

# Endorsement Split Dollar with Optional Transfer

For: Tony Callahan



Presented By: \_\_\_\_\_

[Licensed user's name appears here]

## Preface

Of all the strategies used by employers to provide unique fringe benefits for their valuable executives, this variation is one of the most efficient.

With this arrangement, the policy is issued on the executive's life and owned by the employer. Policy values and benefits are allocated as follows:

- The employer owns all cash values which are carried as an asset on its books. (The employer's outlay is simply a transfer from the firm's "cash account" to "cash value account".) The employer has access to cash values through the policy's withdrawal and/or loan provisions.
- The employer's death benefit is equal to its cumulative premiums paid or, if greater, an amount equal to the policy cash value. Through use of a policy endorsement, the executive's beneficiaries are entitled to receive a portion of the policy death benefit.

The accompanying illustration assumes that the executive pays no share of the premium. As a result, the executive will be in receipt of imputed income each year based on the attained age rates contained in Table 2001 (issued as part of IRS Notice 2001-10). This income consequence is illustrated in the accompanying reports including a bonus from the employer to help offset the income tax that results.

### **Optional Transfer of the Policy to the Executive**

In order to provide continuing death protection to the executive's family in post-retirement years, this arrangement provides the employer with an option to transfer the policy to the executive at retirement, or earlier if the executive's employment terminates due to disability, or severance of employment without cause. The option to transfer does not in any way limit the employer's ownership rights, including the right to surrender, assign, or terminate the policy.

The option to transfer should not be construed to keep the cash values of the policy from being used to satisfy the legally enforceable claims of the employer's general creditors, and all interests of the

employer in the policy are subject to the legally enforceable claims of the employer's general creditors.

This Optional Transfer arrangement would work especially well with sole or controlling shareholders who would not have to rely solely on the good faith of the employer's management to be awarded the policy by transfer.

### **Employer's Tax Consequences at Transfer**

If the employer transfers the policy to the executive, the employer must recognize gain to the extent that the policy's cash accumulation value exceeds its premium payments; however, provided the executive's overall compensation is reasonable, the employer is entitled to a deduction under IRC. Section 162 equal to the amount the executive includes in income on the transfer (see below).

### **Executive's Tax Consequences at Transfer**

At the point of transfer, the Executive has taxable income to the extent the policy's fair market value (generally approximated by the policy's cash value without reduction for surrender charges) exceeds its premium payments. (See Reg. Sections 1.61-22(g)(2), 1.61-22(d)(4)(i), and IRS Rev. Proc. 2005-25.) The executive's source of funds for the resulting income tax is generally one or more of the following: 1) withdrawal or loan on the policy; 2) bonus from the employer; or 3) out-of-pocket cash.

After the transfer, the executive has unfettered access to plan cash values through the policy's loan and withdrawal provisions, and this source of continuing cash flow is often used to supplement the executive's retirement income. (The executive's basis in the policy after transfer is the amount on which he/she paid tax, i.e., the policy's cash value without reduction for surrender charges.)

Extensive life insurance coverage for the executive coupled with the transfer option, combined with an impressive array of interim cash values for the

# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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Insured: Tony Callahan

Callahan Plastics, Inc.

## Preface (continued)

employer, constitute a program that should be financially compelling to both employer and executive.

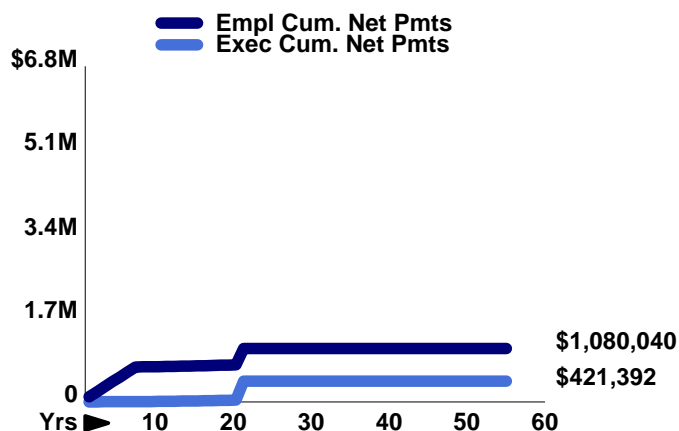
Note: From an ERISA perspective, this option to transfer the policy is part of a plan to provide life insurance coverage and not a plan to provide pension or retirement benefits.

Note: Specimen documents and analysis for this

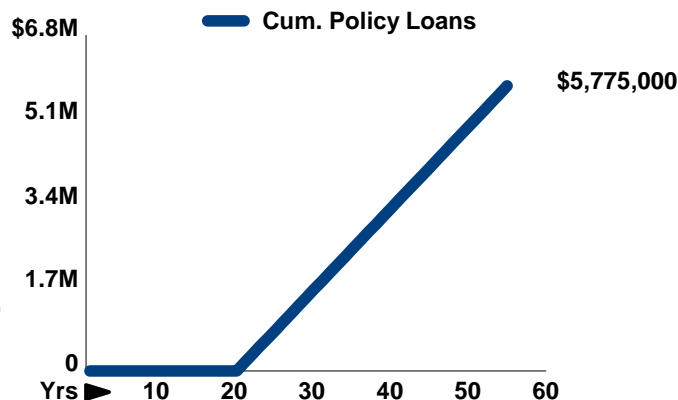
plan are available in InsMark's Documents On A Disk System.

Note: The Final Split Dollar Regulations (68 FR 54336) issued in September 2003 should have no adverse impact on this plan as illustrated; however, in all cases, the approval of a client's legal and tax advisers must be secured regarding the implementation of any form of split dollar.

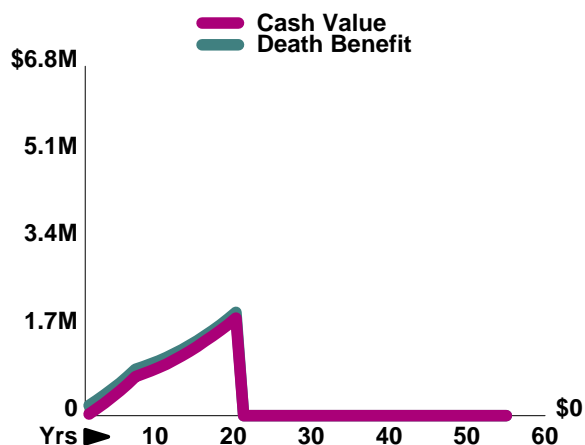
Plan Payments



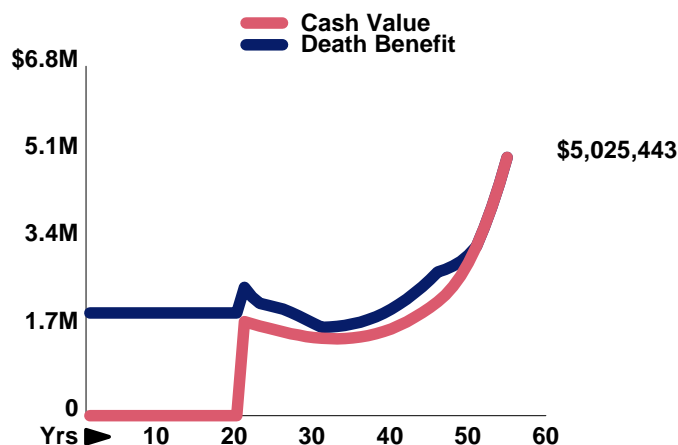
Executive's Cash Flow



Employer's Values



Executive's Values



<sup>1</sup> For Retirement Income.

Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.

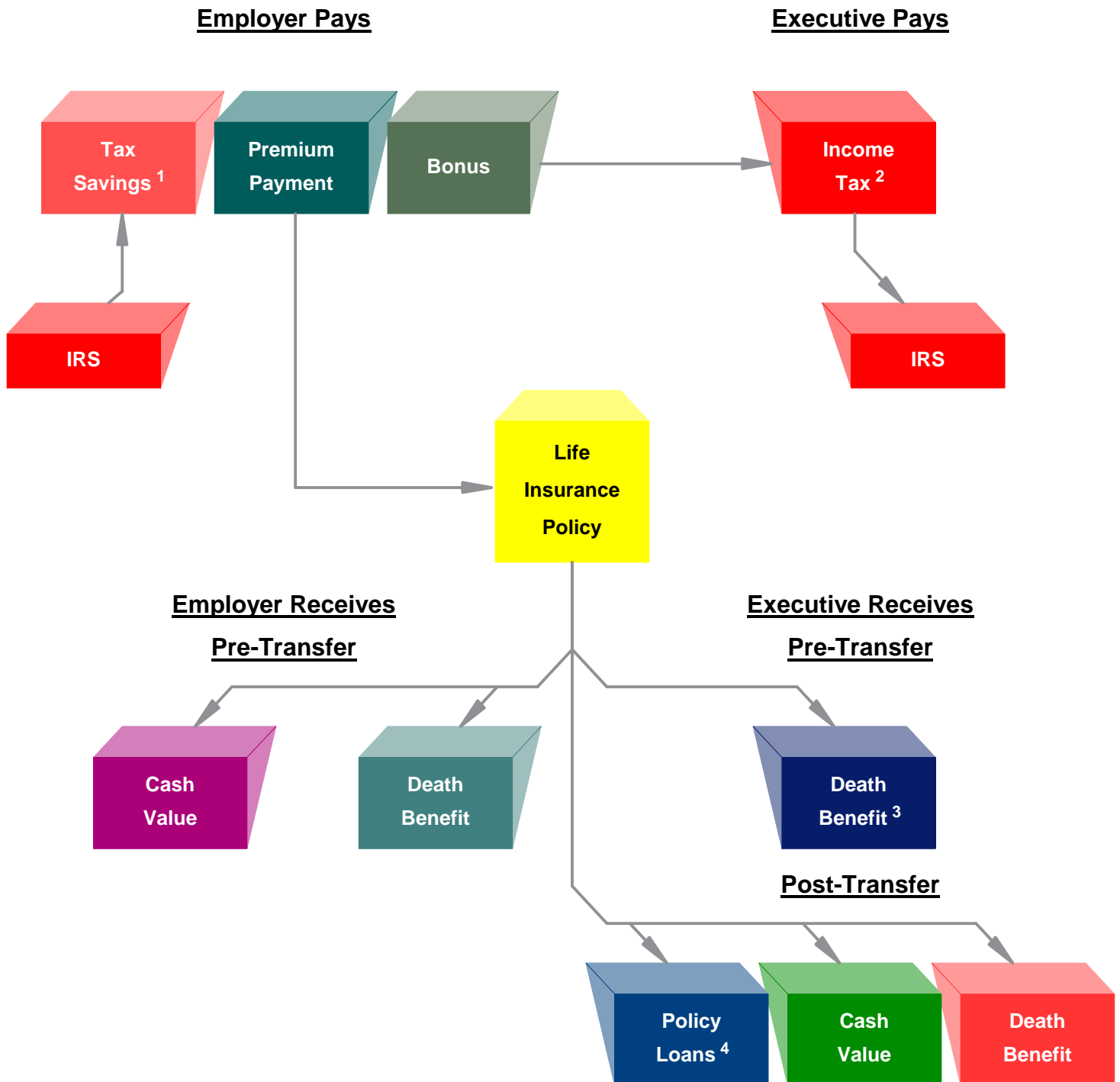
# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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Insured: Tony Callahan

Callahan Plastics, Inc.

## Who Pays What - Who Receives What



<sup>1</sup> See Employer's Analysis page for details.  
<sup>2</sup> See Executive's Analysis page for details.

<sup>3</sup> Equal to remaining balance after employer's portion is deducted.  
<sup>4</sup> For Retirement Income.

# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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Insured: Tony Callahan

Callahan Plastics, Inc.

