

Dual Security Plan

For: Bay Area Engineering, LLC



Presented By: _____

[Licensed user's name appears here]

Dual Security Plan

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Dual Security Plan

**Plan Sponsor's Composite Analysis
of
Dual Security Plan
for
Bay Area Engineering, LLC**

Dual Security Plan for Bay Area Engineering, LLC

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

Plan Sponsor: Bay Area Engineering, LLC

Plan Sponsor's Composite Analysis of Costs and Policy Values

Number of Participants: 2
Limited Liability Company

Plan Year	(1) Plan Sponsor's Net Payment	(2) Plan Sponsor's Cumulative Net Payments	(3) Plan Sponsor's Policy Accum Value*	(4) Plan Sponsor's Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated to Acquire Participant's Interest	(6) Portion of Policy Death Benefit Allocated to Indemnify Plan Sponsor	(7) Total Policy Death Benefit Provided
1	165,000	165,000	136,899	136,899	2,094,729	2,042,170	4,136,899
2	165,000	330,000	283,419	283,419	2,196,120	2,087,299	4,283,419
3	165,000	495,000	440,238	440,238	2,304,682	2,135,556	4,440,238
4	165,000	660,000	608,152	608,152	2,420,990	2,187,162	4,608,152
5	165,000	825,000	787,925	787,925	2,545,572	2,242,353	4,787,925
6	165,000	990,000	980,490	980,490	2,679,060	2,301,430	4,980,490
7	165,000	1,155,000	1,186,927	1,186,927	2,822,176	2,364,751	5,186,927
8	165,000	1,320,000	1,408,411	1,408,411	2,975,715	2,432,696	5,408,411
9	165,000	1,485,000	1,646,101	1,646,101	3,140,481	2,505,620	5,646,101
10	165,000	1,650,000	1,901,122	1,901,122	3,317,217	2,583,905	5,901,122
11	165,000	1,815,000	2,213,825	2,213,825	3,534,590	2,679,235	6,213,825
12	165,000	1,980,000	2,550,702	2,550,702	3,768,759	2,781,943	6,550,702
13	165,000	2,145,000	2,913,547	2,913,547	4,020,983	2,892,564	6,913,547
14	165,000	2,310,000	3,304,360	3,304,360	4,292,656	3,011,704	7,304,360
15	165,000	2,475,000	3,725,316	3,725,316	4,585,291	3,140,025	7,725,316
16	65,000	2,540,000	1,622,140	1,622,140	2,622,140	1,000,000	3,622,140
17	65,000	2,605,000	1,812,541	1,812,541	2,812,541	1,000,000	3,812,541
18	65,000	2,670,000	2,017,332	2,017,332	3,017,332	1,000,000	4,017,332
19	65,000	2,735,000	2,237,536	2,237,536	3,237,536	1,000,000	4,237,536
20	65,000	2,800,000	2,474,283	2,474,283	3,474,283	1,000,000	4,474,283
21	0	2,800,000	0	0	0	0	0
22	0	2,800,000	0	0	0	0	0
23	0	2,800,000	0	0	0	0	0
24	0	2,800,000	0	0	0	0	0
25	0	2,800,000	0	0	0	0	0
26	0	2,800,000	0	0	0	0	0
27	0	2,800,000	0	0	0	0	0
28	0	2,800,000	0	0	0	0	0
29	0	2,800,000	0	0	0	0	0
30	0	2,800,000	0	0	0	0	0
	2,800,000						

List of Plan Participants:

Tom Hardy
Simon Bigelow

*This Composite page includes non-guaranteed life insurance values. Actual results are likely to vary. This page is not valid unless accompanied by a life insurance basic illustration for each participant in the Composite that details non-guaranteed and guaranteed elements.

Dual Security Plan for Bay Area Engineering, LLC

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

Plan Sponsor: Bay Area Engineering, LLC

Plan Sponsor's Composite Analysis of Costs and Policy Values

Number of Participants: 2
Limited Liability Company

Plan Year	(1) Plan Sponsor's Net Payment	(2) Plan Sponsor's Cumulative Net Payments	(3) Plan Sponsor's Policy Accum Value*	(4) Plan Sponsor's Policy Cash Value*	(5) Portion of Policy Death Benefit Allocated to Acquire Participant's Interest	(6) Portion of Policy Death Benefit Allocated to Indemnify Plan Sponsor	(7) Total Policy Death Benefit Provided
31	0	2,800,000	0	0	0	0	0
32	0	2,800,000	0	0	0	0	0
33	0	2,800,000	0	0	0	0	0
34	0	2,800,000	0	0	0	0	0
35	0	2,800,000	0	0	0	0	0
36	0	2,800,000	0	0	0	0	0
37	0	2,800,000	0	0	0	0	0
38	0	2,800,000	0	0	0	0	0
39	0	2,800,000	0	0	0	0	0
40	0	2,800,000	0	0	0	0	0
41	0	2,800,000	0	0	0	0	0
42	0	2,800,000	0	0	0	0	0
43	0	2,800,000	0	0	0	0	0
44	0	2,800,000	0	0	0	0	0
45	0	2,800,000	0	0	0	0	0
46	0	1,300,000	0	0	0	0	0
47	0	1,300,000	0	0	0	0	0
48	0	1,300,000	0	0	0	0	0
49	0	1,300,000	0	0	0	0	0
50	0	1,300,000	0	0	0	0	0

2,800,000

List of Plan Participants:

Tom Hardy
Simon Bigelow

*This Composite page includes non-guaranteed life insurance values. Actual results are likely to vary. This page is not valid unless accompanied by a life insurance basic illustration for each participant in the Composite that details non-guaranteed and guaranteed elements.

Dual Security Plan for Bay Area Engineering, LLC

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

Plan Sponsor: Bay Area Engineering, LLC

Plan Sponsor's Composite Analysis of Benefits*

Number of Participants: 2
Limited Liability Company

Names of Covered Plan Participants	(1) Age of Plan Participants	(2) Year of Policy Transferred to Plan Participants	(3) Plan Participant's Out-of-Pocket Cost for Acquiring the Policy	(4) Plan Participant's Policy Cash Value in Year of Transfer	(5) Plan Participant's Death Benefit in Year of Transfer	(6) Plan Participant's Cumulative Retirement Income After Tax Policy Loans Illustrated	(7) Plan Participant's Policy Cash Value in the Final Year Illustrated	(8) Plan Participant's Death Benefit in the Final Year Illustrated
Tom Hardy	50	16	0	2,221,522	2,713,077	6,750,000	1,417,443	1,588,579
Simon Bigelow	45	21	0	2,428,412	2,961,344	6,750,000	3,183,552	3,372,349

*This Composite page includes non-guaranteed life insurance values. Actual results are likely to vary. This page is not valid unless accompanied by a life insurance basic illustration for each participant in the Composite that details non-guaranteed and guaranteed elements.

Dual Security Plan

Individual Reports for Tom Hardy

Preface (for Key Members of Limited Liability Companies (LLCs))

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Key Member Life Insurance Coverage for the Benefit of the Limited Liability Company ("LLC") with Subsequent Distribution of the Policy to the Key Member

"Dual Security Plan" involves two sequential benefits for the principals of an LLC:

- 1) Selected members' lives are insured to provide funds for redemption (or cross purchase) of ownership interests at their death. (Some plans also include an additional amount of life insurance to indemnify the LLC for the loss due to the death of a member.)
- 2) At a future date, the policy is transferred to the member by way of a K-1 distribution thereby creating a supplemental retirement asset. If the LLC is taxed as a partnership, the K-1 distribution is tax free to the member (IRC Sec. 731(a)).

Features of the coverage for the LLC are:

- a) Discriminatory participation as to the selection of participants;
- b) Income tax free policy death benefits;
- c) No regulatory approval is required.

Features of the policy transfer are:

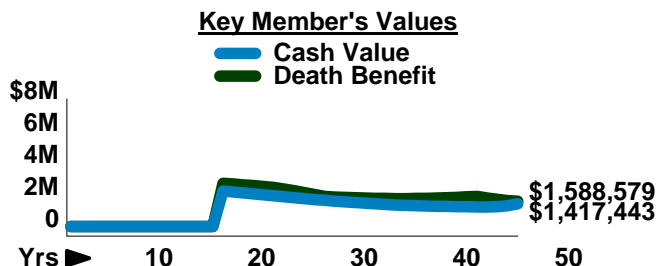
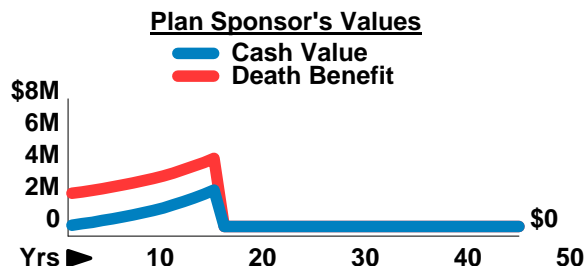
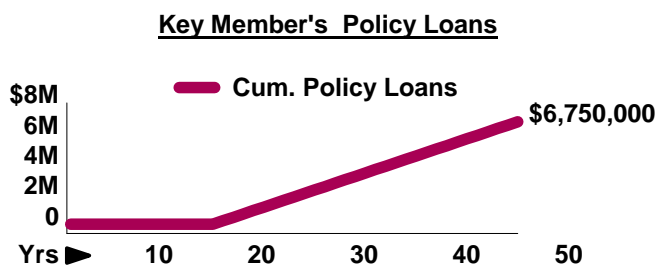
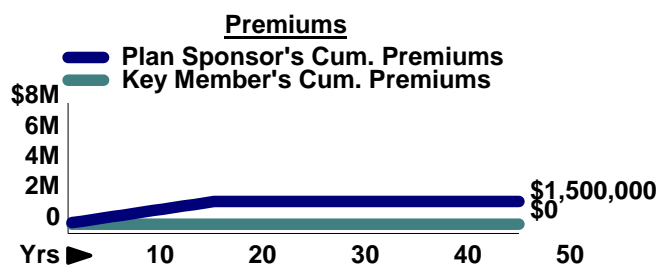
The LLC transfers ownership of the policy to the insured member who, in turn, names personal beneficiaries. This provides the member with:

- a) Policy cash values for use as a supplemental retirement asset;
- b) Income tax free policy death benefits for personal beneficiaries.

