

# **Executive Trifecta®**

## **(for Key Non-Member Executives of Limited Liability Companies)**

### **Key Executive Coverage, Survivor Income Benefit, and Subsequent Transfer of Policy to Key Executive**

"Trifecta" refers to a winning sequence of three, and Executive Trifecta delivers three, very powerful, sequential benefits:

- 1) Selected non-member executives whose deaths would cause a serious financial loss for the LLC are insured in favor of the LLC thereby providing indemnification for such a loss.
- 2) During their participation, each insured executive is provided with LLC-paid survivor income benefits should death occur while employed.
- 3) At the executive's retirement, disability, or involuntary severance from employment without cause, all as described in the Agreement between the parties, the life insurance policy is contractually transferred to the participating executive (as a deferred bonus) thereby creating a supplemental retirement asset. After the policy transfer, any payment of the life insurance death benefit is made directly to the executive's personal beneficiaries.

### **Part 1: Key Executive Coverage**

Most firms would not consider operating without insuring against the loss of its property. The same logic should apply to its human capital -- a far more vital asset to the successful continuation of any business. Property can be rebuilt; not so with a human life.

In order to recognize the value of a key executive, a life insurance policy on the executive's life made payable to the LLC is a prudent strategy. This coverage can provide needed cash to:

- a) Recover the costs of locating a replacement;
- b) Recover the loss of profits while training a replacement;
- c) Recover the permanent loss of profits if the executive is "irreplaceable";
- d) Assure creditors and suppliers that their loans and receivables are safe;
- e) Assure customers that the LLC will continue its operations.

Features of this 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 required and negligible plan administration.

## **Part 2: Survivor Income Benefit**

With Executive Trifecta, the LLC contractually agrees to pay scheduled amounts of income to the survivors of a participating executive. This provides the executive with:

- a) A source of continuing family income;
- b) Relief from purchasing expensive personal life insurance.

Features of this coverage for the LLC are:

- a) Discriminatory participation as to the selection of participants;
- b) Deductible benefit payments;
- c) No regulatory approval required and negligible plan administration.

## **Part 3: Policy Transfer**

At the executive's retirement, disability, or involuntary severance from employment without cause, all as described in the Agreement between the parties, the LLC transfers ownership of the policy to the participating executive who, in turn, names personal beneficiaries. This provides the executive with:

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

## **Conclusion**

Executive Trifecta facilitates a nurturing environment that rewards key executives while simultaneously providing indemnification for the LLC in the event of the untimely death of a covered participant.

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

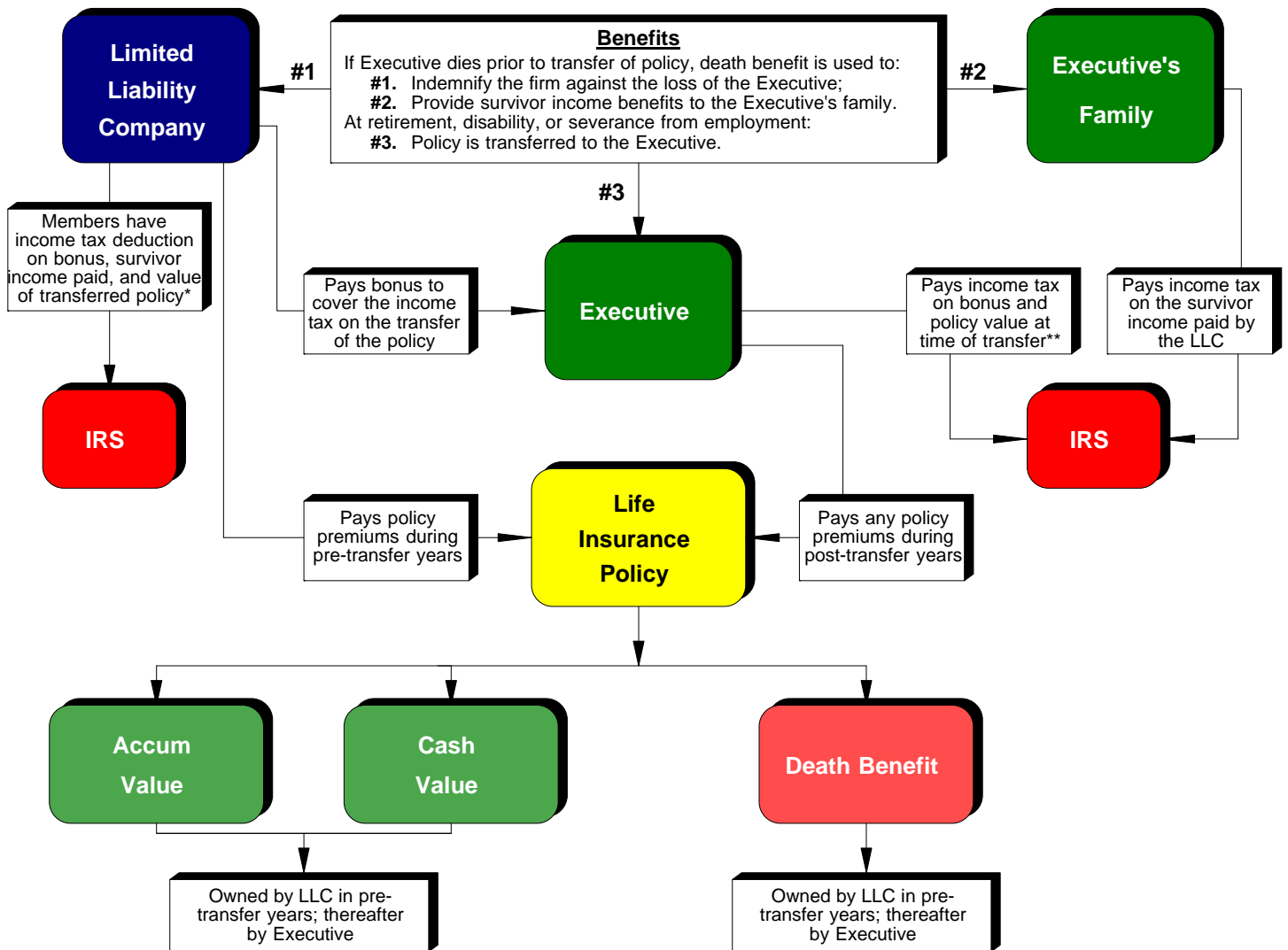
# Executive Trifecta Using Indexed Universal Life

## Who Pays What - Who Receives What

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

### Flow Chart Analysis



\*When the policy is transferred, LLC members must recognize gain to the extent that the policy value exceeds the LLC's premium payments; however, members are entitled to a deduction equal to the amount the executive includes in income on the transfer - which is generally approximated by the policy value without regard to any surrender charges (IRS Rev. Proc. 2005-25).

