

# **Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account**

## **Introduction**

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 an Equity Account.

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. Lifelong income options;
5. Tax free access to cash values through policy loans;
6. Income tax free death benefits for beneficiaries;
7. Probate free death benefits for beneficiaries;
8. Privacy of all transactions;
9. 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 is particularly evident in the following presentation.

# Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account

Comparison Page: 1

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

For: Elizabeth Rand, MD

Date: [Current date appears here]

Female Age	Equity Account Growth	Equity Account Dividend	Dividend Tax Rate	Income Tax Rate	Composite Capital Gains Tax Rate*	Portfolio Turnover	Indexed UL Interest Rate
40	7.50%	1.00%	25.00%	45.00%	30.00%	10.00%	7.50%

Year	Equity Account*			Indexed Universal Life				
	(1) Annual Deposit to the Account	(2) After Tax Cash Flow from the Account	(3) Year End Account Value	(4) Net Payment	(5) After Tax Policy Loan Proceeds	(6) Surrender Value Increase**	(7) Year End Surrender Value**	(8) Death Benefit
1	55,000	0	58,969	56,602	0	0	0	3,500,000
2	55,000	0	122,095	58,204	0	0	0	3,400,000
3	55,000	0	189,583	59,806	0	0	0	3,300,000
4	55,000	0	261,656	61,408	0	0	0	3,200,000
5	55,000	0	338,553	63,010	0	0	0	3,100,000
6	0	0	361,564	8,010	0	4,495	4,495	3,100,000
7	0	0	385,779	8,010	0	36,841	41,336	3,100,000
8	0	0	411,287	8,010	0	39,417	80,753	3,100,000
9	0	0	438,187	8,010	0	42,317	123,070	3,100,000
10	0	0	466,576	8,010	0	45,569	168,639	3,100,000
11	0	0	496,560	8,010	0	56,860	225,499	3,100,000
12	0	0	528,249	8,010	0	52,123	277,622	3,100,000
13	0	0	561,759	8,010	0	55,879	333,501	3,100,000
14	0	0	597,212	8,010	0	59,902	393,403	3,100,000
15	0	0	634,735	8,010	0	64,208	457,611	3,100,000
16	0	0	674,465	8,010	0	68,805	526,416	3,100,000
17	0	0	716,544	8,010	0	73,746	600,162	3,100,000
18	0	0	761,123	8,010	0	79,025	679,187	3,100,000
19	0	0	808,360	8,010	0	84,693	763,880	3,100,000
20	0	0	858,426	8,010	0	90,762	854,642	3,100,000
	275,000	0		419,180	0			

\*See the accompanying reports entitled "Details of the Equity Account" and "Details of Portfolio Turnover" for year-by-year equity calculation and turnover details.

### 20 Year Summary

Management fees reflected in column (3): 0.75%

\*\*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.

	Equity Account	Indexed UL
After Tax Payments	275,000	419,180
After Tax Cash Flow	0	0
Living Values	858,426	854,642
Death Benefit	858,426	3,100,000

# Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account

Comparison Page: 2

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

For: Elizabeth Rand, MD

Date: [Current date appears here]

Female	Equity Account	Equity Account	Dividend	Income	Composite Capital	Portfolio	Indexed UL
Age	Growth	Dividend	Tax Rate	Tax Rate	Gains Tax Rate*	Turnover	Interest Rate
40	7.50%	1.00%	25.00%	45.00%	30.00%	10.00%	7.50%

Year	Equity Account*			Indexed Universal Life				
	(1) Annual Deposit to the Account	(2) After Tax Cash Flow from the Account	(3) Year End Account Value	(4) Net Payment	(5) After Tax Policy Loan Proceeds	(6) Surrender Value Increase**	(7) Year End Surrender Value**	(8) Death Benefit
21	0	120,000	770,342	225,000	120,000	470,887	1,325,529	3,473,640
22	0	120,000	676,314	0	120,000	-28,894	1,296,635	3,340,583
23	0	120,000	576,042	0	120,000	-28,566	1,268,069	3,200,474
24	0	120,000	469,199	0	120,000	-28,095	1,239,974	3,052,939
25	0	120,000	355,426	0	120,000	-27,421	1,212,553	2,897,585
26	0	120,000	234,338	0	120,000	-26,496	1,186,057	2,733,997
27	0	120,000	105,519	0	120,000	-25,159	1,160,898	2,561,739
28	0	93,694	0	0	120,000	-23,438	1,137,460	2,380,351
29	0	0	0	0	120,000	-21,256	1,116,204	2,189,349
30	0	0	0	0	120,000	-18,503	1,097,701	1,988,225
31	0	0	0	0	120,000	-15,042	1,082,659	1,776,441
32	0	0	0	0	120,000	-10,720	1,071,939	1,553,432
33	0	0	0	0	120,000	-5,371	1,066,568	1,434,845
34	0	0	0	0	120,000	712	1,067,280	1,390,915
35	0	0	0	0	120,000	6,399	1,073,679	1,344,070
36	0	0	0	0	120,000	13,012	1,086,691	1,294,187
37	0	0	0	0	120,000	19,538	1,106,229	1,329,137
38	0	0	0	0	120,000	26,775	1,133,004	1,372,452
39	0	0	0	0	120,000	34,777	1,167,781	1,424,974
40	0	0	0	0	120,000	43,608	1,211,389	1,487,617
	275,000	933,694		644,180	2,400,000			

