	0	0	116,902	6,710,628	436,600	436,600
67	96	0	0	0	0	0	116,902	7,173,569	463,092	463,092
68	97	0	0	0	0	0	116,902	7,668,507	499,759	499,759
69	98	0	0	0	0	0	116,902	8,197,753	547,821	547,821
70	99	0	0	0	0	0	116,902	8,763,794	608,618	608,618

240,000 1,187,114

240,000 3,507,060

70 Year Summary

	Roth IRA	Indexed UL
After Tax Payments	240,000	240,000
After Tax Cash Flow Living Values	1,187,114	3,507,060
Death Benefit	0	608,618

Management fees reflected in column (4): 1.00%

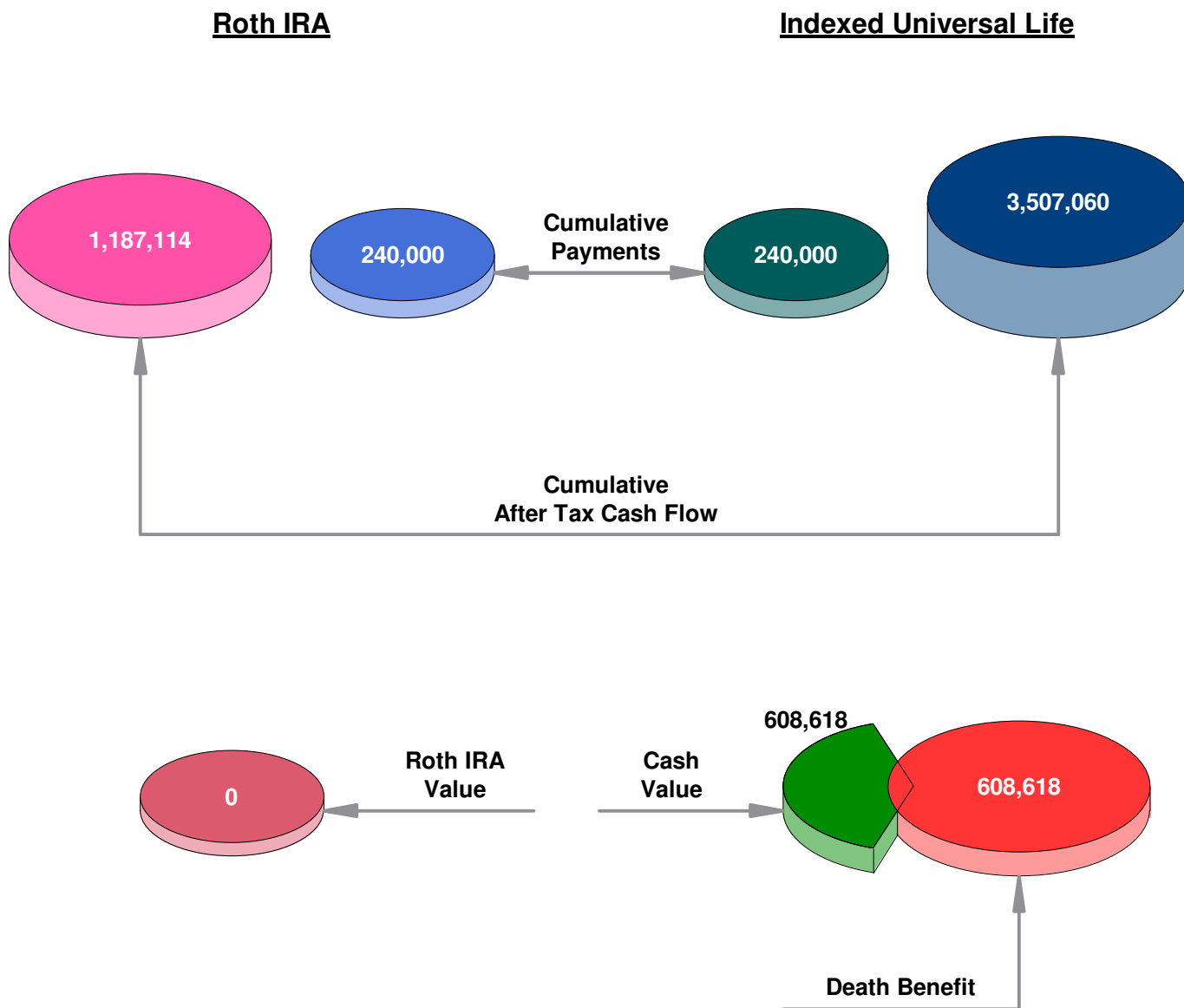
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A Look at Year 70