\*\*The executive has taxable income to the extent of the policy's fair market value (IRC Section 83) which is generally approximated by the policy value without reduction for surrender charges (IRS Rev. Proc. 2005-25).

# Benefit Summary

## Executive Trifecta

### Using

## Indexed Universal Life

Benefit Summary Page: 1  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male	Indexed UL	Initial	Policy Owner	<u>Policy Premiums Prior to Transfer</u>	
Age	Interest Rate	Death Benefit	Business Until Transferred	Paid by Business	Paid by Executive
40	7.50%	2,600,000	to Executive in Year 8	\$60,000 for 1st 7 Yrs	\$0

Benefits for Tom Hamilton	See Report Entitled
Survivor income benefits paid by the business to the Executive's family if death occurs prior to transfer of the policy: \$250,000 for 7 years (indexed).	Analysis of Survivor Income Benefit
Policy illustrated transferred to the Executive at the beginning of year 8.	Executive's Summary of Costs and Benefits
Executive's out-of-pocket cost for tax on the transfer in year 8: \$0	Executive's Cost Analysis
Executive's illustrated cash value at end of year 8: \$448,015	Executive's Summary of Costs and Benefits
Executive's illustrated annual retirement cash flow* for 35 years: \$100,000 in first retirement year; variable thereafter	Executive's Summary of Costs and Benefits
Executive's illustrated death benefit for family at end of year 8: \$2,600,000	Executive'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 Acme Ford, LLC	See Report Entitled
Cash value of life insurance policy owned by the business just prior to transfer of the policy: \$418,145	Plan Sponsor's Summary of Costs and Benefits
Lowest illustrated life insurance death benefit to indemnify the business for loss of the Executive's services prior to the transfer of the policy: \$2,600,000	Plan Sponsor's Summary of Costs and Benefits
Illustrated tax savings for the business upon transfer of the policy: \$168,000	Details of the Tax Consequences
Providing the benefits for the Executive helps retain a valuable participant in the continuing success of the business.	
Should the Executive 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 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.

# Executive Trifecta

## Details of the Tax Consequences

### When the Policy is Transferred to the Non-Member Executive

Tax Details Page: 1  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

	Form of Transaction	Policy Transfer to		
Male	(Key Executive Coverage with	Executive is Illustrated	Members'	Executive's
Age	Deferred Transfer of Policy to	at Beginning of Year	Tax Bracket	Tax Bracket
40	Executive as Compensation)	8	40.00%	40.00%

#### Transfer Details:

Year the transfer is illustrated: Beginning of year 8  
Accumulation value of policy when transferred: \$444,275  
LLC's cumulative premiums prior to transfer: \$420,000  
Executive's cumulative premiums prior to transfer: \$0

#### Members' Transfer Tax Consequences:

When the policy is transferred, LLC Members must recognize gain to the extent that the policy value exceeds the LLC's premium payments; however, members are entitled to a deduction equal to the amount the executive includes in income on the transfer -- which is generally approximated by the policy value without regard to any surrender charges (IRS Refv. Proc. 2005-25).

Therefore, for this case:

1. Members have a taxable gain of the difference between \$444,275 (accumulation value of policy) and \$420,000 (LLC's cumulative premium share) which equals \$24,275 in taxable gain.  $\$24,275 \times 40.00\%$  (assumed tax bracket of members) = \$9,710 of income tax due.
2. In addition, the members have an income tax deduction of the difference between \$444,275 (policy accumulation value) and \$0 (Executive's cumulative premium share) which equals \$444,275 in taxable gain.  $\$444,275 \times 40.00\% = \$177,710$  of income tax savings.
3.  $\$177,710$  of income tax savings less  $\$9,710$  of income tax due =  $\$168,000$  of net income tax savings to the members at transfer.

#### Executive's Transfer Tax Consequences:

The executive has taxable income to the extent of the policy's fair market value (IRC Section 83) which is generally approximated by the policy's accumulation value without reduction for surrender charges (IRS Rev. Proc. 2005-25).

Therefore, for this case:

1. The executive has a taxable income of \$444,275 (the policy accumulation value).
2.  $\$444,275 \times 40.00\% = \$177,710$  of income tax due.
3. The executive has basis in the policy of \$444,275 (the amount of taxable income).

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

# Executive's Summary of Costs and Benefits

## Executive Trifecta Using Indexed Universal Life

Executive's Summary Page: 1  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%
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Year	(1) Net Payment	(2) Retirement Income Net Policy Loan Proceeds	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
1	0	0	0	0	0	1,944,852
2	0	0	0	0	0	1,944,852
3	0	0	0	0	0	1,944,852
4	0	0	0	0	0	1,944,852
5	0	0	0	0	0	1,944,852
6	0	0	0	0	0	1,944,852
7	0	0	0	0	0	1,944,852
8	0	0	467,619	448,015	2,600,000	0
9	0	0	493,305	480,253	2,600,000	0
10	0	0	521,529	515,003	2,600,000	0
11	0	0	558,764	558,764	2,600,000	0
12	0	0	598,641	598,641	2,600,000	0
13	0	0	641,344	641,344	2,600,000	0
14	0	0	687,053	687,053	2,600,000	0
15	0	0	735,978	735,978	2,600,000	0
16	0	0	788,301	788,301	2,600,000	0
17	0	0	844,301	844,301	2,600,000	0
18	0	0	904,256	904,256	2,600,000	0
19	0	0	968,465	968,465	2,600,000	0
20	0	0	1,037,257	1,037,257	2,600,000	0
	0	0				

\*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.

\*\*Survivor Income Benefit is terminated at the beginning of year 8 when the policy is transferred to the executive.