\*See the accompanying reports entitled "Details of the Equity Account" and "Details of Portfolio Turnover" for year-by-year equity calculation and turnover details.

### 40 Year Summary

Management fees reflected in column (3): 0.75%

\*\*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.

	Equity Account	Indexed UL
After Tax Payments	275,000	644,180
After Tax Cash Flow	933,694	2,400,000
Living Values	0	1,211,389
Death Benefit	0	1,487,617

# Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account

Comparison Page: 3

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

For: Elizabeth Rand, MD

Date: [Current date appears here]

Female	Equity Account	Equity Account	Dividend	Income	Composite Capital	Portfolio	Indexed UL
Age	Growth	Dividend	Tax Rate	Tax Rate	Gains Tax Rate*	Turnover	Interest Rate
40	7.50%	1.00%	25.00%	45.00%	30.00%	10.00%	7.50%

Year	Equity Account*			Indexed Universal Life				
	(1) Annual Deposit to the Account	(2) After Tax Cash Flow from the Account	(3) Year End Account Value	(4) Net Payment	(5) After Tax Policy Loan Proceeds	(6) Surrender Value Increase**	(7) Year End Surrender Value**	(8) Death Benefit
41	0	0	0	0	120,000	53,278	1,264,667	1,561,307
42	0	0	0	0	120,000	63,811	1,328,478	1,646,997
43	0	0	0	0	120,000	75,294	1,403,772	1,745,735
44	0	0	0	0	120,000	87,784	1,491,556	1,858,629
45	0	0	0	0	120,000	101,304	1,592,860	1,986,819
46	0	0	0	0	120,000	115,875	1,708,735	2,131,465
47	0	0	0	0	120,000	131,543	1,840,278	2,293,780
48	0	0	0	0	120,000	148,283	1,988,561	2,474,953
49	0	0	0	0	120,000	166,044	2,154,605	2,676,127
50	0	0	0	0	120,000	184,775	2,339,380	2,898,389
51	0	0	0	0	120,000	204,496	2,543,876	3,142,857
52	0	0	0	0	120,000	234,712	2,778,588	3,292,219
53	0	0	0	0	120,000	270,377	3,048,965	3,462,089
54	0	0	0	0	120,000	312,721	3,361,686	3,657,249
55	0	0	0	0	120,000	362,838	3,724,524	3,883,249
56	0	0	0	0	120,000	420,140	4,144,664	4,144,664
57	0	0	0	0	120,000	468,594	4,613,258	4,613,258
58	0	0	0	0	120,000	521,581	5,134,839	5,134,839
59	0	0	0	0	120,000	579,488	5,714,327	5,714,327
60	0	0	0	0	120,000	642,733	6,357,060	6,357,060
	275,000	933,694		644,180	4,800,000			

\*See the accompanying reports entitled "Details of the Equity Account" and "Details of Portfolio Turnover" for year-by-year equity calculation and turnover details.

### 60 Year Summary

Management fees reflected in column (3): 0.75%

\*\*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.

	Equity Account	Indexed UL
After Tax Payments	275,000	644,180
After Tax Cash Flow	933,694	4,800,000
Living Values	0	6,357,060
Death Benefit	0	6,357,060

# Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account

MV Page: 1  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

Female	Equity	Equity	Dividend	Income	Composite Capital	Portfolio	Indexed UL
Age	Account	Account	Tax Rate	Tax Rate	Gains Tax Rate*	Turnover	Interest Rate
40	7.50%	1.00%	25.00%	45.00%	30.00%	10.00%	7.50%

## Matching Values

### Growth Required on an Equity Account in Addition to the Dividend Illustrated to Match Indexed Universal Life Policy Values over 60 Years.

		<u>Growth Required*</u>
To Match Surrender Value of:	\$6,357,060	11.83%
To match Death Benefit of:	\$6,357,060	11.83%

## Income Tax Considerations

1. Equity Account: Capital gains tax calculations are taxed based on a ratio of asset value to remaining cost basis in any given year.
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.

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.

\*Plus 1.00% dividend.