## Summary of Costs and Benefits

		Form of Transaction (Endorsement)	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 45.00%	Indexed UL Interest Rate 7.50%	Year Transfer is Illustrated 21			
		Employer				Executive			
Year	Male Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Share of Policy Cash Value*	(4) Share of Policy Death Benefit	(5) Net Payment	(6) Retirement Income Net Loan Proceeds	(7) Share of Policy Cash Value*	(8) Share of Policy Death Benefit
1	45	100,909	100,909	31,107	200,000	620	0	0	2,000,000
2	46	100,992	201,901	132,767	296,960	676	0	0	2,000,000
3	47	101,087	302,988	241,527	401,713	741	0	0	2,000,000
4	48	101,176	404,164	357,947	514,127	802	0	0	2,000,000
5	49	101,265	505,429	482,547	634,723	863	0	0	2,000,000
6	50	101,366	606,795	616,480	764,650	932	0	0	2,000,000
7	51	101,497	708,292	760,460	904,627	1,021	0	0	2,000,000
8	52	1,669	709,961	813,180	953,340	1,138	0	0	2,000,000
9	53	1,901	711,862	870,007	1,006,160	1,296	0	0	2,000,000
10	54	2,168	714,030	931,350	1,063,500	1,478	0	0	2,000,000
11	55	2,465	716,495	1,004,160	1,132,303	1,681	0	0	2,000,000
12	56	2,780	719,275	1,081,780	1,205,920	1,895	0	0	2,000,000
13	57	3,089	722,364	1,164,510	1,284,643	2,106	0	0	2,000,000
14	58	3,362	725,726	1,252,713	1,368,840	2,292	0	0	2,000,000
15	59	3,600	729,326	1,346,757	1,458,877	2,454	0	0	2,000,000
16	60	3,867	733,193	1,446,860	1,554,997	2,637	0	0	2,000,000
17	61	4,223	737,416	1,549,453	1,657,590	2,880	0	0	2,000,000
18	62	4,728	742,144	1,658,910	1,767,047	3,224	0	0	2,000,000
19	63	5,394	747,538	1,775,637	1,883,773	3,677	0	0	2,000,000
20	64	6,184	753,722	1,900,063	2,008,200	4,216	0	0	2,000,000
21	65	326,318	1,080,040	0	0	384,763	165,000	1,827,973	2,494,680
22	66	0	1,080,040	0	0	0	165,000	1,785,233	2,309,880
23	67	0	1,080,040	0	0	0	165,000	1,743,817	2,185,260
24	68	0	1,080,040	0	0	0	165,000	1,704,360	2,148,597
25	69	0	1,080,040	0	0	0	165,000	1,665,797	2,111,437
26	70	0	1,080,040	0	0	0	165,000	1,629,220	2,074,770
27	71	0	1,080,040	0	0	0	165,000	1,595,470	2,008,693
28	72	0	1,080,040	0	0	0	165,000	1,565,130	1,939,650
29	73	0	1,080,040	0	0	0	165,000	1,538,787	1,867,373
30	74	0	1,080,040	0	0	0	165,000	1,517,043	1,791,520
		1,080,040				421,392	1,650,000		

Split dollar arrangement presumed terminated in year 21.

30 Year Summary

Employer's Cum. A/T Costs	1,080,040
Employer's Cash Value	0
Employer's Death Benefit	0
Executive's Cum. A/T Costs	421,392
Executive's Cum. Net Loan Proceeds	1,650,000
Executive's Cash Value	1,517,043
Executive's Death Benefit	1,791,520

\*This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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

Insured: Tony Callahan

Callahan Plastics, Inc.

## Summary of Costs and Benefits

		Form of Transaction (Endorsement)	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 45.00%	Indexed UL Interest Rate 7.50%	Year Transfer is Illustrated 21			
		Employer				Executive			
Year	Male Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Share of Policy Cash Value*	(4) Share of Policy Death Benefit	(5) Net Payment	(6) Retirement Income Net Loan Proceeds	(7) Share of Policy Cash Value*	(8) Share of Policy Death Benefit
31	75	0	1,080,040	0	0	0	165,000	1,504,930	1,716,283
32	76	0	1,080,040	0	0	0	165,000	1,497,730	1,722,317
33	77	0	1,080,040	0	0	0	165,000	1,496,020	1,734,933
34	78	0	1,080,040	0	0	0	165,000	1,500,547	1,754,963
35	79	0	1,080,040	0	0	0	165,000	1,512,010	1,783,187
36	80	0	1,080,040	0	0	0	165,000	1,531,083	1,820,360
37	81	0	1,080,040	0	0	0	165,000	1,556,720	1,867,330
38	82	0	1,080,040	0	0	0	165,000	1,591,147	1,924,590
39	83	0	1,080,040	0	0	0	165,000	1,634,957	1,992,820
40	84	0	1,080,040	0	0	0	165,000	1,688,707	2,072,667
41	85	0	1,080,040	0	0	0	165,000	1,752,607	2,164,413
42	86	0	1,080,040	0	0	0	165,000	1,826,547	2,268,007
43	87	0	1,080,040	0	0	0	165,000	1,910,183	2,383,153
44	88	0	1,080,040	0	0	0	165,000	2,002,767	2,509,150
45	89	0	1,080,040	0	0	0	165,000	2,104,760	2,646,547
46	90	0	1,080,040	0	0	0	165,000	2,214,923	2,794,133
47	91	0	1,080,040	0	0	0	165,000	2,349,140	2,844,760
48	92	0	1,080,040	0	0	0	165,000	2,514,127	2,912,020
49	93	0	1,080,040	0	0	0	165,000	2,718,877	3,003,137
50	94	0	1,080,040	0	0	0	165,000	2,975,263	3,127,807
51	95	0	1,080,040	0	0	0	165,000	3,292,733	3,292,733
52	96	0	1,080,040	0	0	0	165,000	3,652,190	3,652,190
53	97	0	1,080,040	0	0	0	165,000	4,057,747	4,057,747
54	98	0	1,080,040	0	0	0	165,000	4,513,880	4,513,880
55	99	0	1,080,040	0	0	0	165,000	5,025,443	5,025,443
		<b>1,080,040</b>				<b>421,392    5,775,000</b>			

Split dollar arrangement presumed terminated in year 21.

### 55 Year Summary

Employer's Cum. A/T Costs	1,080,040
Employer's Cash Value	0
Employer's Death Benefit	0
Executive's Cum. A/T Costs	421,392
Executive's Cum. Net Loan Proceeds	5,775,000
Executive's Cash Value	5,025,443
Executive's Death Benefit	5,025,443

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# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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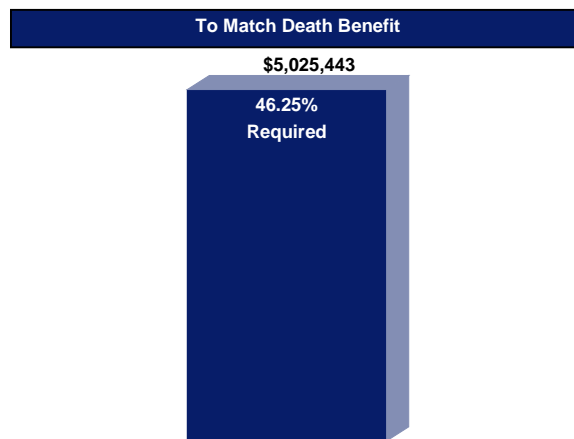
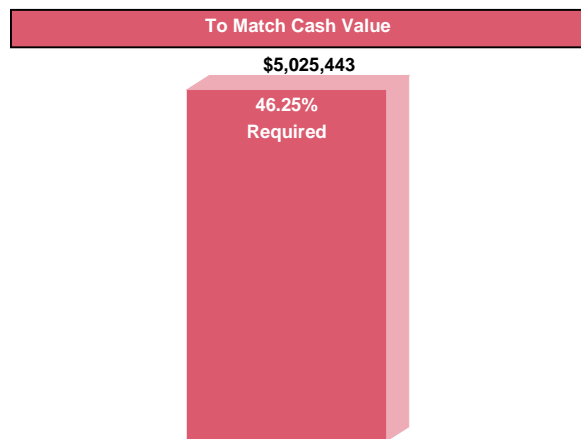
Callahan Plastics, Inc.