# Executive's Summary of Costs and Benefits

## Executive Trifecta Using Indexed Universal Life

Executive's Summary Page: 2  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%
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Year	(1) Net Payment	(2) Retirement Income Net Policy Loan Proceeds	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
21	0	0	1,110,954	1,110,954	2,600,000	0
22	0	0	1,189,901	1,189,901	2,600,000	0
23	0	0	1,274,444	1,274,444	2,600,000	0
24	0	0	1,364,986	1,364,986	2,600,000	0
25	0	0	1,461,970	1,461,970	2,600,000	0
26	0	100,000	1,437,552	1,437,552	2,494,700	0
27	0	104,386	1,413,168	1,413,168	2,379,201	0
28	0	108,903	1,389,143	1,389,143	2,252,823	0
29	0	113,556	1,365,881	1,365,881	2,114,848	0
30	0	118,349	1,343,907	1,343,907	1,964,513	0
31	0	123,285	1,323,875	1,323,875	1,801,013	0
32	0	128,370	1,306,610	1,306,610	1,623,493	0
33	0	133,607	1,293,119	1,293,119	1,563,947	0
34	0	139,001	1,283,713	1,283,713	1,523,201	0
35	0	144,557	1,278,238	1,278,238	1,479,889	0
36	0	150,280	1,277,553	1,277,553	1,433,713	0
37	0	156,174	1,281,572	1,281,572	1,451,047	0
38	0	162,245	1,290,967	1,290,967	1,475,041	0
39	0	168,498	1,306,469	1,306,469	1,506,524	0
40	0	174,939	1,328,874	1,328,874	1,546,400	0
	0	2,026,150				

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\*\*Survivor Income Benefit is terminated at the beginning of year 8 when the policy is transferred to the executive.

# Executive's Summary of Costs and Benefits

## Executive Trifecta Using Indexed Universal Life

Executive's Summary Page: 3  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%		
Year	(1) Net Payment	(2) Retirement Income Net Policy Loan Proceeds	(3) Policy Accum Value*	(4) Policy Cash Value*	(5) Policy Death Benefit	(6) Total Survivor Income Benefit**
41	0	181,573	1,358,990	1,358,990	1,595,589	0
42	0	188,406	1,397,653	1,397,653	1,655,043	0
43	0	195,444	1,445,784	1,445,784	1,725,809	0
44	0	202,694	1,504,366	1,504,366	1,809,001	0
45	0	210,160	1,574,332	1,574,332	1,905,690	0
46	0	217,851	1,558,104	1,558,104	1,913,511	0
47	0	217,851	1,548,052	1,548,052	1,929,134	0
48	0	217,851	1,544,350	1,544,350	1,952,811	0
49	0	217,851	1,546,946	1,546,946	1,984,563	0
50	0	217,851	1,555,619	1,555,619	2,024,233	0
51	0	217,851	1,569,847	1,569,847	2,071,357	0
52	0	217,851	1,600,119	1,600,119	2,029,650	0
53	0	217,851	1,651,672	1,651,672	1,996,778	0
54	0	217,851	1,731,407	1,731,407	1,978,104	0
55	0	217,851	1,847,635	1,847,635	1,980,059	0
56	0	217,851	2,007,402	2,007,402	2,007,402	0
57	0	217,851	2,197,485	2,197,485	2,197,485	0
58	0	217,851	2,421,128	2,421,128	2,421,128	0
59	0	217,851	2,681,873	2,681,873	2,681,873	0
60	0	217,851	2,983,579	2,983,579	2,983,579	0
	0	6,272,192				

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\*\*Survivor Income Benefit is terminated at the beginning of year 8 when the policy is transferred to the executive.



# Executive's Cost Analysis

## Executive Trifecta Using Indexed Universal Life

Executive's Cost Analysis Page: 1  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%		
Year	(1) Premium Payment	(2) Bonus Income Received	(3) Income from Transfer*	(4) Taxable Income (2) + (3)	(5) Income Tax Due on Col (4)	(6) Net Payment (1)-(2)+(5)
1	0	0	0	0	0	0
2	0	0	0	0	0	0
3	0	0	0	0	0	0
4	0	0	0	0	0	0
5	0	0	0	0	0	0
6	0	0	0	0	0	0
7	0	0	0	0	0	0
8	0	296,183	444,275	740,458	296,183	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	0	0	0	0
13	0	0	0	0	0	0
14	0	0	0	0	0	0
15	0	0	0	0	0	0
16	0	0	0	0	0	0
17	0	0	0	0	0	0
18	0	0	0	0	0	0
19	0	0	0	0	0	0
20	0	0	0	0	0	0
	0	296,183	444,275	740,458	296,183	0

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 key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 8 via a transfer of the policy to the executive. The transfer produces taxable income to the executive equal to the accumulation value transferred without regard to surrender charges. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

# Executive's Cost Analysis

## Executive Trifecta Using Indexed Universal Life

Executive's Cost Analysis Page: 2  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%		
	(1)	(2)	(3)	(4)	(5)	(6)
Year	Premium Payment	Bonus Income Received	Income from Transfer*	Taxable Income (2) + (3)	Income Tax Due on Col (4)	Net Payment (1)-(2)+(5)
21	0	0	0	0	0	0
22	0	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	0	0	0	0	0	0
26	0	0	0	0	0	0
27	0	0	0	0	0	0
28	0	0	0	0	0	0
29	0	0	0	0	0	0
30	0	0	0	0	0	0
31	0	0	0	0	0	0
32	0	0	0	0	0	0
33	0	0	0	0	0	0
34	0	0	0	0	0	0
35	0	0	0	0	0	0
36	0	0	0	0	0	0
37	0	0	0	0	0	0
38	0	0	0	0	0	0
39	0	0	0	0	0	0
40	0	0	0	0	0	0
	0	296,183	444,275	740,458	296,183	0

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\*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 8 via a transfer of the policy to the executive. The transfer produces taxable income to the executive equal to the accumulation value transferred without regard to surrender charges. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

# Executive's Cost Analysis

## Executive Trifecta Using Indexed Universal Life

Executive's Cost Analysis Page: 3  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%		
Year	(1) Premium Payment	(2) Bonus Income Received	(3) Income from Transfer*	(4) Taxable Income (2) + (3)	(5) Income Tax Due on Col (4)	(6) Net Payment (1)-(2)+(5)
41	0	0	0	0	0	0
42	0	0	0	0	0	0
43	0	0	0	0	0	0
44	0	0	0	0	0	0
45	0	0	0	0	0	0
46	0	0	0	0	0	0
47	0	0	0	0	0	0
48	0	0	0	0	0	0
49	0	0	0	0	0	0
50	0	0	0	0	0	0
51	0	0	0	0	0	0
52	0	0	0	0	0	0
53	0	0	0	0	0	0
54	0	0	0	0	0	0
55	0	0	0	0	0	0
56	0	0	0	0	0	0
57	0	0	0	0	0	0
58	0	0	0	0	0	0
59	0	0	0	0	0	0
60	0	0	0	0	0	0
	0	296,183	444,275	740,458	296,183	0

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.