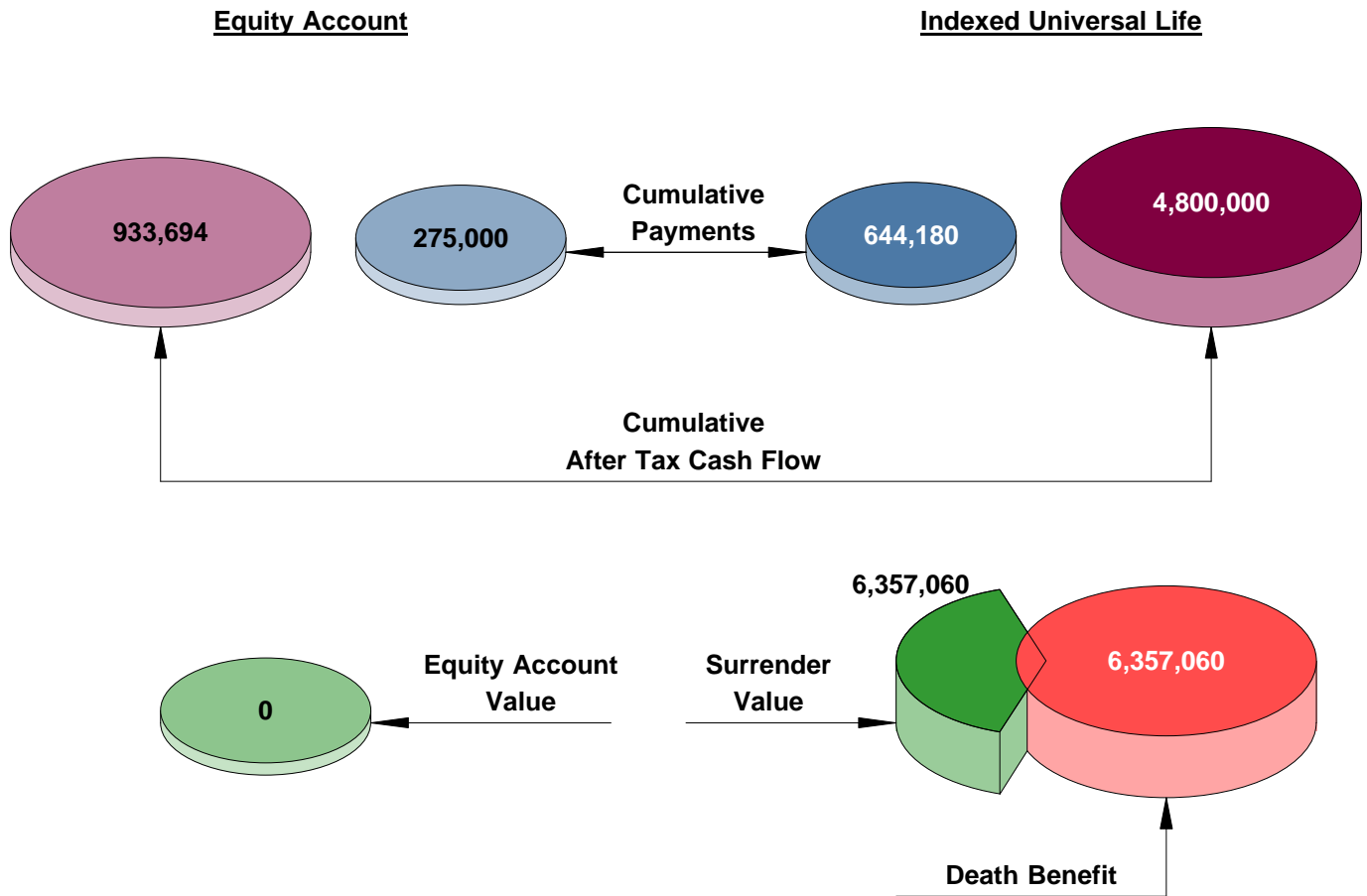
# Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account

Date: [Current date appears here]