## Matching Values at Age 99 (Year 55)

Male	Form of	Executive's	Indexed UL
Age	Transaction	Tax Bracket	Interest Rate
45	(Endorsement)	45.00%	7.50%

### Gross Interest Rate Required on a Hypothetical Taxable Investment to Match the Executive's Share of Indexed Universal Life Policy Values over 55 Years

	Hypothetical Taxable Alternative
To match Cash Value of: \$5,025,443	46.25%
To match Death Benefit of: \$5,025,443	46.25%



### Income Tax Considerations

1. Hypothetical Taxable Investment: Interest is taxed as earned.
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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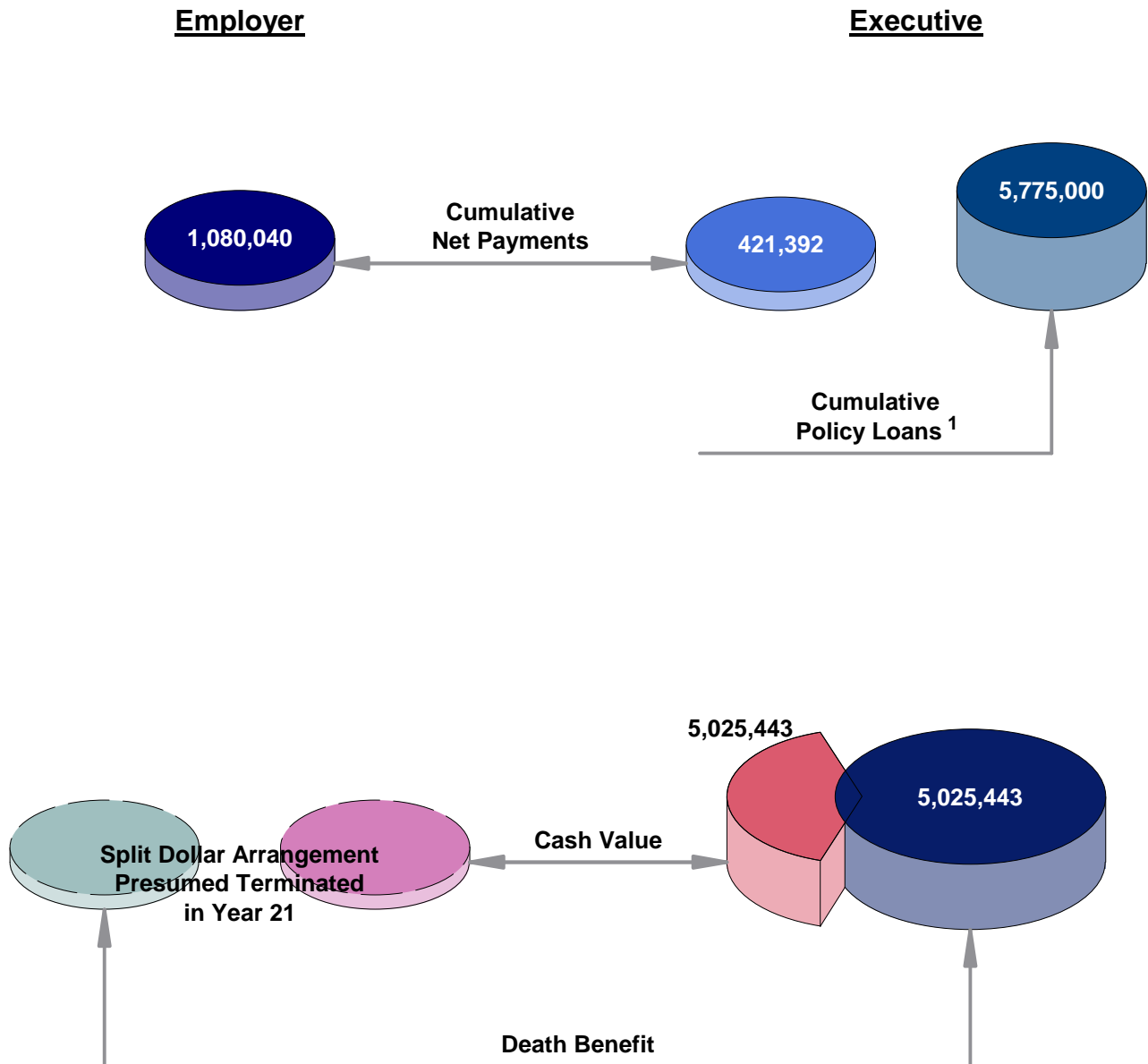
# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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

Insured: Tony Callahan

Callahan Plastics, Inc.

## A Look at Year 55



<sup>1</sup>For Retirement Income.

Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.



# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

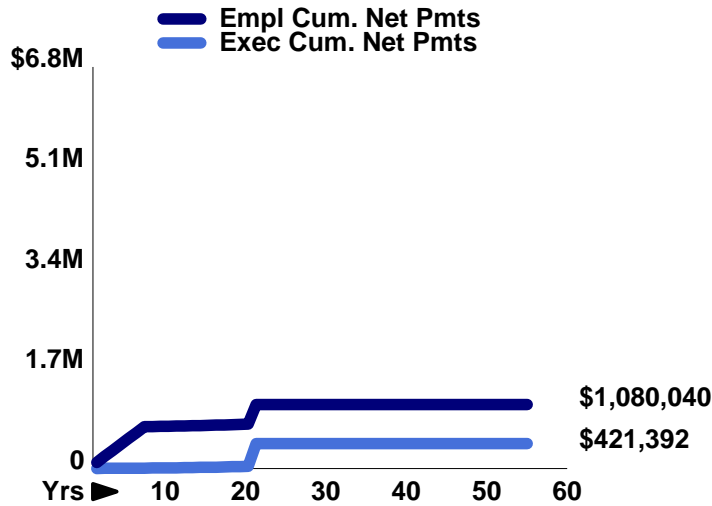
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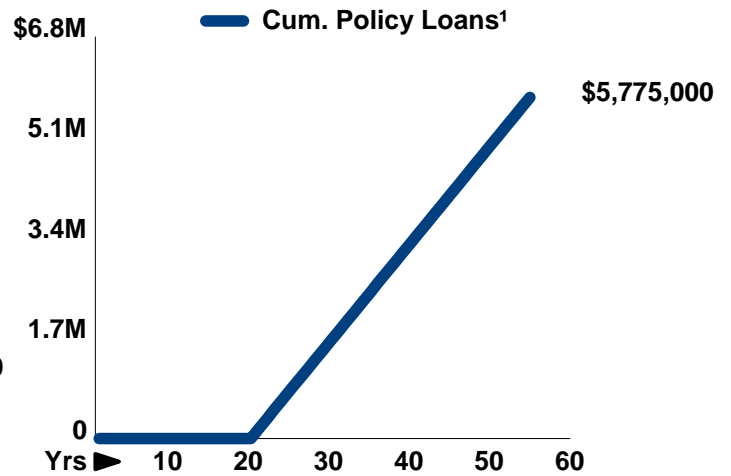
Callahan Plastics, Inc.