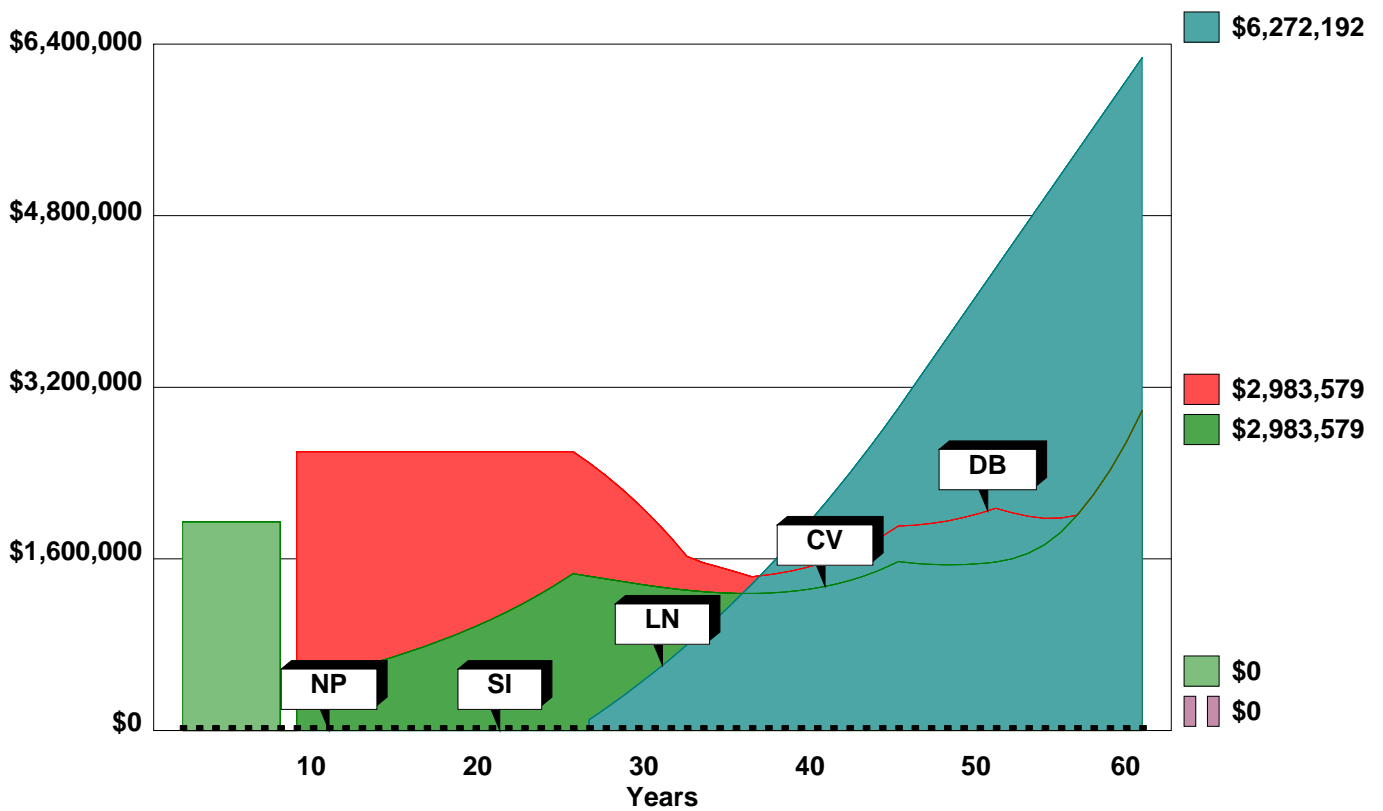
\*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 8 via a transfer of the policy to the executive. The transfer produces taxable income to the executive equal to the accumulation value transferred without regard to surrender charges. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

# Executive Trifecta Using Indexed Universal Life

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

## Executive's 60 Year Graphic Analysis



- NP - Executive's Cumulative Net Payments
- SI - Executive's Total Survivor Income Benefit
- LN - Executive's Cumulative Policy Loans<sup>1</sup>
- CV - Executive's Cash Value
- DB - Executive's Death Benefit

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

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

# Plan Sponsor's Summary of Costs and Benefits

## Executive Trifecta Using Indexed Universal Life

Plan Sponsor's Summary Page: 1  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

	Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Plan Sponsor's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Year	Net Payment	Cumulative Net Payments	Policy Accum Value*	Policy Cash Value*	Portion of Policy Death Benefit Allocated for Key Executive Coverage	Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	Total Policy Death Benefit Required (5) + (6)	Total Policy Death Benefit Provided	Excess Policy Death Benefit (8) - (7)
1	60,000	60,000	51,002	0	1,525,737	1,065,416	2,591,153	2,600,000	8,847
2	60,000	120,000	105,628	46,816	1,525,737	1,065,416	2,591,153	2,600,000	8,847
3	60,000	180,000	164,106	111,820	1,525,737	1,065,416	2,591,153	2,600,000	8,847
4	60,000	240,000	226,688	180,954	1,525,737	1,065,416	2,591,153	2,600,000	8,847
5	60,000	300,000	293,668	254,460	1,525,737	1,065,416	2,591,153	2,600,000	8,847
6	60,000	360,000	366,027	333,345	1,525,737	1,065,416	2,591,153	2,600,000	8,847
7	60,000	420,000	444,275	418,145	1,525,737	1,065,416	2,591,153	2,600,000	8,847
8	9,710	429,710	0	0	0	0	0	0	0
9	0	429,710	0	0	0	0	0	0	0
10	0	429,710	0	0	0	0	0	0	0
11	0	429,710	0	0	0	0	0	0	0
12	0	429,710	0	0	0	0	0	0	0
13	0	429,710	0	0	0	0	0	0	0
14	0	429,710	0	0	0	0	0	0	0
15	0	429,710	0	0	0	0	0	0	0
16	0	429,710	0	0	0	0	0	0	0
17	0	429,710	0	0	0	0	0	0	0
18	0	429,710	0	0	0	0	0	0	0
19	0	429,710	0	0	0	0	0	0	0
20	0	429,710	0	0	0	0	0	0	0
	<u>429,710</u>								

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\*\*Key Executive Coverage and Survivor Income Benefit are terminated at the beginning of year 8 when the policy is transferred to the executive.