Conclusion

The Dual Security Plan facilitates a nurturing environment that rewards key members while also providing indemnification for the LLC in the event of the untimely death of a covered participant.

Be sure to consult with your own tax advisers before entering into this or any other arrangement involving tax and legal economic considerations.



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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Illustration of Policy Values Funding the Plan

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Indexed UL Interest Rate 7.00%	Initial Premium 100,000	Initial Death Benefit 2,000,000	LLC's (Key Member's) Tax Bracket 40.00%			
Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(4a) Pre-Tax Equivalent Rate of Return of Cash Value*	(5) Policy Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit
1	50	100,000	0	84,340	84,340	-15.66	2,084,340	3307.23
2	51	100,000	0	174,599	174,599	-8.72	2,174,599	531.66
3	52	100,000	0	271,113	271,113	-4.98	2,271,113	238.53
4	53	100,000	0	374,325	374,325	-2.64	2,374,325	143.41
5	54	100,000	0	484,706	484,706	-1.03	2,484,706	98.77
6	55	100,000	0	602,860	602,860	0.23	2,602,860	73.58
7	56	100,000	0	729,503	729,503	1.72	2,729,503	57.74
8	57	100,000	0	865,393	865,393	2.91	2,865,393	47.04
9	58	100,000	0	1,011,240	1,011,240	3.87	3,011,240	39.43
10	59	100,000	0	1,167,811	1,167,811	4.67	3,167,811	33.82
11	60	100,000	0	1,358,471	1,358,471	5.80	3,358,471	29.73
12	61	100,000	0	1,563,886	1,563,886	6.69	3,563,886	26.57
13	62	100,000	0	1,785,128	1,785,128	7.40	3,785,128	24.07
14	63	100,000	0	2,023,408	2,023,408	7.98	4,023,408	22.08
15	64	100,000	0	2,280,050	2,280,050	8.46	4,280,050	20.46
16	65	0	225,000	2,457,772	2,221,522	8.91	2,713,077	12.13
17	66	0	225,000	2,646,648	2,162,335	9.28	2,665,198	12.11
18	67	0	225,000	2,847,388	2,102,610	9.60	2,615,140	12.10
19	68	0	225,000	3,060,760	2,042,493	9.86	2,562,822	12.09
20	69	0	225,000	3,287,576	1,982,146	10.10	2,508,158	12.10
21	70	0	225,000	3,528,688	1,921,736	10.32	2,451,039	12.10
22	71	0	225,000	3,785,422	1,861,872	10.52	2,353,977	12.01
23	72	0	225,000	4,059,012	1,803,035	10.70	2,249,526	11.93
24	73	0	225,000	4,350,835	1,745,810	10.88	2,137,385	11.85
25	74	0	225,000	4,662,464	1,690,936	11.05	2,017,309	11.78
26	75	0	225,000	4,995,432	1,639,078	11.21	1,888,850	11.72
27	76	0	225,000	5,349,712	1,589,291	11.37	1,856,776	11.86
28	77	0	225,000	5,726,639	1,541,947	11.52	1,828,279	11.99
29	78	0	225,000	6,127,641	1,497,464	11.66	1,803,846	12.12
30	79	0	225,000	6,554,211	1,456,275	11.79	1,783,986	12.24
		1,500,000	3,375,000					

30 Year Summary

Cum. Premium Payments	1,500,000
Cum. Policy Loan Proceeds	3,375,000
Accum Value	1,456,275
Death Benefit	1,783,986

*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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Illustration of Policy Values Funding the Plan

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Indexed UL Interest Rate 7.00%	Initial Premium 100,000	Initial Death Benefit 2,000,000	LLC's (Key Member's) Tax Bracket 40.00%			
Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(4a) Pre-Tax Equivalent Rate of Return of Cash Value*	(5) Policy Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit
31	80	0	225,000	7,007,812	1,418,730	11.92	1,769,121	12.35
32	81	0	225,000	7,489,624	1,384,837	12.04	1,759,318	12.46
33	82	0	225,000	8,001,095	1,354,819	12.16	1,754,874	12.56
34	83	0	225,000	8,543,674	1,328,834	12.27	1,756,018	12.66
35	84	0	225,000	9,118,588	1,306,756	12.38	1,762,685	12.75
36	85	0	225,000	9,726,647	1,287,974	12.48	1,774,306	12.84
37	86	0	225,000	10,369,417	1,272,560	12.57	1,791,031	12.92
38	87	0	225,000	11,047,798	1,259,848	12.65	1,812,238	12.99
39	88	0	225,000	11,762,378	1,248,781	12.73	1,836,900	13.06
40	89	0	225,000	12,513,585	1,238,058	12.80	1,863,737	13.12
41	90	0	225,000	13,301,393	1,225,840	12.87	1,890,910	13.17
42	91	0	225,000	14,144,747	1,229,166	12.94	1,794,956	13.17
43	92	0	225,000	15,052,799	1,255,188	13.00	1,706,772	13.18
44	93	0	225,000	16,037,399	1,313,658	13.08	1,634,406	13.19
45	94	0	225,000	17,113,620	1,417,443	13.16	1,588,579	13.21
		1,500,000	6,750,000					

45 Year Summary

Cum. Premium Payments	1,500,000
Cum. Policy Loan Proceeds	6,750,000
Accum Value	1,417,443
Death Benefit	1,588,579

*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.

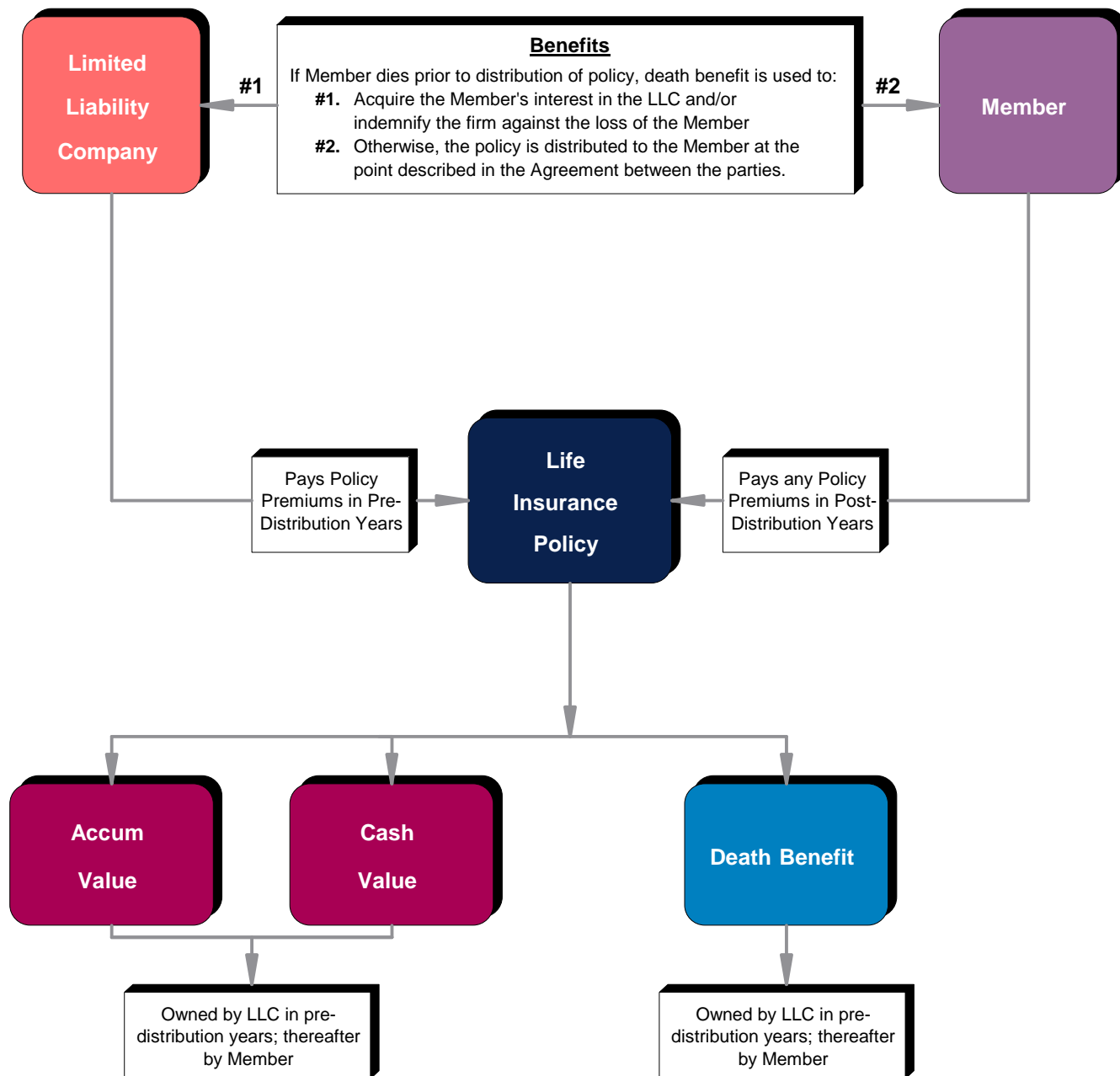
Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Who Pays What - Who Receives What

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company



When the policy is distributed to the member as a K-1 distribution, no gain or loss need be recognized by the LLC on a distribution of property or money to a member (IRC Sec. 731(b)). Likewise, no gain or loss need be recognized by the Member receiving the policy, regardless of whether the value of the policy is higher or lower than the adjusted basis in the member's interest in the LLC. (IRC Sec. 731(a)). The basis of property (the policy in this case) distributed by the LLC to a member, other than in liquidation of the member's interest, is its adjusted basis to the LLC immediately before the distribution (which is the sum of the premiums paid by the LLC less any withdrawals made by the LLC prior to the distribution (IRS Rev. Proc. 2005-25)). (If multiple members are insured, the tax consequences of each distributed policy should be the same.)

Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)		Policy Distribution to Key Member is Illustrated at Beginning of Year 16		Indexed UL Interest Rate 7.00%			
Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit to Acquire Member's LLC Interest	(6) Portion of Policy Death Benefit to Indemnify the LLC	(7) Total Policy Death Benefit Required (5) + (6)**	(8) Total Policy Death Benefit Provided
1	50	100,000	100,000	84,340	84,340	1,042,170	1,042,170	2,084,340	2,084,340
2	51	100,000	200,000	174,599	174,599	1,087,300	1,087,299	2,174,599	2,174,599
3	52	100,000	300,000	271,113	271,113	1,135,557	1,135,556	2,271,113	2,271,113
4	53	100,000	400,000	374,325	374,325	1,187,163	1,187,162	2,374,325	2,374,325
5	54	100,000	500,000	484,706	484,706	1,242,353	1,242,353	2,484,706	2,484,706
6	55	100,000	600,000	602,860	602,860	1,301,430	1,301,430	2,602,860	2,602,860
7	56	100,000	700,000	729,503	729,503	1,364,752	1,364,751	2,729,503	2,729,503
8	57	100,000	800,000	865,393	865,393	1,432,697	1,432,696	2,865,393	2,865,393
9	58	100,000	900,000	1,011,240	1,011,240	1,505,620	1,505,620	3,011,240	3,011,240
10	59	100,000	1,000,000	1,167,811	1,167,811	1,583,906	1,583,905	3,167,811	3,167,811
11	60	100,000	1,100,000	1,358,471	1,358,471	1,679,236	1,679,235	3,358,471	3,358,471
12	61	100,000	1,200,000	1,563,886	1,563,886	1,781,943	1,781,943	3,563,886	3,563,886
13	62	100,000	1,300,000	1,785,128	1,785,128	1,892,564	1,892,564	3,785,128	3,785,128
14	63	100,000	1,400,000	2,023,408	2,023,408	2,011,704	2,011,704	4,023,408	4,023,408
15	64	100,000	1,500,000	2,280,050	2,280,050	2,140,025	2,140,025	4,280,050	4,280,050
16	65	0	1,500,000	0	0	0	0	0	0
17	66	0	1,500,000	0	0	0	0	0	0
18	67	0	1,500,000	0	0	0	0	0	0
19	68	0	1,500,000	0	0	0	0	0	0
20	69	0	1,500,000	0	0	0	0	0	0
21	70	0	1,500,000	0	0	0	0	0	0
22	71	0	1,500,000	0	0	0	0	0	0
23	72	0	1,500,000	0	0	0	0	0	0
24	73	0	1,500,000	0	0	0	0	0	0
25	74	0	1,500,000	0	0	0	0	0	0
26	75	0	1,500,000	0	0	0	0	0	0
27	76	0	1,500,000	0	0	0	0	0	0
28	77	0	1,500,000	0	0	0	0	0	0
29	78	0	1,500,000	0	0	0	0	0	0
30	79	0	1,500,000	0	0	0	0	0	0
		1,500,000							

*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.

**Key Member Coverage is terminated at the beginning of year 16 when the policy is transferred to the Key Member.

Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)		Policy Distribution to Key Member is Illustrated at Beginning of Year 16		Indexed UL Interest Rate 7.00%			
Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit to Acquire Member's LLC Interest	(6) Portion of Policy Death Benefit to Indemnify the LLC	(7) Total Policy Death Benefit Required (5) + (6)**	(8) Total Policy Death Benefit Provided
31	80	0	1,500,000	0	0	0	0	0	0
32	81	0	1,500,000	0	0	0	0	0	0
33	82	0	1,500,000	0	0	0	0	0	0
34	83	0	1,500,000	0	0	0	0	0	0
35	84	0	1,500,000	0	0	0	0	0	0
36	85	0	1,500,000	0	0	0	0	0	0
37	86	0	1,500,000	0	0	0	0	0	0
38	87	0	1,500,000	0	0	0	0	0	0
39	88	0	1,500,000	0	0	0	0	0	0
40	89	0	1,500,000	0	0	0	0	0	0
41	90	0	1,500,000	0	0	0	0	0	0
42	91	0	1,500,000	0	0	0	0	0	0
43	92	0	1,500,000	0	0	0	0	0	0
44	93	0	1,500,000	0	0	0	0	0	0
45	94	0	1,500,000	0	0	0	0	0	0

1,500,000

*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.

**Key Member Coverage is terminated at the beginning of year 16 when the policy is transferred to the Key Member.

Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Key Member's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member) Policy Distribution to Key Member is Illustrated at Beginning of Year 16 LLC's (Key Member's) Tax Bracket 40.00% Indexed UL Interest Rate 7.00%

Year	Male Age	(1) Premium Payment	(2) Retirement Income Net Policy Loan Proceeds	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit
1	50	0	0	0	0	0
2	51	0	0	0	0	0
3	52	0	0	0	0	0
4	53	0	0	0	0	0
5	54	0	0	0	0	0
6	55	0	0	0	0	0
7	56	0	0	0	0	0
8	57	0	0	0	0	0
9	58	0	0	0	0	0
10	59	0	0	0	0	0
11	60	0	0	0	0	0
12	61	0	0	0	0	0
13	62	0	0	0	0	0
14	63	0	0	0	0	0
15	64	0	0	0	0	0
16	65	0	225,000	2,457,772	2,221,522	2,713,077
17	66	0	225,000	2,646,648	2,162,335	2,665,198
18	67	0	225,000	2,847,388	2,102,610	2,615,140
19	68	0	225,000	3,060,760	2,042,493	2,562,822
20	69	0	225,000	3,287,576	1,982,146	2,508,158
21	70	0	225,000	3,528,688	1,921,736	2,451,039
22	71	0	225,000	3,785,422	1,861,872	2,353,977
23	72	0	225,000	4,059,012	1,803,035	2,249,526
24	73	0	225,000	4,350,835	1,745,810	2,137,385
25	74	0	225,000	4,662,464	1,690,936	2,017,309
26	75	0	225,000	4,995,432	1,639,078	1,888,850
27	76	0	225,000	5,349,712	1,589,291	1,856,776
28	77	0	225,000	5,726,639	1,541,947	1,828,279
29	78	0	225,000	6,127,641	1,497,464	1,803,846
30	79	0	225,000	6,554,211	1,456,275	1,783,986
		0	3,375,000			

*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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Key Member's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member) Policy Distribution to Key Member is Illustrated at Beginning of Year 16 LLC's (Key Member's) Tax Bracket 40.00% Indexed UL Interest Rate 7.00%

Year	Male Age	(1) Premium Payment	(2) Retirement Income Net Policy Loan Proceeds	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit
31	80	0	225,000	7,007,812	1,418,730	1,769,121
32	81	0	225,000	7,489,624	1,384,837	1,759,318
33	82	0	225,000	8,001,095	1,354,819	1,754,874
34	83	0	225,000	8,543,674	1,328,834	1,756,018
35	84	0	225,000	9,118,588	1,306,756	1,762,685
36	85	0	225,000	9,726,647	1,287,974	1,774,306
37	86	0	225,000	10,369,417	1,272,560	1,791,031
38	87	0	225,000	11,047,798	1,259,848	1,812,238
39	88	0	225,000	11,762,378	1,248,781	1,836,900
40	89	0	225,000	12,513,585	1,238,058	1,863,737
41	90	0	225,000	13,301,393	1,225,840	1,890,910
42	91	0	225,000	14,144,747	1,229,166	1,794,956
43	92	0	225,000	15,052,799	1,255,188	1,706,772
44	93	0	225,000	16,037,399	1,313,658	1,634,406
45	94	0	225,000	17,113,620	1,417,443	1,588,579
		0	6,750,000			

*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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

Benefit Summary

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Indexed UL Interest Rate 7.00%	Initial Death Benefit 2,000,000	<u>Policy Owner</u> Business Until Transferred to Member in Year 16	<u>Policy Premiums Prior to Transfer</u> Paid by Business \$100,000 for 1st 15 Yrs	Paid by Member \$0
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Benefits for Tom Hardy	See Report Entitled
Policy illustrated transferred to the Member at the beginning of year 16.	Member's Summary of Costs and Benefits
Member's out-of-pocket cost for tax on the transfer in year 16: \$0	Member's Cost Analysis
Member's illustrated cash value at end of year 16: \$2,221,522	Member's Summary of Costs and Benefits
Member's illustrated annual retirement cash flow* for 30 years: \$225,000	Member's Summary of Costs and Benefits
Member's illustrated death benefit for family at end of year 16: \$2,713,077	Member's Summary of Costs and Benefits

*Cash flow is received **income tax free** according to current tax rules assuming it involves withdrawals to basis and/or loans. Withdrawals that exceed cost basis are taxed.