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

For: Elizabeth Rand, MD

## 60th Year Summary Analysis



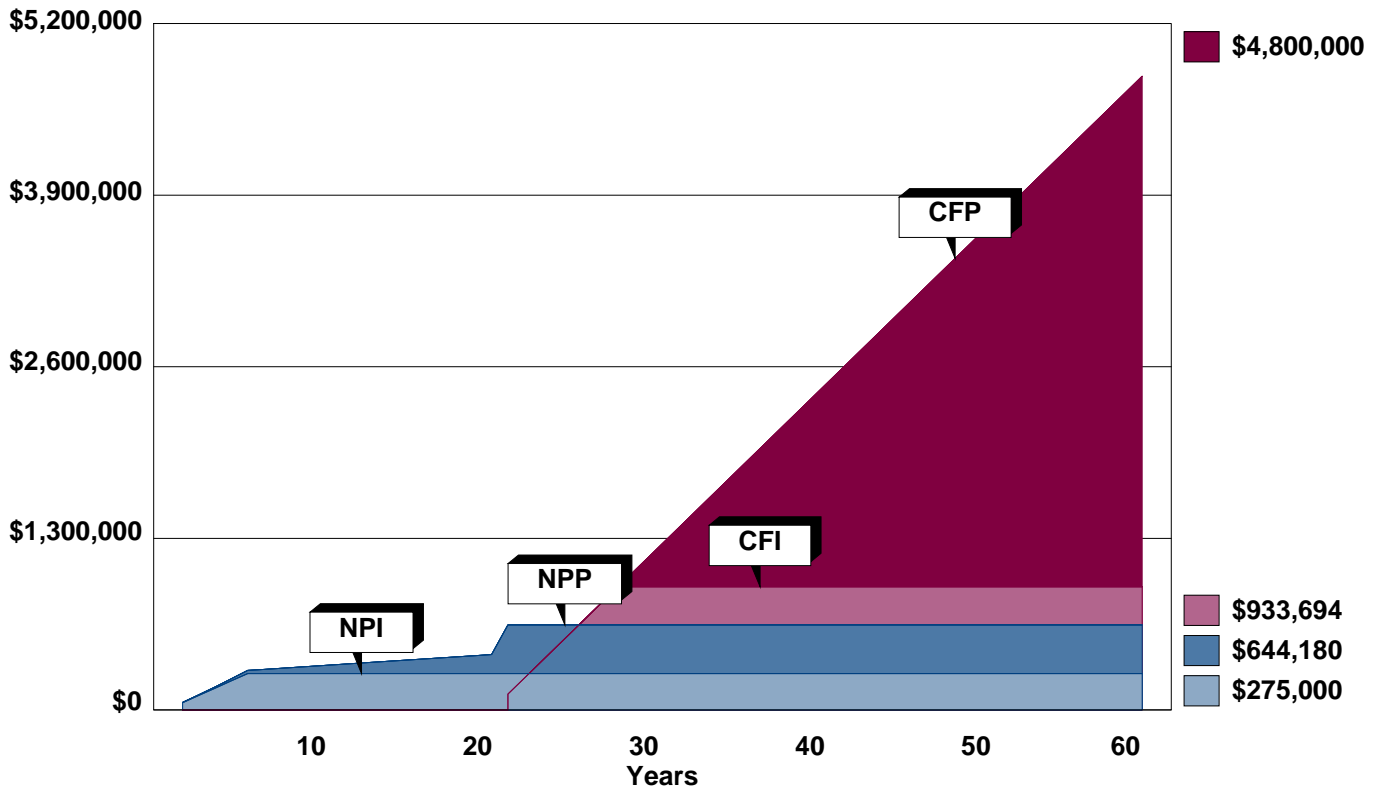
# Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account

Date: [Current date appears here]

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

For: Elizabeth Rand, MD

## 60 Year Graphic Analysis (Net Payment and Cash Flow Comparison)



- NPI - Cumulative Payment to the Equity Account
- NPP - Cumulative Payment to Indexed UL
- CFI - After Tax Cash Flow from the Equity Account
- CFP - After Tax Cash Flow from Indexed UL