# Plan Sponsor's Summary of Costs and Benefits

## Executive Trifecta Using Indexed Universal Life

Plan Sponsor's Summary Page: 2  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

	Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Plan Sponsor's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Net Payment	Cumulative Net Payments	Policy Accum Value*	Policy Cash Value*	Portion of Policy Death Benefit Allocated for Key Executive Coverage	Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	Total Policy Death Benefit Required (5) + (6)	Total Policy Death Benefit Provided	Excess Policy Death Benefit (8) - (7)
21	0	429,710	0	0	0	0	0	0	0
22	0	429,710	0	0	0	0	0	0	0
23	0	429,710	0	0	0	0	0	0	0
24	0	429,710	0	0	0	0	0	0	0
25	0	429,710	0	0	0	0	0	0	0
26	0	429,710	0	0	0	0	0	0	0
27	0	429,710	0	0	0	0	0	0	0
28	0	429,710	0	0	0	0	0	0	0
29	0	429,710	0	0	0	0	0	0	0
30	0	429,710	0	0	0	0	0	0	0
31	0	429,710	0	0	0	0	0	0	0
32	0	429,710	0	0	0	0	0	0	0
33	0	429,710	0	0	0	0	0	0	0
34	0	429,710	0	0	0	0	0	0	0
35	0	429,710	0	0	0	0	0	0	0
36	0	429,710	0	0	0	0	0	0	0
37	0	429,710	0	0	0	0	0	0	0
38	0	429,710	0	0	0	0	0	0	0
39	0	429,710	0	0	0	0	0	0	0
40	0	429,710	0	0	0	0	0	0	0
	<u>429,710</u>								

\*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.

\*\*Key Executive Coverage and Survivor Income Benefit are terminated at the beginning of year 8 when the policy is transferred to the executive.

# Plan Sponsor's Summary of Costs and Benefits

## Executive Trifecta Using Indexed Universal Life

Plan Sponsor's Summary Page: 3  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

	Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Plan Sponsor's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Net Payment	Cumulative Net Payments	Policy Accum Value*	Policy Cash Value*	Portion of Policy Death Benefit Allocated for Key Executive Coverage	Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	Total Policy Death Benefit Required (5) + (6)	Total Policy Death Benefit Provided	Excess Policy Death Benefit (8) - (7)
Year									
41	0	429,710	0	0	0	0	0	0	0
42	0	429,710	0	0	0	0	0	0	0
43	0	429,710	0	0	0	0	0	0	0
44	0	429,710	0	0	0	0	0	0	0
45	0	429,710	0	0	0	0	0	0	0
46	0	429,710	0	0	0	0	0	0	0
47	0	429,710	0	0	0	0	0	0	0
48	0	429,710	0	0	0	0	0	0	0
49	0	429,710	0	0	0	0	0	0	0
50	0	429,710	0	0	0	0	0	0	0
51	0	429,710	0	0	0	0	0	0	0
52	0	429,710	0	0	0	0	0	0	0
53	0	429,710	0	0	0	0	0	0	0
54	0	429,710	0	0	0	0	0	0	0
55	0	429,710	0	0	0	0	0	0	0
56	0	429,710	0	0	0	0	0	0	0
57	0	429,710	0	0	0	0	0	0	0
58	0	429,710	0	0	0	0	0	0	0
59	0	429,710	0	0	0	0	0	0	0
60	0	429,710	0	0	0	0	0	0	0
	<u>429,710</u>								

\*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.

\*\*Key Executive Coverage and Survivor Income Benefit are terminated at the beginning of year 8 when the policy is transferred to the executive.

# Plan Sponsor's Cost Analysis

## Executive Trifecta Using Indexed Universal Life

Plan Sponsor's Cost Analysis Page: 1  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Plan Sponsor's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%
-------------------	---	---	---	--------------------------------------

Year	(1) Premium Payment	(2) Cumulative Premium Payment	(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	60,000	60,000	0	0	0	60,000	60,000
2	60,000	120,000	0	0	0	60,000	120,000
3	60,000	180,000	0	0	0	60,000	180,000
4	60,000	240,000	0	0	0	60,000	240,000
5	60,000	300,000	0	0	0	60,000	300,000
6	60,000	360,000	0	0	0	60,000	360,000
7	60,000	420,000	0	0	0	60,000	420,000
8	0	0	296,183	177,710	168,000	9,710	429,710
9	0	0	0	0	0	0	429,710
10	0	0	0	0	0	0	429,710
11	0	0	0	0	0	0	429,710
12	0	0	0	0	0	0	429,710
13	0	0	0	0	0	0	429,710
14	0	0	0	0	0	0	429,710
15	0	0	0	0	0	0	429,710
16	0	0	0	0	0	0	429,710
17	0	0	0	0	0	0	429,710
18	0	0	0	0	0	0	429,710
19	0	0	0	0	0	0	429,710
20	0	0	0	0	0	0	429,710
	420,000		296,183	177,710		429,710	

\*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 8 via a transfer of the policy to the executive. The transfer produces: 1) taxable income to the Employer to the extent its accumulation 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. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

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.



# Plan Sponsor's Cost Analysis

## Executive Trifecta Using Indexed Universal Life

Plan Sponsor's Cost Analysis Page: 2  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Plan Sponsor's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%			
Year	(1) Premium Payment	(2) Cumulative Premium Payment	(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
21	0	0	0	0	0	0	429,710
22	0	0	0	0	0	0	429,710
23	0	0	0	0	0	0	429,710
24	0	0	0	0	0	0	429,710
25	0	0	0	0	0	0	429,710
26	0	0	0	0	0	0	429,710
27	0	0	0	0	0	0	429,710
28	0	0	0	0	0	0	429,710
29	0	0	0	0	0	0	429,710
30	0	0	0	0	0	0	429,710
31	0	0	0	0	0	0	429,710
32	0	0	0	0	0	0	429,710
33	0	0	0	0	0	0	429,710
34	0	0	0	0	0	0	429,710
35	0	0	0	0	0	0	429,710
36	0	0	0	0	0	0	429,710
37	0	0	0	0	0	0	429,710
38	0	0	0	0	0	0	429,710
39	0	0	0	0	0	0	429,710
40	0	0	0	0	0	0	429,710
	429,000		296,183	177,710		429,710	

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 key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 8 via a transfer of the policy to the executive. The transfer produces: 1) taxable income to the Employer to the extent its accumulation 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. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

# Plan Sponsor's Cost Analysis

## Executive Trifecta Using Indexed Universal Life

Plan Sponsor's Cost Analysis Page: 3  
Date: [Current date appears here]

