

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%		
	(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)
Year							
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
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
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)

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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)

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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

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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%
	Benefits and Costs		Survivor Income Account Activity		
Year Following Executive's Death	(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
	1,944,852	1,166,911			

*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