Benefits for Bay Area Engineering, LLC	See Report Entitled
Cash value of life insurance policy owned by the business just prior to transfer of the policy: \$2,280,050	Plan Sponsor's Summary of Costs and Benefits
Lowest illustrated life insurance death benefit to indemnify the business for loss of the Member's services prior to the transfer of the policy: \$0	Plan Sponsor's Summary of Costs and Benefits
Illustrated tax savings for the business upon transfer of the policy: \$0	Details of the Tax Consequences
Providing the benefits for the Member helps retain a valuable participant in the continuing success of the business.	
Should the Member fail to complete the terms of the agreement associated with the plan, the transfer of the policy is forfeited, and all policy values remain an asset of the business.	

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.

Details of the Tax Consequences When the Policy is Distributed to the Key Member

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)	Policy Distribution to Key Member is Illustrated at Beginning of Year 16
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K-1 Distribution Details:

Year the K-1 Distribution is illustrated: Beginning of year 16
Accumulation value of policy when distributed: \$2,280,050
LLC's cumulative premiums prior to distribution: \$1,500,000
Member's cumulative premiums prior to distribution: \$0

Tax Consequences of the K-1 Distribution:

(The following taxation remarks apply whether one member or multiple members are insured.)*

When the policy is distributed, no gain or loss need be recognized by the Limited Liability Company ("LLC") on a distribution of property or money to a member (IRC Sec. 731(b)). Likewise, no gain or loss need be recognized by the member receiving the policy, regardless of whether the value of the policy is higher or lower than the member's adjusted basis in the member's interest in the LLC (IRC Sec. 731(a)).

The member's basis in the policy distributed by the LLC to the member is its adjusted basis to the LLC immediately before the distribution (which is the sum of the premiums paid by the LLC less any withdrawals made by the LLC prior to the distribution (IRS Rev. Proc. 2005-25)). The distributee member's basis in the property cannot exceed the adjusted basis of the member's interest in the LLC reduced by any money distributed in the same transaction (IRC Sec. 732(a)). (If multiple members are insured, the tax consequences of each distributed policy should be the same.)

For this case, the member's illustrated basis in the policy at the point of distribution is \$1,500,000.

Any premium payments, increase in policy values, or policy activity (loans, withdrawals, etc.) in the year of distribution are presumed to occur after the distribution takes place.

*Because the LLC is taxed as a Partnership, it has significant flexibility in how it accounts for assets, and the taxation of policy distributions should be able to be arranged in this manner. (Some states do not allow LLCs with only one member.)

*LLC accounting is complex and should only be done by a qualified professional. Be sure to consult with your own legal and tax advisers before entering into this or any other arrangement involving legal, tax, and economic considerations.

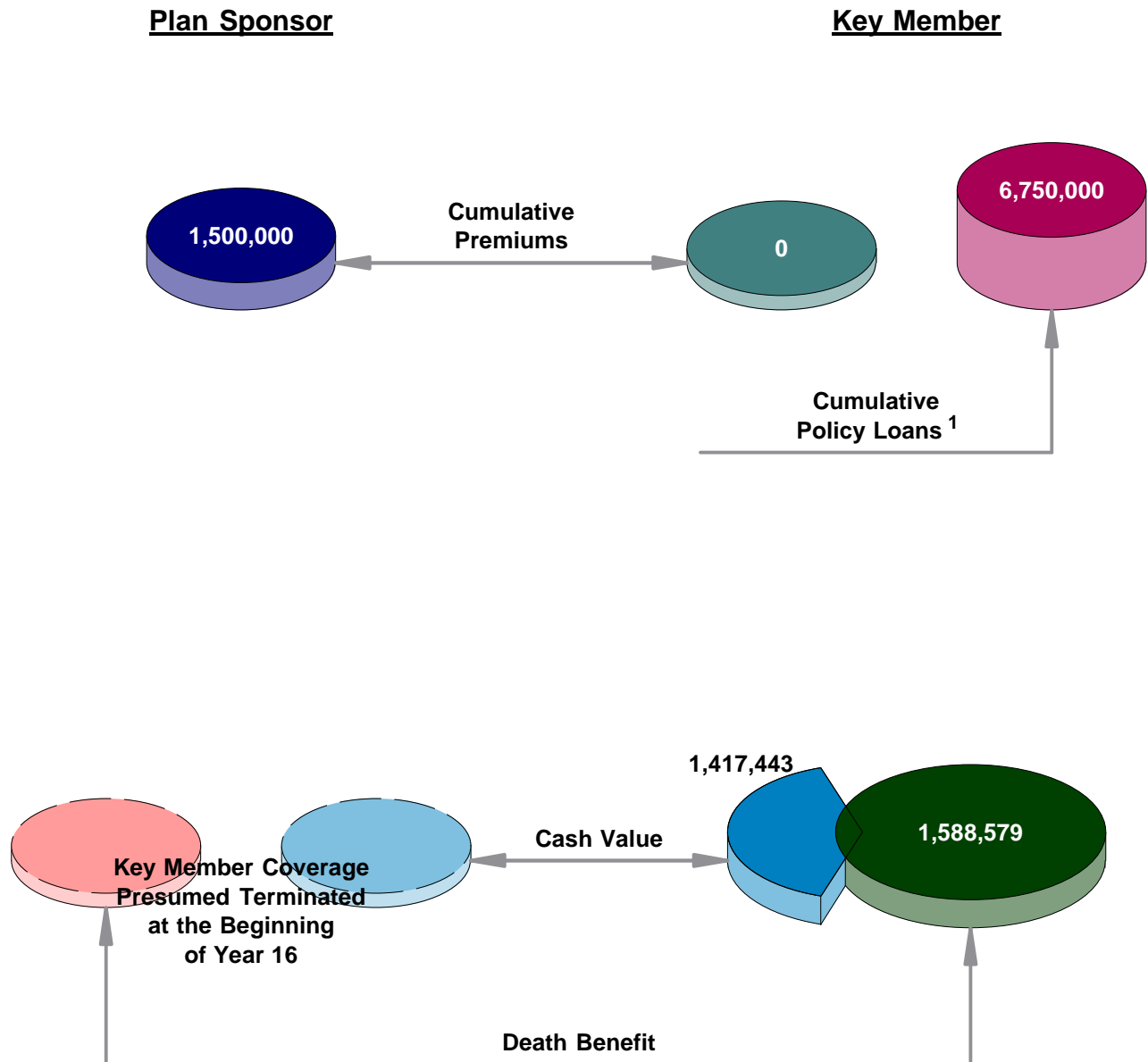
Dual Security Plan Using Indexed Universal Life

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

Insured: Tom Hardy

A Look at Year 45

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company



¹ For Retirement Income.

Dual Security Plan Using Indexed Universal Life

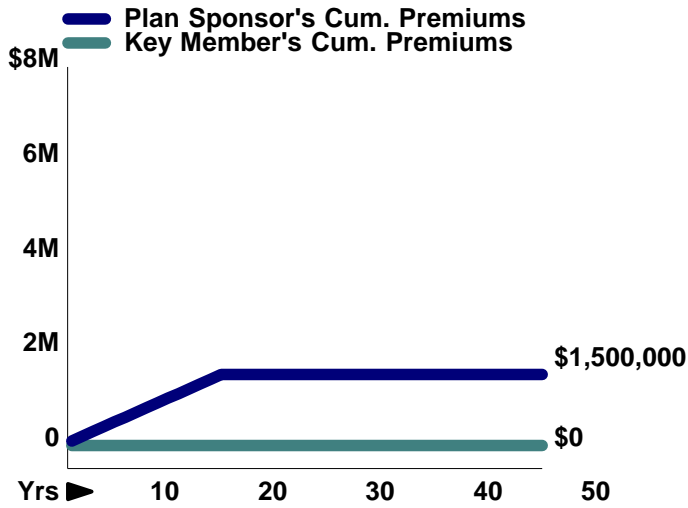
Presented By: [Licensed user's name appears here]