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Male Age 40	Form of Transaction (Key Executive Coverage with Deferred Transfer of Policy To Executive)	Policy Transfer to Executive is Illustrated at Beginning of Year 8	Plan Sponsor's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%				
Year	(1) Premium Payment	(2) Cumulative Premium Payment	(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	
41	0	0	0	0	0	0	429,710	
42	0	0	0	0	0	0	429,710	
43	0	0	0	0	0	0	429,710	
44	0	0	0	0	0	0	429,710	
45	0	0	0	0	0	0	429,710	
46	0	0	0	0	0	0	429,710	
47	0	0	0	0	0	0	429,710	
48	0	0	0	0	0	0	429,710	
49	0	0	0	0	0	0	429,710	
50	0	0	0	0	0	0	429,710	
51	0	0	0	0	0	0	429,710	
52	0	0	0	0	0	0	429,710	
53	0	0	0	0	0	0	429,710	
54	0	0	0	0	0	0	429,710	
55	0	0	0	0	0	0	429,710	
56	0	0	0	0	0	0	429,710	
57	0	0	0	0	0	0	429,710	
58	0	0	0	0	0	0	429,710	
59	0	0	0	0	0	0	429,710	
60	0	0	0	0	0	0	429,710	
	429,000		296,183	177,710		429,710		

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.

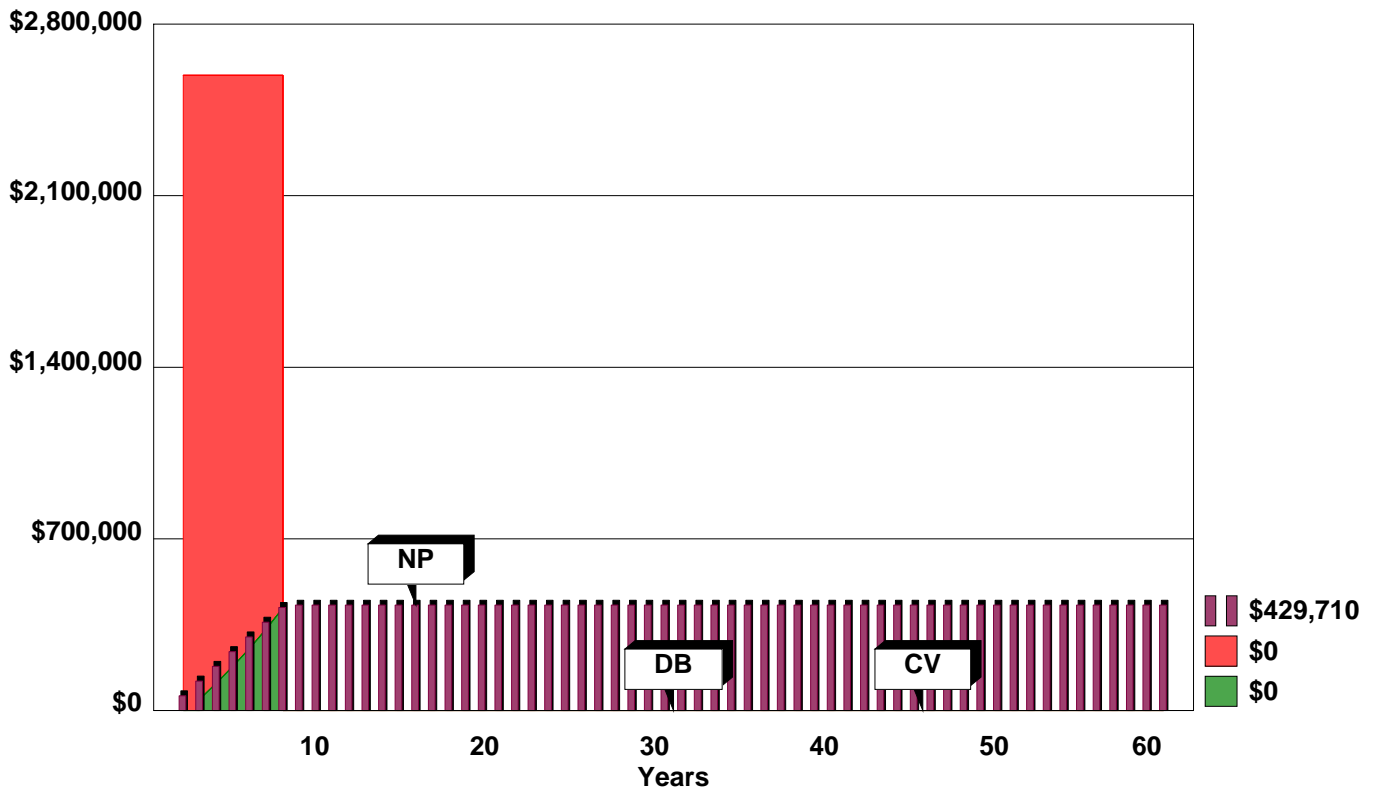
\*The key executive coverage and the survivor income benefit are presumed terminated at the beginning of year 8 via a transfer of the policy to the executive. The transfer produces: 1) taxable income to the Employer to the extent its accumulation value (without regard to surrender charges) exceeds its cost basis and 2) an income tax deduction equal to the amount the executive includes in income. (See the report entitled "Details of the Tax Consequences When the Policy is Transferred to the Executive".)

# Executive Trifecta Using Indexed Universal Life

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

## Plan Sponsor's 60 Year Graphic Analysis



- NP - Plan Sponsor's Cumulative Net Payments
- CV - Plan Sponsor's Cash Value
- DB - Plan Sponsor's Death Benefit\*