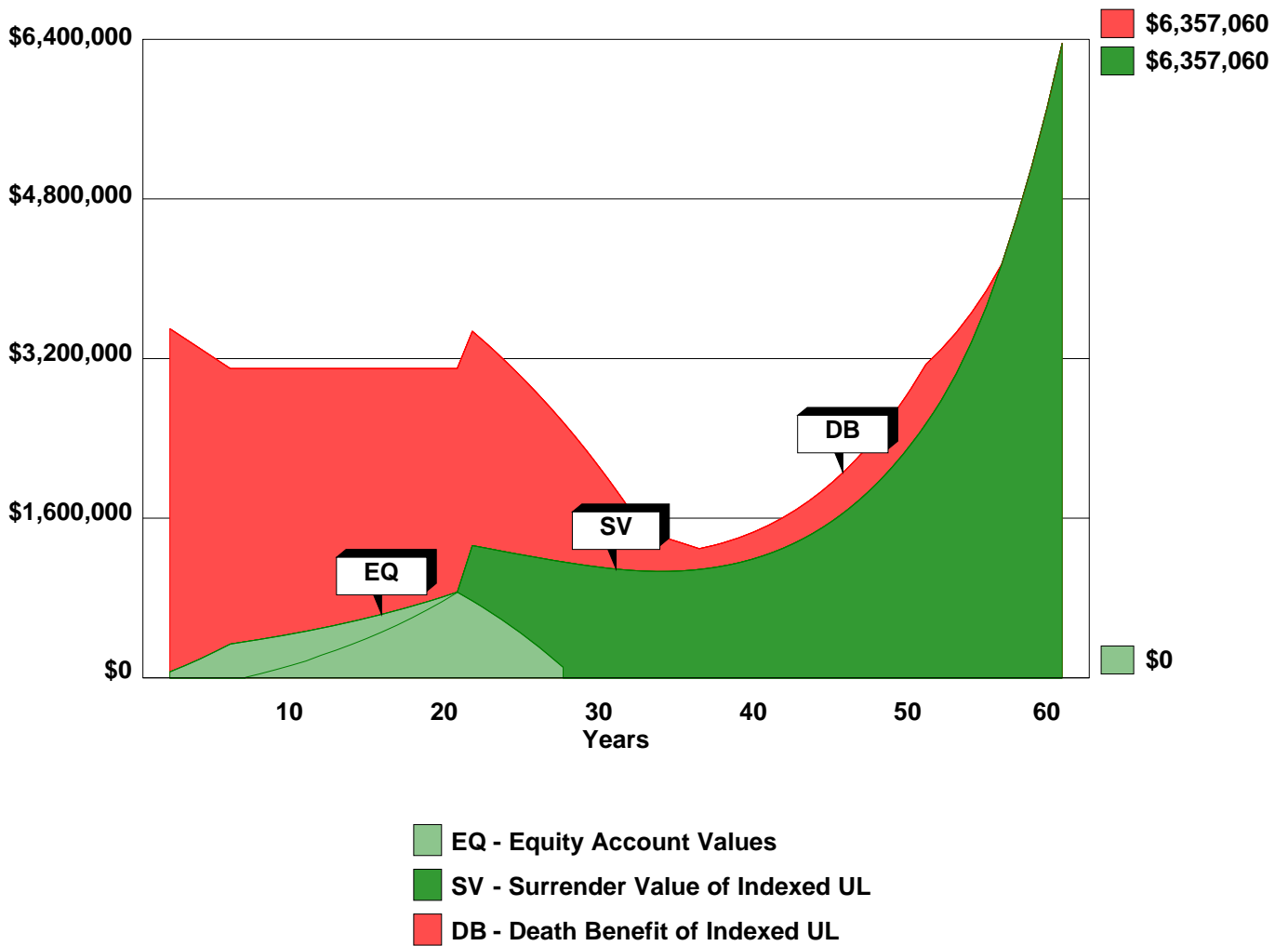
# Executive's Share of a Leveraged Deferred Compensation Plan vs. An Equity Account

Date: [Current date appears here]

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

For: Elizabeth Rand, MD

## 60 Year Graphic Analysis





## Details of the Equity Account

Equity Details Page: 1

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

For: Elizabeth Rand, MD

Date: [Current date appears here]

	Equity Account Growth 7.50%	Equity Account Dividend 1.00%	Dividend Tax Rate 25.00%	Income Tax Rate 45.00%	Composite Capital Gains Tax Rate* 30.00%	Turnover Assumption 10.00%				
Year	(1) Beginning of Year Account Value	(2) Annual Deposit	(3) Sale of Equities	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Year End Value of Account Before Turnover	(7) Year End Value of Account After Turnover**	(8) After Tax Dividend Cash Flow	(9) After Tax Cash Flow from Equity Sales	(10) Combined After Tax Cash Flow
1	0	55,000	0	4,125	413	59,538	58,969	0	0	0
2	58,969	55,000	0	8,548	855	123,372	122,095	0	0	0
3	122,095	55,000	0	13,282	1,328	191,705	189,583	0	0	0
4	189,583	55,000	0	18,344	1,834	264,761	261,656	0	0	0
5	261,656	55,000	0	23,749	2,375	342,780	338,553	0	0	0
6	338,553	0	0	25,391	2,539	366,483	361,564	0	0	0
7	361,564	0	0	27,117	2,712	391,393	385,779	0	0	0
8	385,779	0	0	28,933	2,893	417,605	411,287	0	0	0
9	411,287	0	0	30,847	3,085	445,219	438,187	0	0	0
10	438,187	0	0	32,864	3,286	474,337	466,576	0	0	0
11	466,576	0	0	34,993	3,499	505,068	496,560	0	0	0
12	496,560	0	0	37,242	3,724	537,526	528,249	0	0	0
13	528,249	0	0	39,619	3,962	571,830	561,759	0	0	0
14	561,759	0	0	42,132	4,213	608,104	597,212	0	0	0
15	597,212	0	0	44,791	4,479	646,482	634,735	0	0	0
16	634,735	0	0	47,605	4,761	687,101	674,465	0	0	0
17	674,465	0	0	50,585	5,058	730,108	716,544	0	0	0
18	716,544	0	0	53,741	5,374	775,659	761,123	0	0	0
19	761,123	0	0	57,084	5,708	823,915	808,360	0	0	0
20	808,360	0	0	60,627	6,063	875,050	858,426	0	0	0
		275,000	0	681,619	68,161			0	0	0

\*The composite capital gains tax rate includes 25.00% short-term gains subject to ordinary income tax and 75.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%  
Income Tax: 45.00%

\*\*Column (7) is reduced by a 0.75% management fee.