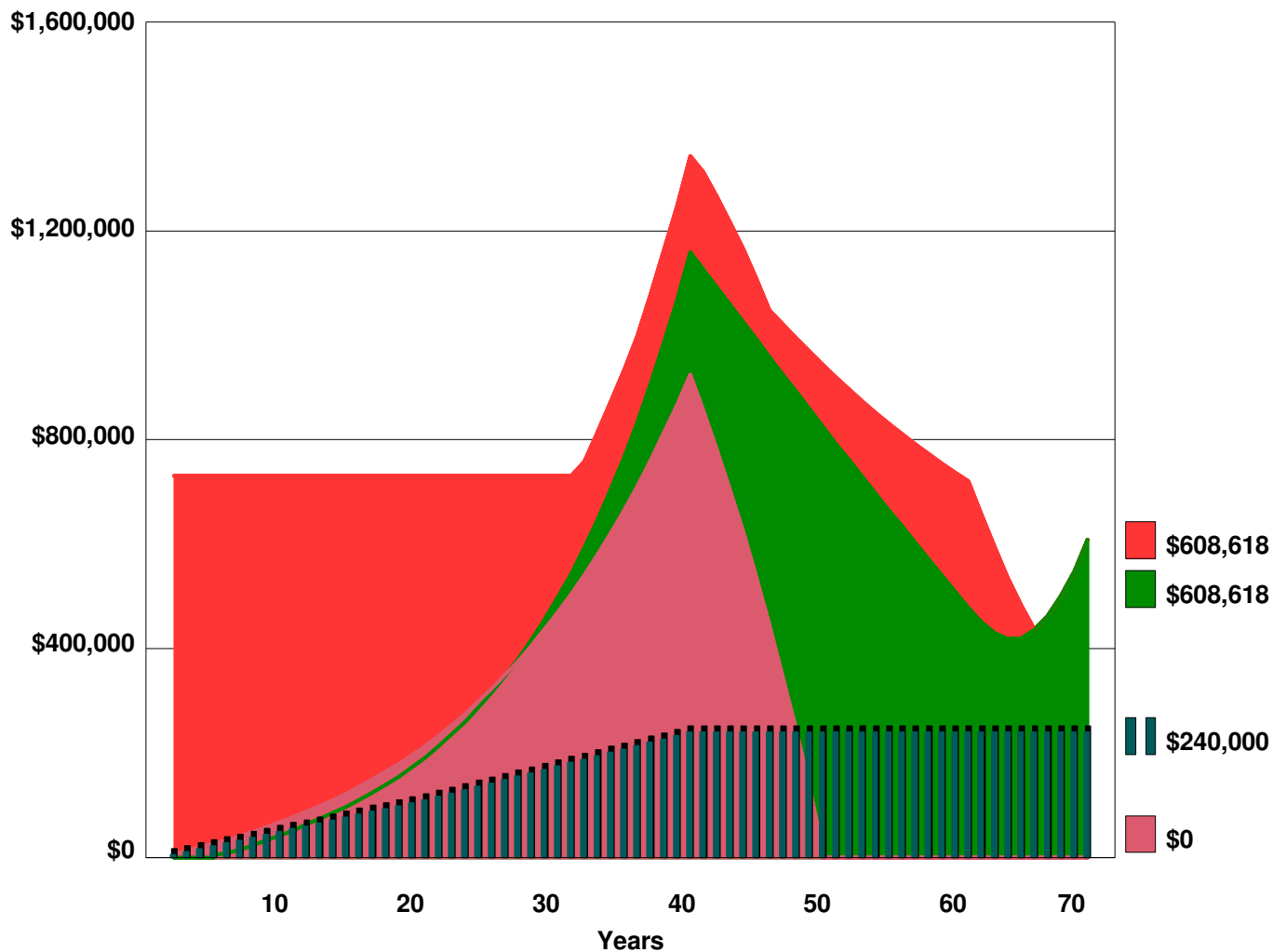


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70 Year Analysis



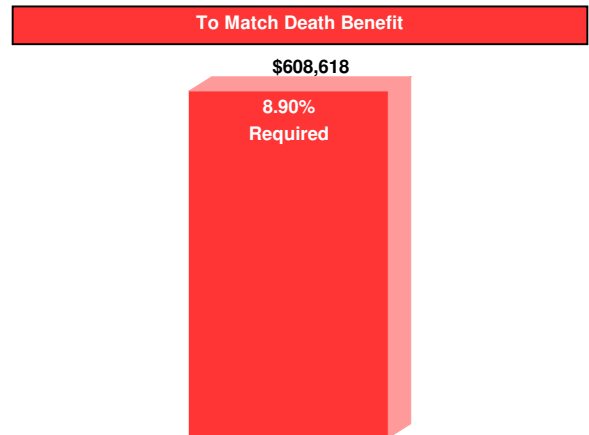
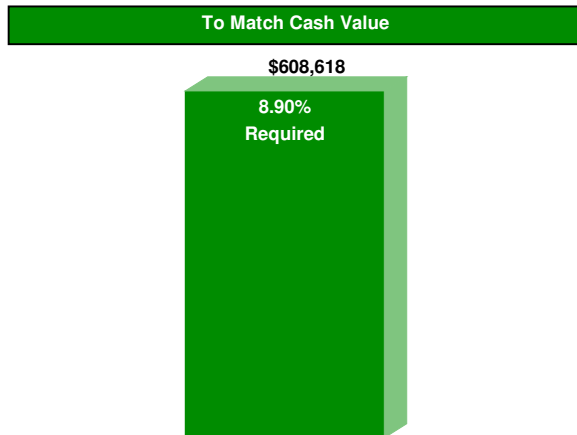
	<u>At Year 70</u>
Cumulative Payments	\$240,000
Roth IRA Values	\$0
Cash Value of Indexed UL	\$608,618
Death Benefit of Indexed UL	\$608,618

Matching Values at Age 99 (Year 70)

Female Age	Roth IRA Yield	Income Tax Rate	Indexed UL Interest Rate	Initial Payment	Initial Death Benefit
30	7.00%	28.00%	7.00%	5,500	730,708

Gross Interest Rate Required on Roth IRA to Match Indexed Universal Life Policy Values over 70 Years.

	Gross Interest Rate Required
To match Cash Value of: \$608,618	8.90%
To match Death Benefit of: \$608,618	8.90%



Income Tax Considerations

1. Roth IRA: Interest is tax exempt.
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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