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

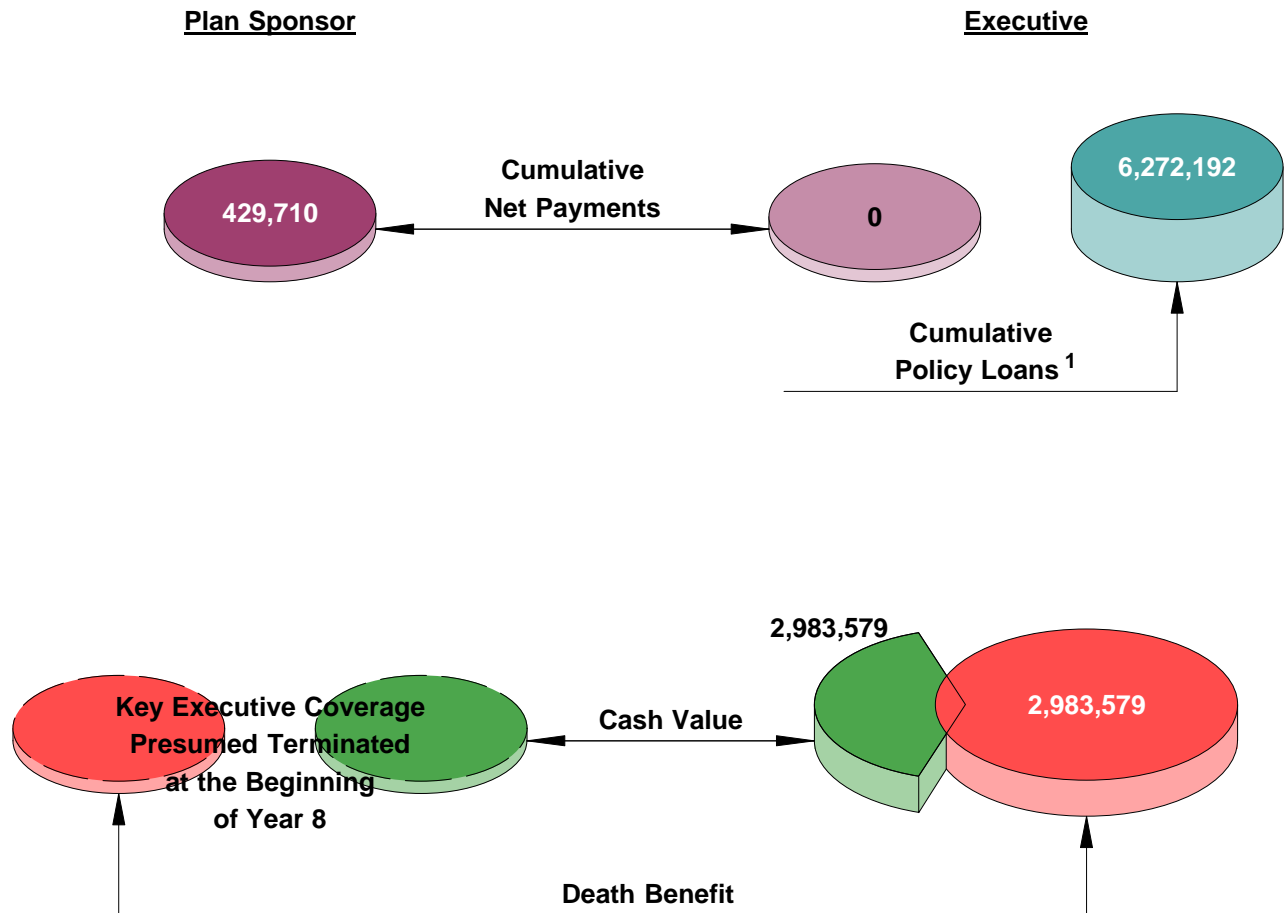
\* Plan Sponsor's Death Benefit includes an amount allocated for funding the survivor income benefit for the executive's beneficiaries.

# Executive Trifecta Using Indexed Universal Life

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

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

## 60th Year Summary Analysis



<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.

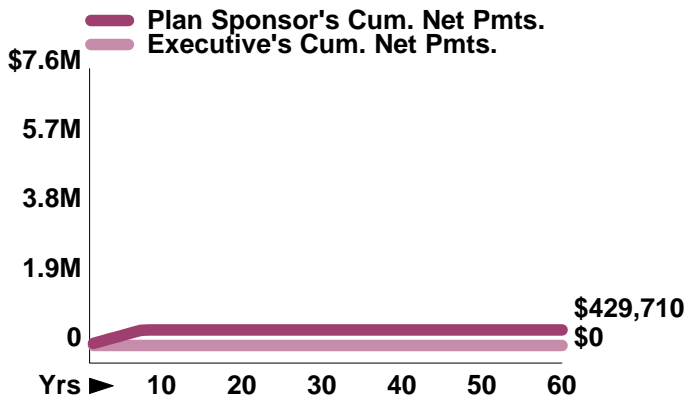
# Executive Trifecta Using Indexed Universal Life

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

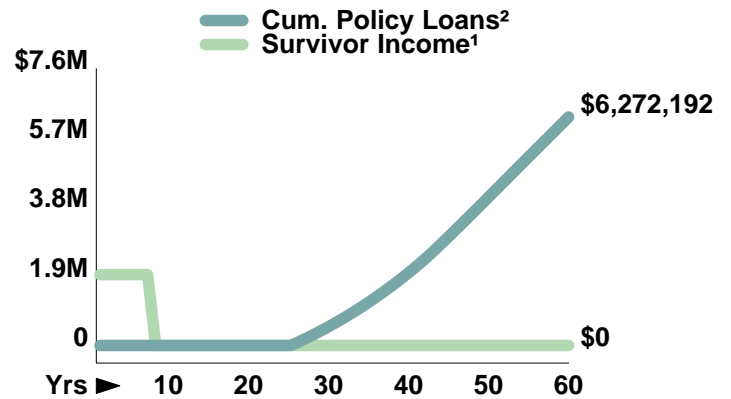
Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

## 60 Year Graphic Analysis

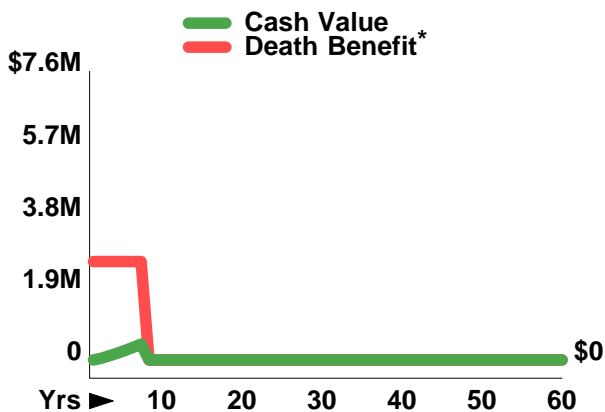
Net Payments



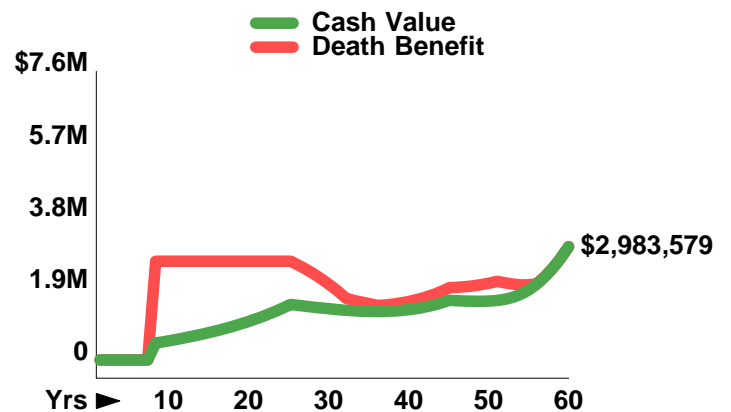
Survivor Income and Cash Flow



Plan Sponsor's Values



Executive's Values



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

<sup>2</sup> For Retirement Income.