## 55 Year Analysis

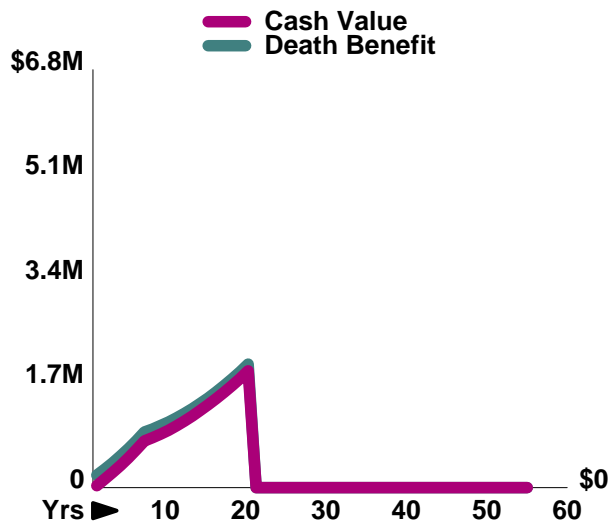
**Plan Payments**



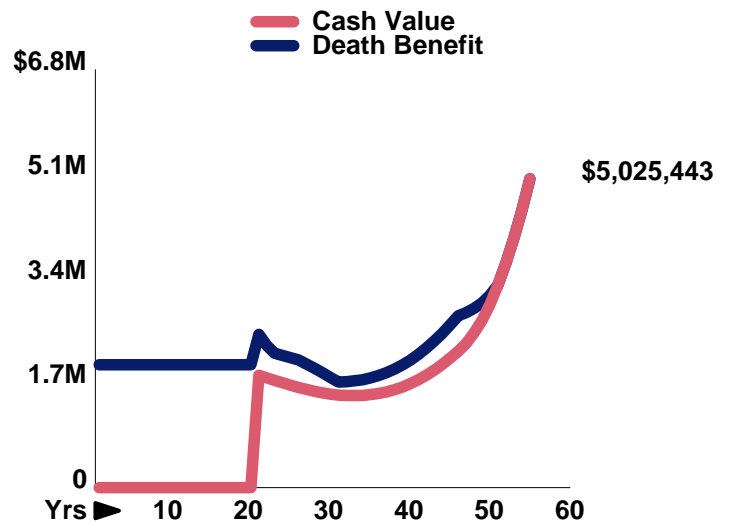
**Executive's Cash Flow**



**Employer's Values**



**Executive's Values**



<sup>1</sup>For Retirement Income.

Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.

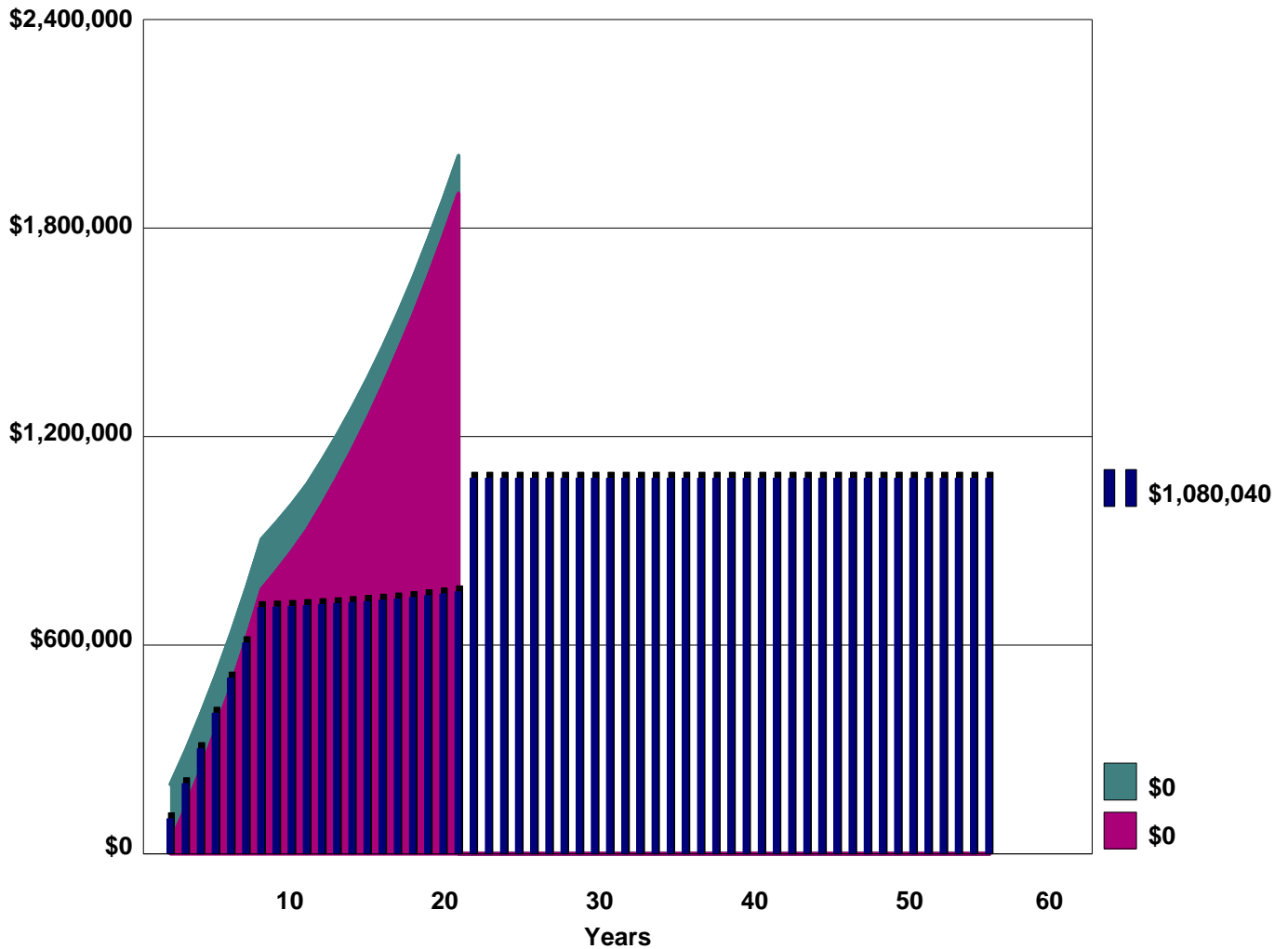
# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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

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Callahan Plastics, Inc.