Insured: Tom Hardy

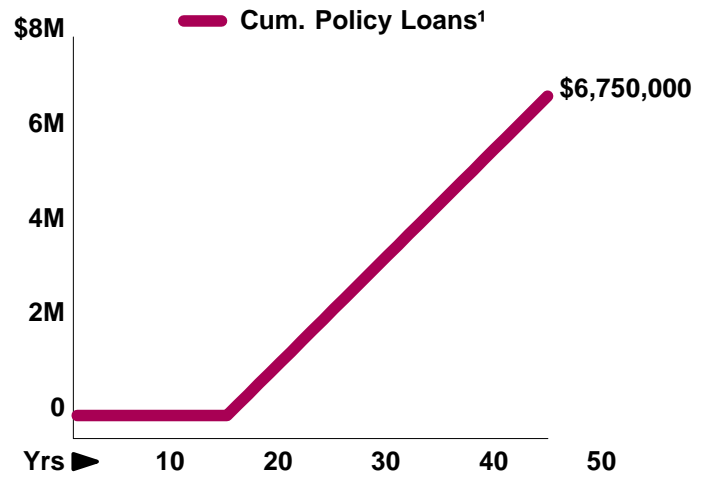
45 Year Analysis

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

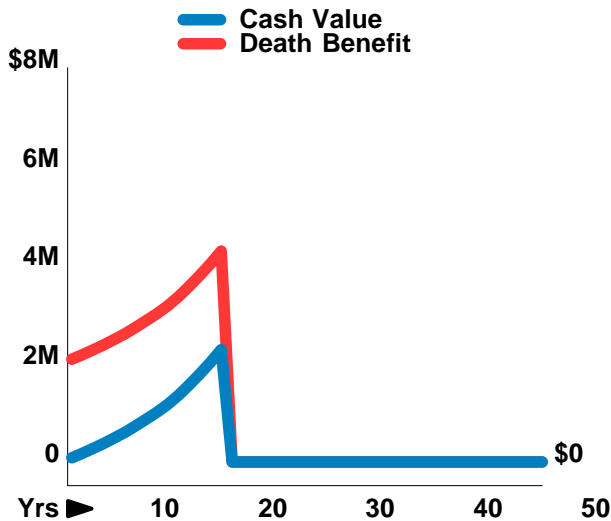
Premiums



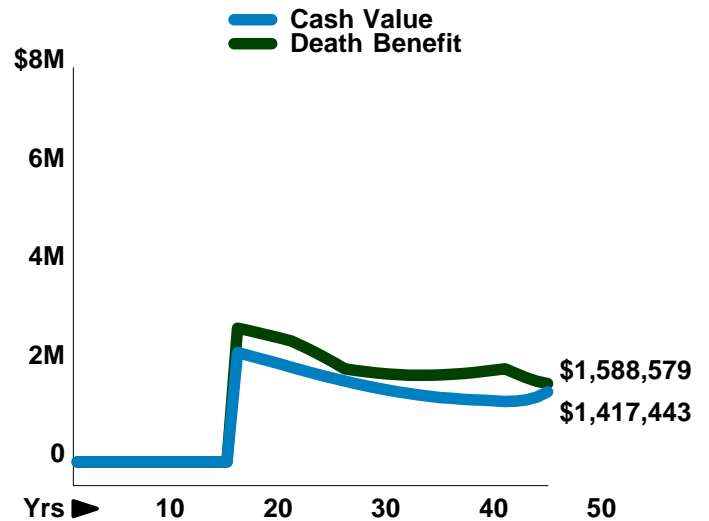
Key Member's Policy Loans



Plan Sponsor's Values



Key Member's Values



¹ For Retirement Income.

Supplemental Report

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Important Note

This material 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.

Dual Security Plan

Individual Reports for Simon Bigelow

Key Member Life Insurance Coverage for the Benefit of the Limited Liability Company ("LLC") with Subsequent Distribution of the Policy to the Key Member

"Dual Security Plan" involves two sequential benefits for the principals of an LLC:

- 1) Selected members' lives are insured to provide funds for redemption (or cross purchase) of ownership interests at their death. (Some plans also include an additional amount of life insurance to indemnify the LLC for the loss due to the death of a member.)
- 2) At a future date, the policy is transferred to the member by way of a K-1 distribution thereby creating a supplemental retirement asset. If the LLC is taxed as a partnership, the K-1 distribution is tax free to the member (IRC Sec. 731(a)).

Features of the coverage for the LLC are:

- a) Discriminatory participation as to the selection of participants;
- b) Income tax free policy death benefits;
- c) No regulatory approval is required.

Features of the policy transfer are:

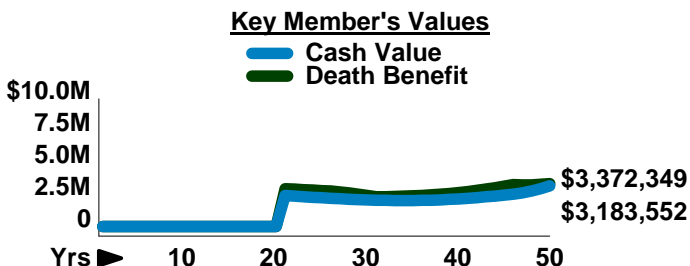
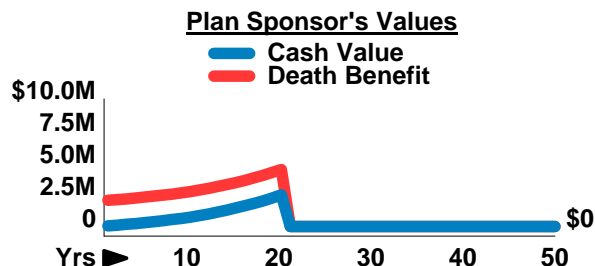
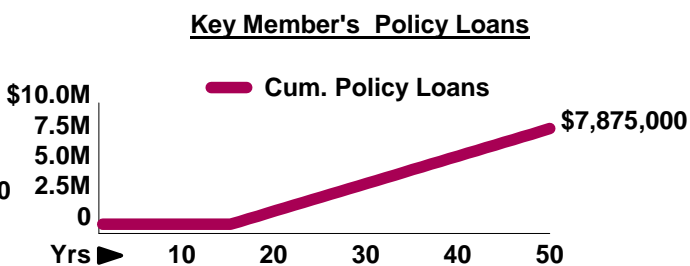
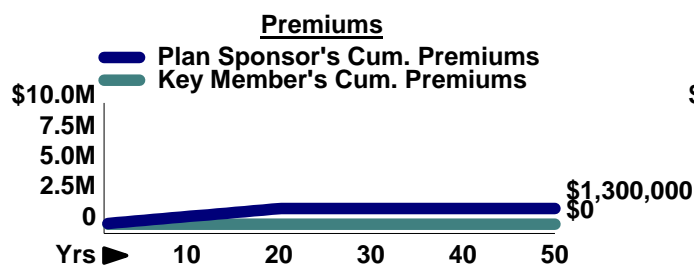
The LLC transfers ownership of the policy to the insured member who, in turn, names personal beneficiaries. This provides the member with:

- a) Policy cash values for use as a supplemental retirement asset;
- b) Income tax free policy death benefits for personal beneficiaries.

Conclusion

The Dual Security Plan facilitates a nurturing environment that rewards key members while also providing indemnification for the LLC in the event of the untimely death of a covered participant.

Be sure to consult with your own tax advisers before entering into this or any other arrangement involving tax and legal economic considerations.



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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Illustration of Policy Values Funding the Plan

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Indexed UL Interest Rate 7.00%	Initial Premium 65,000	Initial Death Benefit 0	LLC's (Key Member's) Tax Bracket 40.00%				
Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(4a) Pre-Tax Equivalent Rate of Return of Cash Value*	(5) Policy Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit	
1	45	65,000	0	52,559	52,559	-19.14	2,052,559	5096.31	
2	46	65,000	0	108,820	108,820	-11.29	2,108,820	702.97	
3	47	65,000	0	169,125	169,125	-6.95	2,169,125	304.28	
4	48	65,000	0	233,827	233,827	-4.20	2,233,827	180.75	
5	49	65,000	0	303,219	303,219	-2.30	2,303,219	123.92	
6	50	65,000	0	377,630	377,630	-0.92	2,377,630	92.15	
7	51	65,000	0	457,424	457,424	0.22	2,457,424	72.23	
8	52	65,000	0	543,018	543,018	1.60	2,543,018	58.75	
9	53	65,000	0	634,861	634,861	2.72	2,634,861	49.14	
10	54	65,000	0	733,311	733,311	3.64	2,733,311	42.00	
11	55	65,000	0	855,354	855,354	4.93	2,855,354	36.70	
12	56	65,000	0	986,816	986,816	5.95	2,986,816	32.56	
13	57	65,000	0	1,128,419	1,128,419	6.76	3,128,419	29.26	
14	58	65,000	0	1,280,952	1,280,952	7.42	3,280,952	26.59	
15	59	65,000	0	1,445,266	1,445,266	7.96	3,445,266	24.42	
16	60	65,000	0	1,622,140	1,622,140	8.42	3,622,140	22.61	
17	61	65,000	0	1,812,541	1,812,541	8.80	3,812,541	21.11	
18	62	65,000	0	2,017,332	2,017,332	9.13	4,017,332	19.85	
19	63	65,000	0	2,237,536	2,237,536	9.41	4,237,536	18.78	
20	64	65,000	0	2,474,283	2,474,283	9.66	4,474,283	17.87	
21	65	0	225,000	2,664,662	2,428,412	9.90	2,961,344	12.30	
22	66	0	225,000	2,867,410	2,383,098	10.12	2,927,906	12.26	
23	67	0	225,000	3,083,374	2,338,596	10.31	2,893,604	12.24	
24	68	0	225,000	3,313,480	2,295,213	10.48	2,858,505	12.22	
25	69	0	225,000	3,558,722	2,253,292	10.64	2,822,688	12.21	
26	70	0	225,000	3,820,184	2,213,232	10.79	2,786,259	12.21	
27	71	0	225,000	4,099,447	2,175,897	10.93	2,708,825	12.12	
28	72	0	225,000	4,397,994	2,142,017	11.07	2,625,796	12.05	
29	73	0	225,000	4,717,435	2,112,409	11.20	2,536,978	11.99	
30	74	0	225,000	5,059,274	2,087,747	11.33	2,441,896	11.93	
		1,300,000	2,250,000						