(To review turnover calculations, see the Details of Portfolio Turnover report.)

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

## Details of the Equity Account

Equity Details Page: 2  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

	Equity Account Growth 7.50%		Equity Account Dividend 1.00%		Dividend Tax Rate 25.00%		Income Tax Rate 45.00%		Composite Capital Gains Tax Rate* 30.00%		Turnover Assumption 10.00%	
Year	(1) Beginning of Year Account Value	(2) Annual Deposit	(3) Sale of Equities	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Year End Value of Account Before Turnover	(7) Year End Value of Account After Turnover**	(8) After Tax Dividend Cash Flow	(9) After Tax from Equity Sales	(10) Combined After Tax Cash Flow		
21	858,426	0	127,815	54,796	0	785,407	770,342	5,480	114,520	120,000		
22	770,342	0	128,806	48,115	0	689,651	676,314	4,812	115,188	120,000		
23	676,314	0	129,818	40,987	0	587,483	576,042	4,098	115,902	120,000		
24	576,042	0	130,856	33,389	0	478,575	469,199	3,339	116,661	120,000		
25	469,199	0	131,927	25,295	0	362,567	355,426	2,529	117,471	120,000		
26	355,426	0	133,037	16,679	0	239,068	234,338	1,668	118,332	120,000		
27	234,338	0	134,192	7,511	0	107,657	105,519	751	119,249	120,000		
28	105,519	0	105,519	0	0	0	0	0	93,694	93,694		
29	0	0	0	0	0	0	0	0	0	0		
30	0	0	0	0	0	0	0	0	0	0		
31	0	0	0	0	0	0	0	0	0	0		
32	0	0	0	0	0	0	0	0	0	0		
33	0	0	0	0	0	0	0	0	0	0		
34	0	0	0	0	0	0	0	0	0	0		
35	0	0	0	0	0	0	0	0	0	0		
36	0	0	0	0	0	0	0	0	0	0		
37	0	0	0	0	0	0	0	0	0	0		
38	0	0	0	0	0	0	0	0	0	0		
39	0	0	0	0	0	0	0	0	0	0		
40	0	0	0	0	0	0	0	0	0	0		
		275,000	1,021,970	908,391	68,161			22,677	911,017	933,694		

\*The composite capital gains tax rate includes 25.00% short-term gains subject to ordinary income tax and 75.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:  
Capital Gains Tax: 25.00%  
Income Tax: 45.00%

\*\*Column (7) is reduced by a 0.75% management fee.  
(To review turnover calculations, see the Details of Portfolio Turnover report.)

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

## Details of the Equity Account

Equity Details Page: 3  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

	Equity Account Growth 7.50%	Equity Account Dividend 1.00%	Dividend Tax Rate 25.00%	Income Tax Rate 45.00%	Composite Capital Gains Tax Rate* 30.00%	Turnover Assumption 10.00%						
Year	(1) Beginning of Year Account Value	(2) Annual Deposit	(3) Sale of Equities	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Year End Value of Account Before Turnover	(7) Year End Value of Account After Turnover**	(8) After Tax Dividend Cash Flow	(9) After Tax Cash Flow from Equity Sales	(10) Combined After Tax Cash Flow		
41	0	0	0	0	0	0	0	0	0	0		0
42	0	0	0	0	0	0	0	0	0	0		0
43	0	0	0	0	0	0	0	0	0	0		0
44	0	0	0	0	0	0	0	0	0	0		0
45	0	0	0	0	0	0	0	0	0	0		0
46	0	0	0	0	0	0	0	0	0	0		0
47	0	0	0	0	0	0	0	0	0	0		0
48	0	0	0	0	0	0	0	0	0	0		0
49	0	0	0	0	0	0	0	0	0	0		0
50	0	0	0	0	0	0	0	0	0	0		0
51	0	0	0	0	0	0	0	0	0	0		0
52	0	0	0	0	0	0	0	0	0	0		0
53	0	0	0	0	0	0	0	0	0	0		0
54	0	0	0	0	0	0	0	0	0	0		0
55	0	0	0	0	0	0	0	0	0	0		0
56	0	0	0	0	0	0	0	0	0	0		0
57	0	0	0	0	0	0	0	0	0	0		0
58	0	0	0	0	0	0	0	0	0	0		0
59	0	0	0	0	0	0	0	0	0	0		0
60	0	0	0	0	0	0	0	0	0	0		0
		275,000	1,021,970	908,391	68,161			22,677	911,017	933,694		

\*The composite capital gains tax rate includes 25.00% short-term gains subject to ordinary income tax and 75.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:  
Capital Gains Tax: 25.00%  
Income Tax: 45.00%

\*\*Column (7) is reduced by a 0.75% management fee.  
(To review turnover calculations, see the Details of Portfolio Turnover report.)