\* Plan Sponsor's Death Benefit includes an amount allocated for funding the survivor income benefit for the executive's beneficiaries.

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

# Plan Sponsor's Analysis of Key Executive Life Insurance Coverage

Analysis Page: 1                      Presented By: [Licensed user's name appears here]  
Date: [Current date appears here]

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

	Column (1) Growth Factor 7.50%	Column (2) Growth Factor 7.50%		Column (4) Growth Factor 6.00%	Column (5) Growth Factor 6.00%		
Year	(1) Annual Net Sales With Current Executive†	(2) Annual Net Sales With Replacement Executive†	(3) Difference in Annual Net Sales (1) - (2)	(4) Current Executive's Compensation††	(5) Replacement Executive's Compensation††	(6) Difference in Compensation (4) - (5)	(7) Loss Due to Death of Current Executive (3) - (6)
1	1,881,250	1,316,875	564,375	318,000	265,000	53,000	511,375
2	2,022,344	1,516,758	505,586	337,080	280,900	56,180	449,406
3	2,174,020	1,739,216	434,804	357,305	315,619	41,686	393,118
4	2,337,071	2,103,364	233,707	378,743	353,494	25,250	208,457
5	2,512,351	2,512,351	0	401,468	401,468	0	0
			1,738,472			176,116	1,562,356

### Analysis of Key Executive Coverage Required

Present Value* of Column (7) Loss	1,405,737
After Tax Cost of \$75,000 Signing Bonus	45,000
After Tax Cost of \$50,000 Relocation Package	30,000
After Tax Cost of \$75,000 for Executive Search Firm	45,000
	1,525,737
Portion of Policy Death Benefit Allocated for Key Executive Coverage	1,525,737
Portion of Policy Death Benefit Allocated for Survivor Income Benefit**	1,065,416
	2,591,153
Total Key Executive Coverage Required	2,591,153
Key Executive Coverage Provided	2,600,000

\*Present value interest rate assumption: 5.00%

\*\*See attached Plan Sponsor's Analysis of Survivor Income Benefit

† See the report named Plan Sponsor's Analysis of Annual Net Sales.

†† See the report named Plan Sponsor's Analysis of Executive Compensation.

**Plan Sponsor's Analysis  
of  
Annual Net Sales  
(gross sales less cost of goods sold)**

Analysis Page: 2

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

Date: [Current date appears here]

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Year	Current Executive				Replacement Executive		
	(1) Annual Net Sales With Current Executive	(2) Column (1) Growth Factor 7.50%	(3) Percent of Sales Attributable to Current Executive	(4) Annual Net Sales Attributable to Current Executive (2) x (3)	(5) Annual Percent of Column (4) Expected With Replacement Executive	(6) Annual Net Sales Attributable to Replacement Executive (4) x (5)	(7) Loss of Annual Net Sales from Loss of Current Executive (4) - (6)
1	5,000,000	5,375,000	35.00%	1,881,250	70.00%	1,316,875	564,375
2	5,000,000	5,778,125	35.00%	2,022,344	75.00%	1,516,758	505,586
3	5,000,000	6,211,484	35.00%	2,174,020	80.00%	1,739,216	434,804
4	5,000,000	6,677,346	35.00%	2,337,071	90.00%	2,103,364	233,707
5	5,000,000	7,178,147	35.00%	2,512,351	100.00%	2,512,351	0
							1,738,472

**Plan Sponsor's Analysis  
of  
Executive Compensation  
(including expected bonuses and the cost of all Employer-paid benefits)**

Analysis Page: 3

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

Date: [Current date appears here]

Insured: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Year	Current Executive		Replacement Executive		(5) Difference in Compensation (2) - (4)
	(1) Current Executive's Compensation	(2) Column (1) Growth Factor 6.00%	(3) Replacement Executive's Compensation	(4) Column (3) Growth Factor 6.00%	
1	300,000	318,000	250,000	265,000	53,000
2	300,000	337,080	250,000	280,900	56,180
3	300,000	357,305	265,000	315,619	41,686
4	300,000	378,743	280,000	353,494	25,250
5	300,000	401,468	300,000	401,468	0
					176,116



# Plan Sponsor's Analysis of Survivor Income Benefit

## Executive Trifecta Using Indexed Universal Life

Analysis Page: 4 Presented By: [Licensed user's name appears here]  
Date: [Current date appears here]

For the Beneficiaries of: Tom Hamilton  
Plan Sponsor: Acme Ford, LLC  
Limited Liability Company

Plan Sponsor's Tax Bracket 40.00%	Assumed Use of Money 5.00%	Cost to Provide the Benefit* 1,065,416	Total Survivor Benefit Scheduled 1,944,852	Cost of Living Adjustment 3.50%
---	----------------------------------	--	--	---------------------------------------

Year Following Executive's Death	Benefits and Costs		Survivor Income Account Activity		
	(1) Annual Benefit Payment to Executive's Survivors	(2) Annual After Tax Cost of Payment to Survivors	(3) Beginning of Year Balance in Survivor Benefit Account	(4) Balance in Account to Accrue (3) - (2)	(5) Year End After Tax Accrual of Account
1	250,000	150,000	1,065,416	915,416	942,878
2	258,750	155,250	942,878	787,628	811,257
3	267,806	160,684	811,257	650,573	670,090
4	277,179	166,308	670,090	503,783	518,896
5	286,881	172,128	518,896	346,768	357,171
6	296,922	178,153	357,171	179,018	184,388
7	307,314	184,388	184,388	0	0
	<u>1,944,852</u>	<u>1,166,911</u>			

\*See Column (3), year 1. (Funding source is a portion of the proceeds from the Key Executive coverage.)

This table shows the escrow calculations (columns 3, 4 and 5) necessary to produce the survivor benefit shown in column (1). Rounding may cause minor math inconsistencies. Calculation formulae are:

- Column (2) = column (1) times (1-(tax bracket/100))
- Column (4) = column (3) minus column (2)
- Column (5) = column (4) plus the after tax interest credit