30 Year Summary

Cum. Premium Payments	1,300,000
Cum. Policy Loan Proceeds	2,250,000
Accum Value	2,087,747
Death Benefit	2,441,896

*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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Illustration of Policy Values Funding the Plan

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Indexed UL Interest Rate 7.00%	Initial Premium 65,000	Initial Death Benefit 0	LLC's (Key Member's) Tax Bracket 40.00%			
Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(4a) Pre-Tax Equivalent Rate of Return of Cash Value*	(5) Policy Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit
31	75	0	225,000	5,424,566	2,068,213	11.46	2,339,441	11.87
32	76	0	225,000	5,813,758	2,053,337	11.58	2,344,024	11.98
33	77	0	225,000	6,228,348	2,043,656	11.69	2,355,074	12.08
34	78	0	225,000	6,669,946	2,039,770	11.80	2,373,267	12.18
35	79	0	225,000	7,140,190	2,042,254	11.91	2,399,264	12.27
36	80	0	225,000	7,640,664	2,051,581	12.01	2,433,615	12.36
37	81	0	225,000	8,172,956	2,068,170	12.11	2,476,818	12.45
38	82	0	225,000	8,738,736	2,092,460	12.20	2,529,397	12.53
39	83	0	225,000	9,339,587	2,124,747	12.28	2,591,726	12.60
40	84	0	225,000	9,976,758	2,164,926	12.36	2,663,764	12.67
41	85	0	225,000	10,650,998	2,212,325	12.44	2,744,875	12.74
42	86	0	225,000	11,364,038	2,267,181	12.51	2,835,383	12.80
43	87	0	225,000	12,116,902	2,328,953	12.58	2,934,798	12.86
44	88	0	225,000	12,910,332	2,396,734	12.63	3,042,251	12.91
45	89	0	225,000	13,744,969	2,469,442	12.69	3,156,690	12.95
46	90	0	225,000	14,621,159	2,545,605	12.74	3,276,663	12.99
47	91	0	225,000	15,560,750	2,645,168	12.79	3,267,598	12.99
48	92	0	225,000	16,574,306	2,776,696	12.84	3,273,925	12.98
49	93	0	225,000	17,675,158	2,951,418	12.89	3,304,921	12.99
50	94	0	225,000	18,879,730	3,183,552	12.96	3,372,349	13.00

1,300,000 6,750,000

50 Year Summary

Cum. Premium Payments	1,300,000
Cum. Policy Loan Proceeds	6,750,000
Accum Value	3,183,552
Death Benefit	3,372,349

*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.

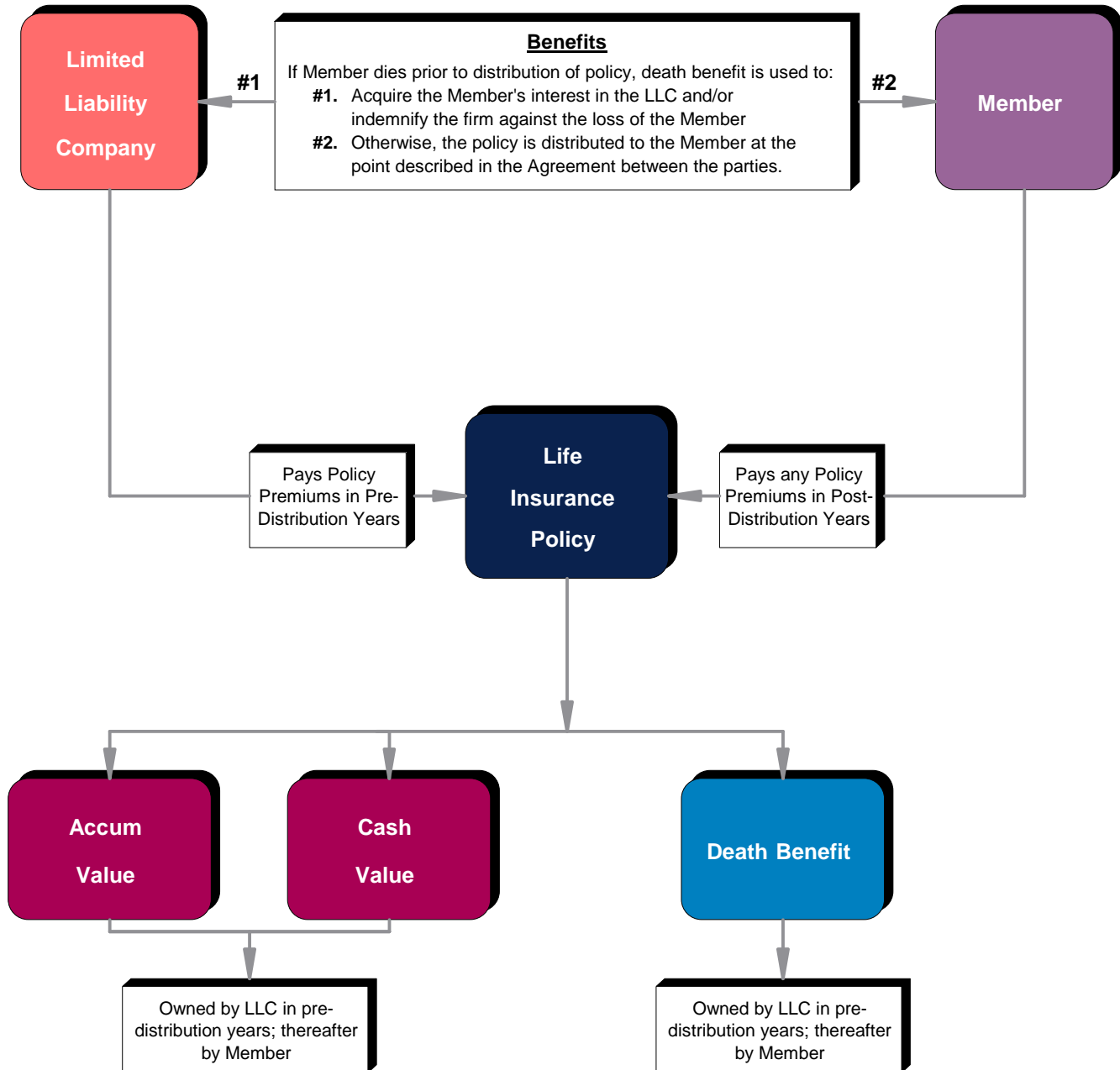
Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Who Pays What - Who Receives What

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company



When the policy is distributed to the member as a K-1 distribution, no gain or loss need be recognized by the LLC on a distribution of property or money to a member (IRC Sec. 731(b)). Likewise, no gain or loss need be recognized by the Member receiving the policy, regardless of whether the value of the policy is higher or lower than the adjusted basis in the member's interest in the LLC. (IRC Sec. 731(a)). The basis of property (the policy in this case) distributed by the LLC to a member, other than in liquidation of the member's interest, is its adjusted basis to the LLC immediately before the distribution (which is the sum of the premiums paid by the LLC less any withdrawals made by the LLC prior to the distribution (IRS Rev. Proc. 2005-25)). (If multiple members are insured, the tax consequences of each distributed policy should be the same.)

Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)		Policy Distribution to Key Member is Illustrated at Beginning of Year 21		Indexed UL Interest Rate 7.00%			
Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit to Acquire Member's LLC Interest	(6) Portion of Policy Death Benefit to Indemnify the LLC	(7) Total Policy Death Benefit Required (5) + (6)**	(8) Total Policy Death Benefit Provided
1	45	65,000	65,000	52,559	52,559	1,052,559	1,000,000	2,052,559	2,052,559
2	46	65,000	130,000	108,820	108,820	1,108,820	1,000,000	2,108,820	2,108,820
3	47	65,000	195,000	169,125	169,125	1,169,125	1,000,000	2,169,125	2,169,125
4	48	65,000	260,000	233,827	233,827	1,233,827	1,000,000	2,233,827	2,233,827
5	49	65,000	325,000	303,219	303,219	1,303,219	1,000,000	2,303,219	2,303,219
6	50	65,000	390,000	377,630	377,630	1,377,630	1,000,000	2,377,630	2,377,630
7	51	65,000	455,000	457,424	457,424	1,457,424	1,000,000	2,457,424	2,457,424
8	52	65,000	520,000	543,018	543,018	1,543,018	1,000,000	2,543,018	2,543,018
9	53	65,000	585,000	634,861	634,861	1,634,861	1,000,000	2,634,861	2,634,861
10	54	65,000	650,000	733,311	733,311	1,733,311	1,000,000	2,733,311	2,733,311
11	55	65,000	715,000	855,354	855,354	1,855,354	1,000,000	2,855,354	2,855,354
12	56	65,000	780,000	986,816	986,816	1,986,816	1,000,000	2,986,816	2,986,816
13	57	65,000	845,000	1,128,419	1,128,419	2,128,419	1,000,000	3,128,419	3,128,419
14	58	65,000	910,000	1,280,952	1,280,952	2,280,952	1,000,000	3,280,952	3,280,952
15	59	65,000	975,000	1,445,266	1,445,266	2,445,266	1,000,000	3,445,266	3,445,266
16	60	65,000	1,040,000	1,622,140	1,622,140	2,622,140	1,000,000	3,622,140	3,622,140
17	61	65,000	1,105,000	1,812,541	1,812,541	2,812,541	1,000,000	3,812,541	3,812,541
18	62	65,000	1,170,000	2,017,332	2,017,332	3,017,332	1,000,000	4,017,332	4,017,332
19	63	65,000	1,235,000	2,237,536	2,237,536	3,237,536	1,000,000	4,237,536	4,237,536
20	64	65,000	1,300,000	2,474,283	2,474,283	3,474,283	1,000,000	4,474,283	4,474,283
21	65	0	1,300,000	0	0	0	0	0	0
22	66	0	1,300,000	0	0	0	0	0	0
23	67	0	1,300,000	0	0	0	0	0	0
24	68	0	1,300,000	0	0	0	0	0	0
25	69	0	1,300,000	0	0	0	0	0	0
26	70	0	1,300,000	0	0	0	0	0	0
27	71	0	1,300,000	0	0	0	0	0	0
28	72	0	1,300,000	0	0	0	0	0	0
29	73	0	1,300,000	0	0	0	0	0	0
30	74	0	1,300,000	0	0	0	0	0	0
		1,300,000							

*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.