## Employer's 55 Year Analysis



	At Year 55
Employer's Cumulative Net Payments	\$1,080,040
Employer's Cash Value	\$0
Employer's Death Benefit	\$0

Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.

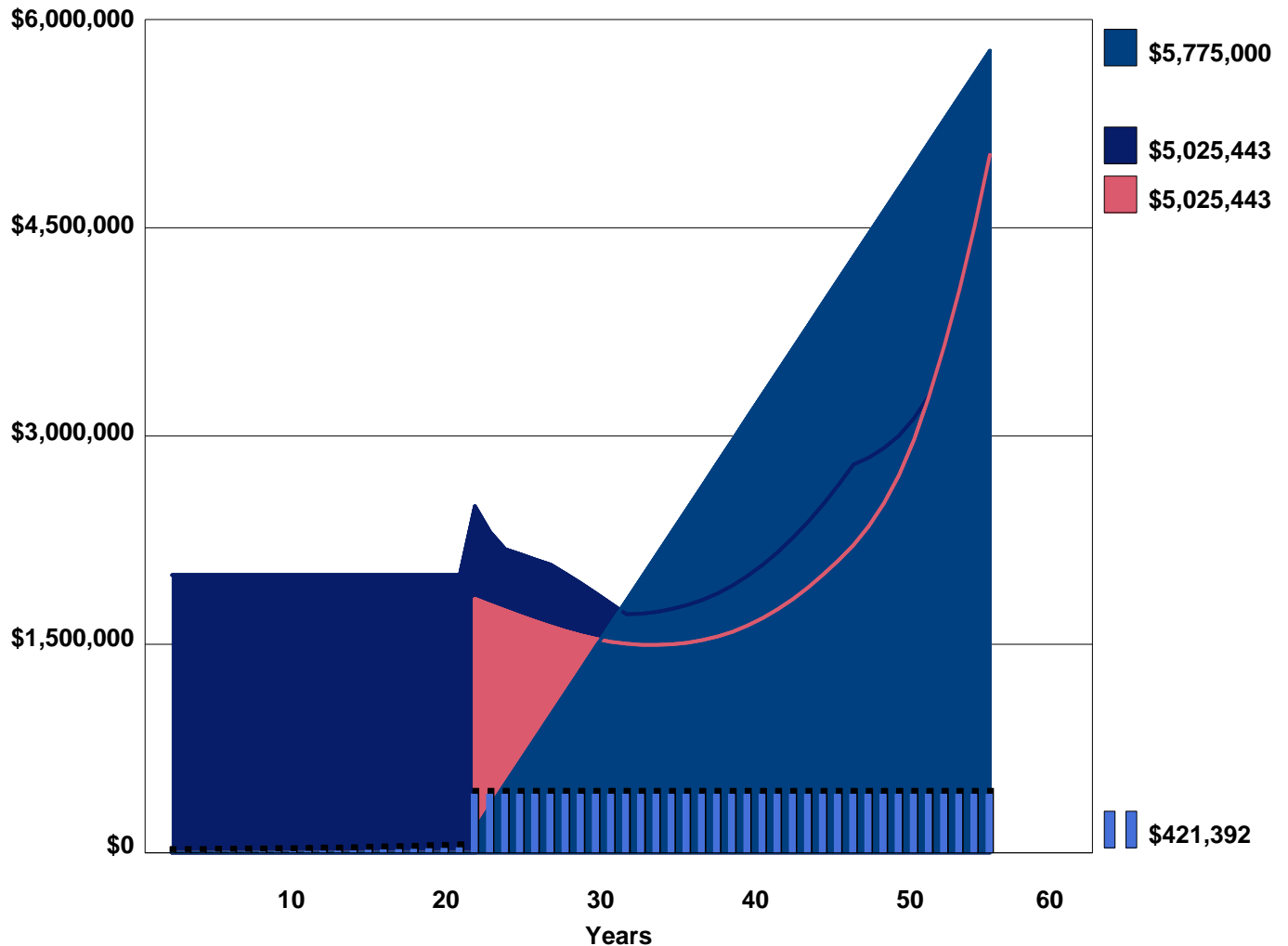
# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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

Insured: Tony Callahan

## Executive's 55 Year Analysis

Callahan Plastics, Inc.



	<u>At Year 55</u>
Executive's Cumulative Net Payments	\$421,392
Executive's Cumulative Policy Loans <sup>1</sup>	\$5,775,000
Executive's Cash Value	\$5,025,443
Executive's Death Benefit	\$5,025,443

<sup>1</sup>For Retirement Income.

Note: The after tax effects of bonuses are included in the cumulative net payments of both the employer and the executive.

# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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Callahan Plastics, Inc.

## Employer's Analysis

		Form of Transaction (Endorsement)	Employer's Tax Bracket 34.00%	Indexed UL Interest Rate 7.50%	Year Transfer is Illustrated 21			
Year	Male Age	(1) Split Dollar Premium Share	(2) Cum. Split Dollar Premium Share	(3) Bonus to Executive	(4) After Tax Cost of Bonus	(5) Income Tax Savings from Transfer*	(6) Net Payment (1)+(4)-(5)	(7) Cumulative Net Payments
1	45	100,000	100,000	1,377	909	0	100,909	100,909
2	46	100,000	200,000	1,503	992	0	100,992	201,901
3	47	100,000	300,000	1,647	1,087	0	101,087	302,988
4	48	100,000	400,000	1,782	1,176	0	101,176	404,164
5	49	100,000	500,000	1,917	1,265	0	101,265	505,429
6	50	100,000	600,000	2,070	1,366	0	101,366	606,795
7	51	100,000	700,000	2,268	1,497	0	101,497	708,292
8	52	0	700,000	2,529	1,669	0	1,669	709,961
9	53	0	700,000	2,880	1,901	0	1,901	711,862
10	54	0	700,000	3,285	2,168	0	2,168	714,030
11	55	0	700,000	3,735	2,465	0	2,465	716,495
12	56	0	700,000	4,212	2,780	0	2,780	719,275
13	57	0	700,000	4,680	3,089	0	3,089	722,364
14	58	0	700,000	5,094	3,362	0	3,362	725,726
15	59	0	700,000	5,454	3,600	0	3,600	729,326
16	60	0	700,000	5,859	3,867	0	3,867	733,193
17	61	0	700,000	6,399	4,223	0	4,223	737,416
18	62	0	700,000	7,164	4,728	0	4,728	742,144
19	63	0	700,000	8,172	5,394	0	5,394	747,538
20	64	0	700,000	9,369	6,184	0	6,184	753,722
21	65	0	0	855,028	564,318	238,000	326,318	1,080,040
22	66	0	0	0	0	0	0	1,080,040
23	67	0	0	0	0	0	0	1,080,040
24	68	0	0	0	0	0	0	1,080,040
25	69	0	0	0	0	0	0	1,080,040
26	70	0	0	0	0	0	0	1,080,040
27	71	0	0	0	0	0	0	1,080,040
28	72	0	0	0	0	0	0	1,080,040
29	73	0	0	0	0	0	0	1,080,040
30	74	0	0	0	0	0	0	1,080,040
		700,000		936,424	618,040		1,080,040	