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

## Details of Portfolio Turnover

### Equity Account Details

Portfolio Turnover Page: 1  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

	Equity Account Growth 7.50%	Equity Account Dividend 1.00%	Dividend Tax Rate 25.00%	Income Tax Rate 45.00%	Composite Capital Gains Tax Rate* 30.00%	Turnover Assumption 10.00%					
Year	(1) Beginning of Year Cost Basis	(2) Annual Deposit to the Account	(3) Sale of Equities to Fund Cash Flow	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Account Value Before Turnover	(7) Adjusted Cost Basis	(8) Sale of Equities Caused by Turnover	(9) Cost Basis Used by Turnover	(10) After Tax Reinvested Turnover	(11) Year End Value of Account After Turnover**
1	0	55,000	0	4,125	413	59,538	55,413	5,954	5,541	5,830	58,969
2	55,702	55,000	0	8,548	855	123,372	111,556	12,337	11,156	11,983	122,095
3	112,384	55,000	0	13,282	1,328	191,705	168,712	19,171	16,871	18,481	189,583
4	170,321	55,000	0	18,344	1,834	264,761	227,155	26,476	22,716	25,348	261,656
5	229,788	55,000	0	23,749	2,375	342,780	287,163	34,278	28,716	32,609	338,553
6	291,056	0	0	25,391	2,539	366,483	293,595	36,648	29,359	34,462	361,564
7	298,697	0	0	27,117	2,712	391,393	301,409	39,139	30,141	36,440	385,779
8	307,708	0	0	28,933	2,893	417,605	310,601	41,761	31,060	38,550	411,287
9	318,091	0	0	30,847	3,085	445,219	321,176	44,522	32,118	40,801	438,187
10	329,859	0	0	32,864	3,286	474,337	333,145	47,434	33,315	43,198	466,576
11	343,029	0	0	34,993	3,499	505,068	346,527	50,507	34,653	45,751	496,560
12	357,626	0	0	37,242	3,724	537,526	361,350	53,753	36,135	48,467	528,249
13	373,682	0	0	39,619	3,962	571,830	377,644	57,183	37,764	51,357	561,759
14	391,237	0	0	42,132	4,213	608,104	395,450	60,810	39,545	54,431	597,212
15	410,336	0	0	44,791	4,479	646,482	414,815	64,648	41,481	57,698	634,735
16	431,031	0	0	47,605	4,761	687,101	435,792	68,710	43,579	61,171	674,465
17	453,384	0	0	50,585	5,058	730,108	458,442	73,011	45,844	64,861	716,544
18	477,459	0	0	53,741	5,374	775,659	482,833	77,566	48,283	68,781	761,123
19	503,330	0	0	57,084	5,708	823,915	509,039	82,392	50,904	72,945	808,360
20	531,080	0	0	60,627	6,063	875,050	537,143	87,505	53,714	77,368	858,426
		275,000									

\*The composite capital gains tax rate includes 25.00% short-term gains subject to ordinary income tax and 75.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%

\*\*Composite Tax is based by a 0.75% management fee.

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

## Details of Portfolio Turnover

### Equity Account Details

Portfolio Turnover Page: 2  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