**Key Member Coverage is terminated at the beginning of year 21 when the policy is transferred to the Key Member.

Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

		Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)		Policy Distribution to Key Member is Illustrated at Beginning of Year 21		Indexed UL Interest Rate 7.00%			
Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payments	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit to Acquire Member's LLC Interest	(6) Portion of Policy Death Benefit to Indemnify the LLC	(7) Total Policy Death Benefit Required (5) + (6)**	(8) Total Policy Death Benefit Provided
31	75	0	1,300,000	0	0	0	0	0	0
32	76	0	1,300,000	0	0	0	0	0	0
33	77	0	1,300,000	0	0	0	0	0	0
34	78	0	1,300,000	0	0	0	0	0	0
35	79	0	1,300,000	0	0	0	0	0	0
36	80	0	1,300,000	0	0	0	0	0	0
37	81	0	1,300,000	0	0	0	0	0	0
38	82	0	1,300,000	0	0	0	0	0	0
39	83	0	1,300,000	0	0	0	0	0	0
40	84	0	1,300,000	0	0	0	0	0	0
41	85	0	1,300,000	0	0	0	0	0	0
42	86	0	1,300,000	0	0	0	0	0	0
43	87	0	1,300,000	0	0	0	0	0	0
44	88	0	1,300,000	0	0	0	0	0	0
45	89	0	1,300,000	0	0	0	0	0	0
46	90	0	1,300,000	0	0	0	0	0	0
47	91	0	1,300,000	0	0	0	0	0	0
48	92	0	1,300,000	0	0	0	0	0	0
49	93	0	1,300,000	0	0	0	0	0	0
50	94	0	1,300,000	0	0	0	0	0	0

1,300,000

*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.

**Key Member Coverage is terminated at the beginning of year 21 when the policy is transferred to the Key Member.

Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Key Member's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member) Policy Distribution to Key Member is Illustrated at Beginning of Year 21 LLC's (Key Member's) Tax Bracket 40.00% Indexed UL Interest Rate 7.00%

Year	Male Age	(1) Premium Payment	(2) Retirement Income Net Policy Loan Proceeds	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit
1	45	0	0	0	0	0
2	46	0	0	0	0	0
3	47	0	0	0	0	0
4	48	0	0	0	0	0
5	49	0	0	0	0	0
6	50	0	0	0	0	0
7	51	0	0	0	0	0
8	52	0	0	0	0	0
9	53	0	0	0	0	0
10	54	0	0	0	0	0
11	55	0	0	0	0	0
12	56	0	0	0	0	0
13	57	0	0	0	0	0
14	58	0	0	0	0	0
15	59	0	0	0	0	0
16	60	0	225,000	0	0	0
17	61	0	225,000	0	0	0
18	62	0	225,000	0	0	0
19	63	0	225,000	0	0	0
20	64	0	225,000	0	0	0
21	65	0	225,000	2,664,662	2,428,412	2,961,344
22	66	0	225,000	2,867,410	2,383,098	2,927,906
23	67	0	225,000	3,083,374	2,338,596	2,893,604
24	68	0	225,000	3,313,480	2,295,213	2,858,505
25	69	0	225,000	3,558,722	2,253,292	2,822,688
26	70	0	225,000	3,820,184	2,213,232	2,786,259
27	71	0	225,000	4,099,447	2,175,897	2,708,825
28	72	0	225,000	4,397,994	2,142,017	2,625,796
29	73	0	225,000	4,717,435	2,112,409	2,536,978
30	74	0	225,000	5,059,274	2,087,747	2,441,896
		0	3,375,000			

*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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Key Member's Summary of Costs and Benefits

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member) Policy Distribution to Key Member is Illustrated at Beginning of Year 21 LLC's (Key Member's) Tax Bracket 40.00% Indexed UL Interest Rate 7.00%

Year	Male Age	(1) Premium Payment	(2) Retirement Income Net Policy Loan Proceeds	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit
31	75	0	225,000	5,424,566	2,068,213	2,339,441
32	76	0	225,000	5,813,758	2,053,337	2,344,024
33	77	0	225,000	6,228,348	2,043,656	2,355,074
34	78	0	225,000	6,669,946	2,039,770	2,373,267
35	79	0	225,000	7,140,190	2,042,254	2,399,264
36	80	0	225,000	7,640,664	2,051,581	2,433,615
37	81	0	225,000	8,172,956	2,068,170	2,476,818
38	82	0	225,000	8,738,736	2,092,460	2,529,397
39	83	0	225,000	9,339,587	2,124,747	2,591,726
40	84	0	225,000	9,976,758	2,164,926	2,663,764
41	85	0	225,000	10,650,998	2,212,325	2,744,875
42	86	0	225,000	11,364,038	2,267,181	2,835,383
43	87	0	225,000	12,116,902	2,328,953	2,934,798
44	88	0	225,000	12,910,332	2,396,734	3,042,251
45	89	0	225,000	13,744,969	2,469,442	3,156,690
46	90	0	225,000	14,621,159	2,545,605	3,276,663
47	91	0	225,000	15,560,750	2,645,168	3,267,598
48	92	0	225,000	16,574,306	2,776,696	3,273,925
49	93	0	225,000	17,675,158	2,951,418	3,304,921
50	94	0	225,000	18,879,730	3,183,552	3,372,349
		0	7,875,000			

*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.

Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

Benefit Summary

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Indexed UL Interest Rate 7.00%	Initial Death Benefit 0	<u>Policy Owner</u> Business Until Transferred to Member in Year 21	<u>Policy Premiums Prior to Transfer</u> Paid by Business \$65,000 for 1st 20 Yrs	Paid by Member \$0
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Benefits for Simon Bigelow	See Report Entitled
Policy illustrated transferred to the Member at the beginning of year 21.	Member's Summary of Costs and Benefits
Member's out-of-pocket cost for tax on the transfer in year 21: \$0	Member's Cost Analysis
Member's illustrated cash value at end of year 21: \$2,428,412	Member's Summary of Costs and Benefits
Member's illustrated annual retirement cash flow* for 35 years: \$225,000	Member's Summary of Costs and Benefits
Member's illustrated death benefit for family at end of year 21: \$2,961,344	Member's Summary of Costs and Benefits

*Cash flow is received **income tax free** according to current tax rules assuming it involves withdrawals to basis and/or loans. Withdrawals that exceed cost basis are taxed.

Benefits for Bay Area Engineering, LLC	See Report Entitled
Cash value of life insurance policy owned by the business just prior to transfer of the policy: \$2,474,283	Plan Sponsor's Summary of Costs and Benefits
Lowest illustrated life insurance death benefit to indemnify the business for loss of the Member's services prior to the transfer of the policy: \$0	Plan Sponsor's Summary of Costs and Benefits
Illustrated tax savings for the business upon transfer of the policy: \$0	Details of the Tax Consequences
Providing the benefits for the Member helps retain a valuable participant in the continuing success of the business.	
Should the Member fail to complete the terms of the agreement associated with the plan, the transfer of the policy is forfeited, and all policy values remain an asset of the business.	

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.

Details of the Tax Consequences When the Policy is Distributed to the Key Member

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)	Policy Distribution to Key Member is Illustrated at Beginning of Year 21
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K-1 Distribution Details:

Year the K-1 Distribution is illustrated: Beginning of year 21
Accumulation value of policy when distributed: \$2,474,283
LLC's cumulative premiums prior to distribution: \$1,300,000
Member's cumulative premiums prior to distribution: \$0

Tax Consequences of the K-1 Distribution:

(The following taxation remarks apply whether one member or multiple members are insured.)*

When the policy is distributed, no gain or loss need be recognized by the Limited Liability Company ("LLC") on a distribution of property or money to a member (IRC Sec. 731(b)). Likewise, no gain or loss need be recognized by the member receiving the policy, regardless of whether the value of the policy is higher or lower than the member's adjusted basis in the member's interest in the LLC (IRC Sec. 731(a)).

The member's basis in the policy distributed by the LLC to the member is its adjusted basis to the LLC immediately before the distribution (which is the sum of the premiums paid by the LLC less any withdrawals made by the LLC prior to the distribution (IRS Rev. Proc. 2005-25)). The distributee member's basis in the property cannot exceed the adjusted basis of the member's interest in the LLC reduced by any money distributed in the same transaction (IRC Sec. 732(a)). (If multiple members are insured, the tax consequences of each distributed policy should be the same.)

For this case, the member's illustrated basis in the policy at the point of distribution is \$1,300,000.

Any premium payments, increase in policy values, or policy activity (loans, withdrawals, etc.) in the year of distribution are presumed to occur after the distribution takes place.