\*The split dollar arrangement is presumed terminated at the beginning of year 21 via an optional transfer. This produces 1) taxable income to the employer to the extent its value value (without regard to surrender charges) exceeds its cost basis and 2) an income tax deduction equal to the amount the executive includes in income.

This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

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Callahan Plastics, Inc.

## Employer's Analysis

		Form of Transaction (Endorsement)	Employer's Tax Bracket 34.00%	Indexed UL Interest Rate 7.50%	Year Transfer is Illustrated 21			
Year	Male Age	(1) Split Dollar Premium Share	(2) Cum. Split Dollar Premium Share	(3) Bonus to Executive	(4) After Tax Cost of Bonus	(5) Income Tax Savings from Transfer*	(6) Net Payment (1)+(4)-(5)	(7) Cumulative Net Payments
31	75	0	0	0	0	0	0	1,080,040
32	76	0	0	0	0	0	0	1,080,040
33	77	0	0	0	0	0	0	1,080,040
34	78	0	0	0	0	0	0	1,080,040
35	79	0	0	0	0	0	0	1,080,040
36	80	0	0	0	0	0	0	1,080,040
37	81	0	0	0	0	0	0	1,080,040
38	82	0	0	0	0	0	0	1,080,040
39	83	0	0	0	0	0	0	1,080,040
40	84	0	0	0	0	0	0	1,080,040
41	85	0	0	0	0	0	0	1,080,040
42	86	0	0	0	0	0	0	1,080,040
43	87	0	0	0	0	0	0	1,080,040
44	88	0	0	0	0	0	0	1,080,040
45	89	0	0	0	0	0	0	1,080,040
46	90	0	0	0	0	0	0	1,080,040
47	91	0	0	0	0	0	0	1,080,040
48	92	0	0	0	0	0	0	1,080,040
49	93	0	0	0	0	0	0	1,080,040
50	94	0	0	0	0	0	0	1,080,040
51	95	0	0	0	0	0	0	1,080,040
52	96	0	0	0	0	0	0	1,080,040
53	97	0	0	0	0	0	0	1,080,040
54	98	0	0	0	0	0	0	1,080,040
55	99	0	0	0	0	0	0	1,080,040
		700,000	936,424	618,040	1,080,040			

\*The split dollar arrangement is presumed terminated at the beginning of year 21 via an optional transfer. This produces 1) taxable income to the employer to the extent its value value (without regard to surrender charges) exceeds its cost basis and 2) an income tax deduction equal to the amount the executive includes in income.

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# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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Insured: Tony Callahan

Callahan Plastics, Inc.

## Executive's Analysis

		Form of Transaction (Endorsement)	Executive's Tax Bracket 45.00%	Indexed UL Interest Rate 7.50%	Year Transfer is Illustrated 21			
Year	Male Age	(1) Split Dollar Premium Share	(2) Taxable Value of Benefit	(3) Bonus Income Received	(4) Income from Transfer*	(5) Taxable Income (2)+(3)+(4)	(6) Income Tax Due on Col (5)	(7) Net Payment (1) - (3) + (6)
1	45	0	3,060	1,377	0	4,437	1,997	620
2	46	0	3,340	1,503	0	4,843	2,179	676
3	47	0	3,660	1,647	0	5,307	2,388	741
4	48	0	3,960	1,782	0	5,742	2,584	802
5	49	0	4,260	1,917	0	6,177	2,780	863
6	50	0	4,600	2,070	0	6,670	3,002	932
7	51	0	5,040	2,268	0	7,308	3,289	1,021
8	52	0	5,620	2,529	0	8,149	3,667	1,138
9	53	0	6,400	2,880	0	9,280	4,176	1,296
10	54	0	7,300	3,285	0	10,585	4,763	1,478
11	55	0	8,300	3,735	0	12,035	5,416	1,681
12	56	0	9,360	4,212	0	13,572	6,107	1,895
13	57	0	10,400	4,680	0	15,080	6,786	2,106
14	58	0	11,320	5,094	0	16,414	7,386	2,292
15	59	0	12,120	5,454	0	17,574	7,908	2,454
16	60	0	13,020	5,859	0	18,879	8,496	2,637
17	61	0	14,220	6,399	0	20,619	9,279	2,880
18	62	0	15,920	7,164	0	23,084	10,388	3,224
19	63	0	18,160	8,172	0	26,332	11,849	3,677
20	64	0	20,820	9,369	0	30,189	13,585	4,216
21	65	0	0	855,028	1,900,063	2,755,091	1,239,791	384,763
22	66	0	0	0	0	0	0	0
23	67	0	0	0	0	0	0	0
24	68	0	0	0	0	0	0	0
25	69	0	0	0	0	0	0	0
26	70	0	0	0	0	0	0	0
27	71	0	0	0	0	0	0	0
28	72	0	0	0	0	0	0	0
29	73	0	0	0	0	0	0	0
30	74	0	0	0	0	0	0	0
		0	180,880	936,424	1,900,063	3,017,367	1,357,816	421,392

Column (2) is the imputed economic benefit in compliance with IRS Notice 2002-8. (Table 2001 rates utilized.)

This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

\*The split dollar arrangement is presumed terminated at the beginning of year 21 via an optional transfer. This produces taxable income to the executive equal to the cash value transferred from the employer (without regard to surrender charges).

# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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

Insured: Tony Callahan

Callahan Plastics, Inc.