	Equity Account Growth 7.50%	Equity Account Dividend 1.00%	Dividend Tax Rate 25.00%	Income Tax Rate 45.00%	Composite Capital Gains Tax Rate* 30.00%	Turnover Assumption 10.00%					
Year	(1) Beginning of Year Cost Basis	(2) Annual Deposit to the Account	(3) Sale of Equities to Fund Cash Flow	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Account Value Before Turnover	(7) Adjusted Cost Basis	(8) Sale of Equities Caused by Turnover	(9) Cost Basis Used by Turnover	(10) After Tax Reinvested Turnover	(11) Year End Value of Account After Turnover**
21	560,796	0	127,815	54,796	0	785,407	477,297	78,541	47,730	69,297	770,342
22	498,864	0	128,806	48,115	0	689,651	415,451	68,965	41,545	60,739	676,314
23	434,645	0	129,818	40,987	0	587,483	351,216	58,748	35,122	51,660	576,042
24	367,754	0	130,856	33,389	0	478,575	284,213	47,858	28,421	42,027	469,199
25	297,819	0	131,927	25,295	0	362,567	214,080	36,257	21,408	31,802	355,426
26	224,474	0	133,037	16,679	0	239,068	140,453	23,907	14,045	20,948	234,338
27	147,356	0	134,192	7,511	0	107,657	62,974	10,766	6,297	9,425	105,519
28	66,101	0	105,519	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0	0	0	0	0
31	0	0	0	0	0	0	0	0	0	0	0
32	0	0	0	0	0	0	0	0	0	0	0
33	0	0	0	0	0	0	0	0	0	0	0
34	0	0	0	0	0	0	0	0	0	0	0
35	0	0	0	0	0	0	0	0	0	0	0
36	0	0	0	0	0	0	0	0	0	0	0
37	0	0	0	0	0	0	0	0	0	0	0
38	0	0	0	0	0	0	0	0	0	0	0
39	0	0	0	0	0	0	0	0	0	0	0
40	0	0	0	0	0	0	0	0	0	0	0
	275,000										

\*The composite capital gains tax rate includes 25.00% short-term gains subject to ordinary income tax and 75.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%

\*\*Composite Tax: 35.00% (includes 30.00% Capital Gains Tax and 5.00% ordinary income tax) reduced by a 0.75% management fee.

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

## Details of Portfolio Turnover

### Equity Account Details

Portfolio Turnover Page: 3  
Date: [Current date appears here]

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

For: Elizabeth Rand, MD

	Equity Account Growth 7.50%	Equity Account Dividend 1.00%	Dividend Tax Rate 25.00%	Income Tax Rate 45.00%	Composite Capital Gains Tax Rate* 30.00%	Turnover Assumption 10.00%					
Year	(1) Beginning of Year Cost Basis	(2) Annual Deposit to the Account	(3) Sale of Equities to Fund Cash Flow	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Account Value Before Turnover	(7) Adjusted Cost Basis	(8) Sale of Equities Caused by Turnover	(9) Cost Basis Used by Turnover	(10) After Tax Reinvested Turnover	(11) Year End Value of Account After Turnover**
41	0	0	0	0	0	0	0	0	0	0	0
42	0	0	0	0	0	0	0	0	0	0	0
43	0	0	0	0	0	0	0	0	0	0	0
44	0	0	0	0	0	0	0	0	0	0	0
45	0	0	0	0	0	0	0	0	0	0	0
46	0	0	0	0	0	0	0	0	0	0	0
47	0	0	0	0	0	0	0	0	0	0	0
48	0	0	0	0	0	0	0	0	0	0	0
49	0	0	0	0	0	0	0	0	0	0	0
50	0	0	0	0	0	0	0	0	0	0	0
51	0	0	0	0	0	0	0	0	0	0	0
52	0	0	0	0	0	0	0	0	0	0	0
53	0	0	0	0	0	0	0	0	0	0	0
54	0	0	0	0	0	0	0	0	0	0	0
55	0	0	0	0	0	0	0	0	0	0	0
56	0	0	0	0	0	0	0	0	0	0	0
57	0	0	0	0	0	0	0	0	0	0	0
58	0	0	0	0	0	0	0	0	0	0	0
59	0	0	0	0	0	0	0	0	0	0	0
60	0	0	0	0	0	0	0	0	0	0	0
	275,000										

\*The composite capital gains tax rate includes 25.00% short-term gains subject to ordinary income tax and 75.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%

\*\*Column (11) is based by a 0.75% management fee.

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

**Executive's Share of a Leveraged Deferred Compensation Plan**  
**vs.**  
**An Equity Account**

**Taxation of Cash Flow**

With equity accounts, dividends are taxed and the after tax balance either reinvested or used for scheduled cash flow. Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are tax free up to cost basis and taxable thereafter. Policy loans are tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this issue.

## **Supplemental Report**

Date: [Current date appears here]

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

### **IRS Circular 230 Disclosure**

This statement is required by IRS regulations (31 CFR Part 10, §10.35): Circular 230 disclaimer:

In order to comply with requirements imposed by the IRS which may apply to the accompanying documents (including any attachments, enclosures, or referred material) as distributed or as re-circulated, please be advised that the material contained herein is not intended or written to be used, and it cannot be used, by anyone for the purposes of avoiding any penalty that may be imposed by the Internal Revenue Service under the Internal Revenue Code. In the event that the accompanying material (including any attachments, enclosures, or referred material) is also considered to be a "marketed opinion" within the meaning of the IRS guidance, then, as required by the IRS, please be further advised that the material is written to support the promotions or marketing of the transactions or matters addressed, and based on the particular circumstances, you should seek advice from an independent tax advisor.

### **Important Note**

The information in the accompanying 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.