*Because the LLC is taxed as a Partnership, it has significant flexibility in how it accounts for assets, and the taxation of policy distributions should be able to be arranged in this manner. (Some states do not allow LLCs with only one member.)

*LLC accounting is complex and should only be done by a qualified professional. Be sure to consult with your own legal and tax advisers before entering into this or any other arrangement involving legal, tax, and economic considerations.

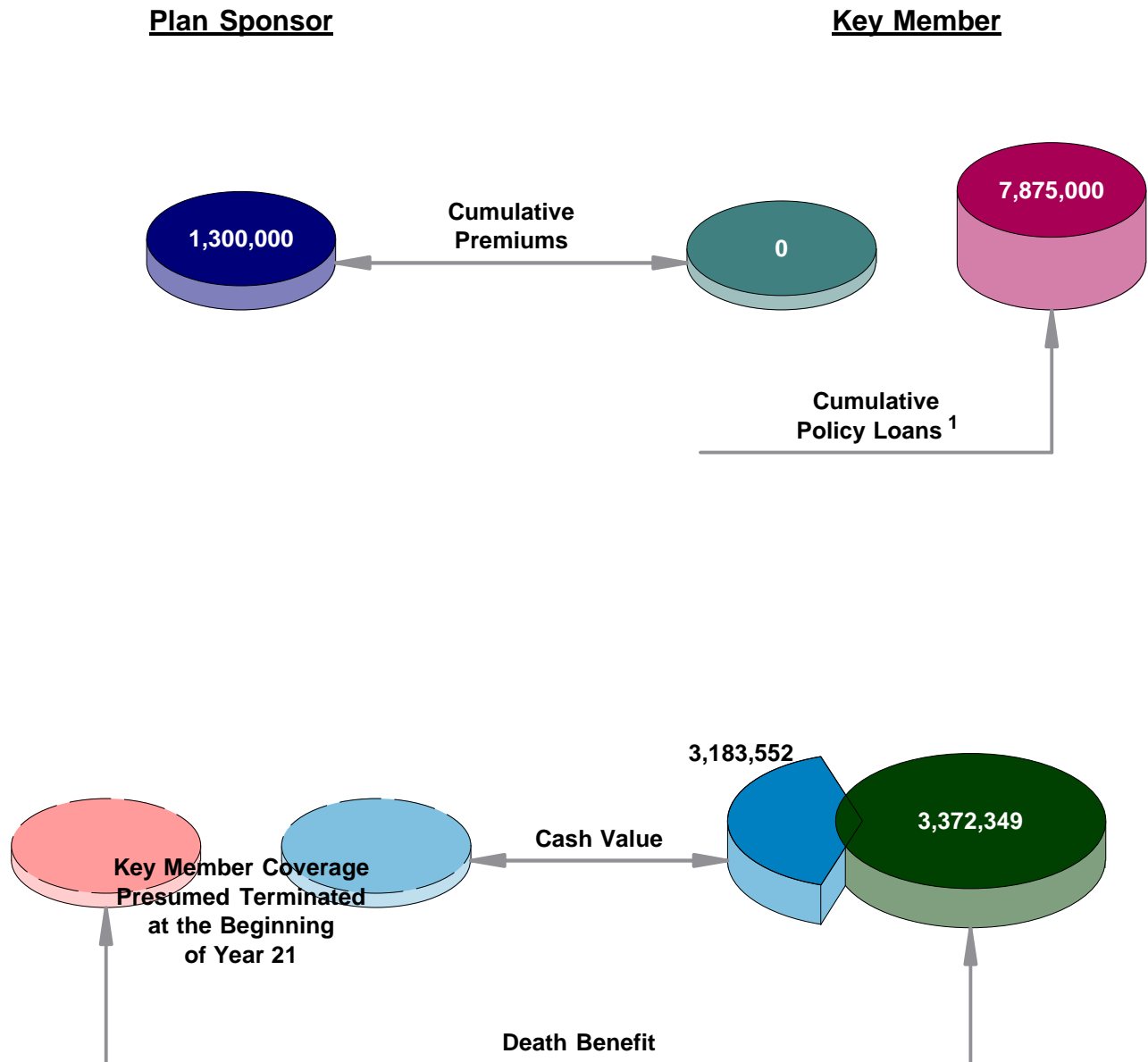
Dual Security Plan Using Indexed Universal Life

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

Insured: Simon Bigelow

A Look at Year 50

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company



¹For Retirement Income.

Dual Security Plan Using Indexed Universal Life

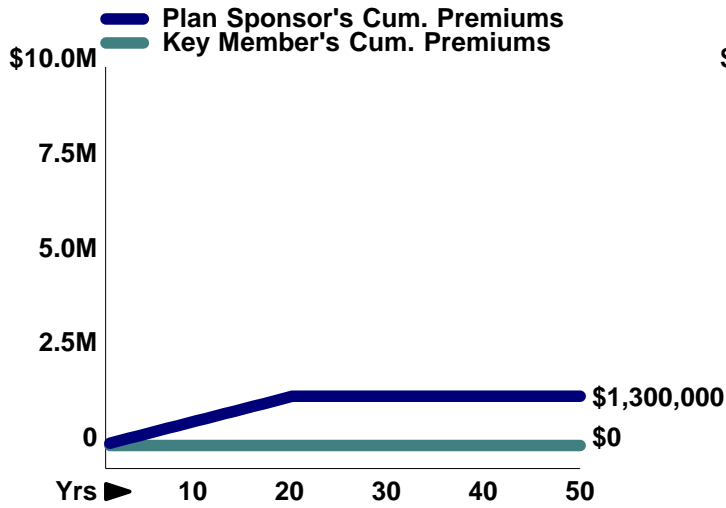
Presented By: [Licensed user's name appears here]

Insured: Simon Bigelow

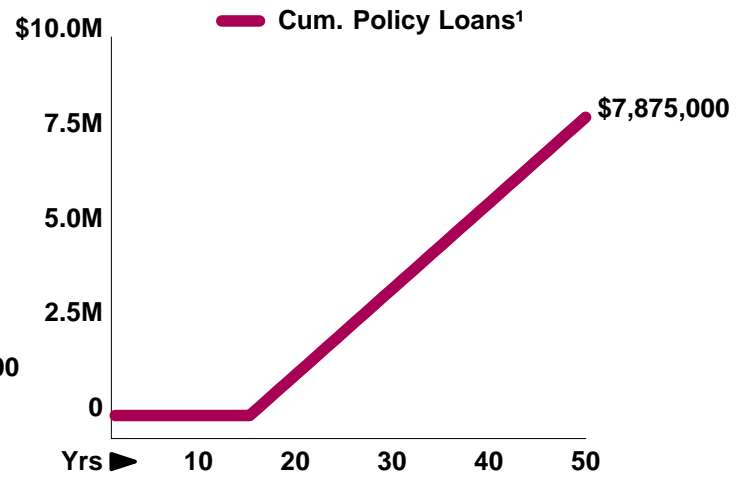
50 Year Analysis

Plan Sponsor: Bay Area Engineering, LLC
Limited Liability Company

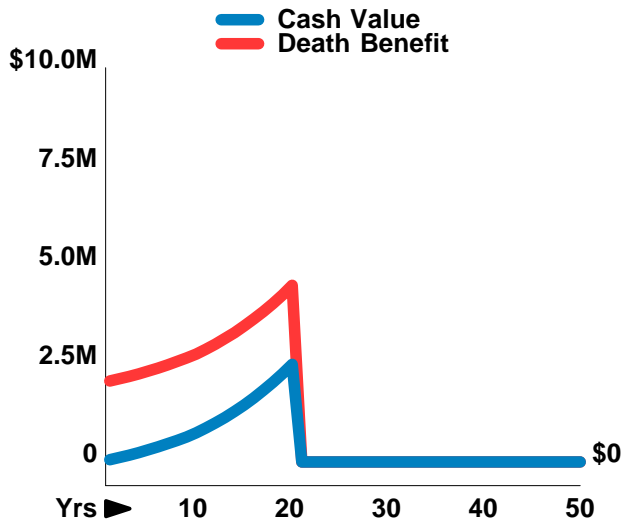
Premiums



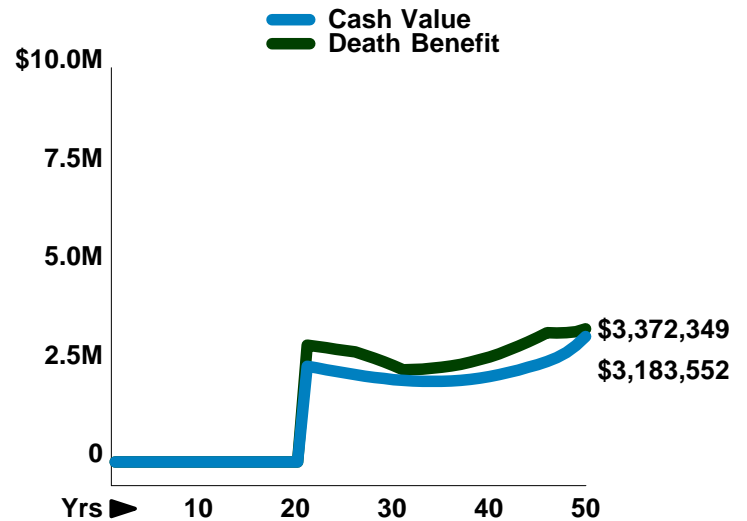
Key Member's Policy Loans



Plan Sponsor's Values



Key Member's Values



¹ For Retirement Income.

Important Note

This material 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.