## Executive's Analysis

		Form of Transaction (Endorsement)	Executive's Tax Bracket 45.00%	Indexed UL Interest Rate 7.50%	Year Transfer is Illustrated 21					
Year	Male Age	(1) Split Dollar Premium Share	(2) Taxable Value of Benefit	(3) Bonus Income Received	(4) Income from Transfer*	(5) Taxable Income (2)+(3)+(4)	(6) Income Tax Due on Col (5)	(7) Net Payment (1) - (3) + (6)		
31	75	0	0	0	0	0	0	0		
32	76	0	0	0	0	0	0	0		
33	77	0	0	0	0	0	0	0		
34	78	0	0	0	0	0	0	0		
35	79	0	0	0	0	0	0	0		
36	80	0	0	0	0	0	0	0		
37	81	0	0	0	0	0	0	0		
38	82	0	0	0	0	0	0	0		
39	83	0	0	0	0	0	0	0		
40	84	0	0	0	0	0	0	0		
41	85	0	0	0	0	0	0	0		
42	86	0	0	0	0	0	0	0		
43	87	0	0	0	0	0	0	0		
44	88	0	0	0	0	0	0	0		
45	89	0	0	0	0	0	0	0		
46	90	0	0	0	0	0	0	0		
47	91	0	0	0	0	0	0	0		
48	92	0	0	0	0	0	0	0		
49	93	0	0	0	0	0	0	0		
50	94	0	0	0	0	0	0	0		
51	95	0	0	0	0	0	0	0		
52	96	0	0	0	0	0	0	0		
53	97	0	0	0	0	0	0	0		
54	98	0	0	0	0	0	0	0		
55	99	0	0	0	0	0	0	0		
		0	180,880	936,424	1,900,063	3,017,367	1,357,816	421,392		

Column (2) is the imputed economic benefit in compliance with IRS Notice 2002-8. (Table 2001 rates utilized.)

This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

\*The split dollar arrangement is presumed terminated at the beginning of year 21 via an optional transfer. This produces taxable income to the executive equal to the cash value transferred from the employer (without regard to surrender charges).

# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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

Insured: Tony Callahan

Callahan Plastics, Inc.

## Illustration of Policy Values Funding the Plan

		Employer's Tax Bracket 34.00%	Indexed UL Interest Rate 7.50%	Initial Payment 100,000	Initial Death Benefit 2,200,000	
Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Cash Value* Increase	(4) Year End Cash Value*	(5) Death Benefit
1	45	100,000	0	31,107	31,107	2,200,000
2	46	100,000	0	101,660	132,767	2,296,960
3	47	100,000	0	108,760	241,527	2,401,713
4	48	100,000	0	116,420	357,947	2,514,127
5	49	100,000	0	124,600	482,547	2,634,723
6	50	100,000	0	133,933	616,480	2,764,650
7	51	100,000	0	143,980	760,460	2,904,627
8	52	0	0	52,720	813,180	2,953,340
9	53	0	0	56,827	870,007	3,006,160
10	54	0	0	61,343	931,350	3,063,500
11	55	0	0	72,810	1,004,160	3,132,303
12	56	0	0	77,620	1,081,780	3,205,920
13	57	0	0	82,730	1,164,510	3,284,643
14	58	0	0	88,203	1,252,713	3,368,840
15	59	0	0	94,044	1,346,757	3,458,877
16	60	0	0	100,103	1,446,860	3,554,997
17	61	0	0	102,593	1,549,453	3,657,590
18	62	0	0	109,457	1,658,910	3,767,047
19	63	0	0	116,727	1,775,637	3,883,773
20	64	0	0	124,426	1,900,063	4,008,200
21	65	0	165,000	-72,090	1,827,973	2,494,680
22	66	0	165,000	-42,740	1,785,233	2,309,880
23	67	0	165,000	-41,416	1,743,817	2,185,260
24	68	0	165,000	-39,457	1,704,360	2,148,597
25	69	0	165,000	-38,563	1,665,797	2,111,437
26	70	0	165,000	-36,577	1,629,220	2,074,770
27	71	0	165,000	-33,750	1,595,470	2,008,693
28	72	0	165,000	-30,340	1,565,130	1,939,650
29	73	0	165,000	-26,343	1,538,787	1,867,373
30	74	0	165,000	-21,744	1,517,043	1,791,520
		<b>700,000</b>	<b>1,650,000</b>			

### 30 Year Summary

Cum. Payments	700,000
Cum. Policy Loan Proceeds	1,650,000
Cash Value	1,517,043
Death Benefit	1,791,520

\*This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.



# Endorsement Split Dollar with Optional Transfer Using Indexed Universal Life

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

Insured: Tony Callahan

Callahan Plastics, Inc.

## Illustration of Policy Values Funding the Plan

		Employer's Tax Bracket 34.00%	Indexed UL Interest Rate 7.50%	Initial Payment 100,000	Initial Death Benefit 2,200,000	
Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Cash Value* Increase	(4) Year End Cash Value*	(5) Death Benefit
31	75	0	165,000	-12,113	1,504,930	1,716,283
32	76	0	165,000	-7,200	1,497,730	1,722,317
33	77	0	165,000	-1,710	1,496,020	1,734,933
34	78	0	165,000	4,527	1,500,547	1,754,963
35	79	0	165,000	11,463	1,512,010	1,783,187
36	80	0	165,000	19,073	1,531,083	1,820,360
37	81	0	165,000	25,637	1,556,720	1,867,330
38	82	0	165,000	34,427	1,591,147	1,924,590
39	83	0	165,000	43,810	1,634,957	1,992,820
40	84	0	165,000	53,750	1,688,707	2,072,667
41	85	0	165,000	63,900	1,752,607	2,164,413
42	86	0	165,000	73,940	1,826,547	2,268,007
43	87	0	165,000	83,636	1,910,183	2,383,153
44	88	0	165,000	92,584	2,002,767	2,509,150
45	89	0	165,000	101,993	2,104,760	2,646,547
46	90	0	165,000	110,163	2,214,923	2,794,133
47	91	0	165,000	134,217	2,349,140	2,844,760
48	92	0	165,000	164,987	2,514,127	2,912,020
49	93	0	165,000	204,750	2,718,877	3,003,137
50	94	0	165,000	256,386	2,975,263	3,127,807
51	95	0	165,000	317,470	3,292,733	3,292,733
52	96	0	165,000	359,457	3,652,190	3,652,190
53	97	0	165,000	405,557	4,057,747	4,057,747
54	98	0	165,000	456,133	4,513,880	4,513,880
55	99	0	165,000	511,563	5,025,443	5,025,443
		700,000	5,775,000			

### 55 Year Summary

Cum. Payments	700,000
Cum. Policy Loan Proceeds	5,775,000
Cash Value	5,025,443
Death Benefit	5,025,443

\*This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.