

Funding Family Needs With Discounted Dollars

For David and Lisa Washburn



Presented By: _____

[Licensed user's name appears here]

Preface

In the accompanying presentation, you will see the financial data from an illustration of a cash value life insurance policy.

In the presentation, the sum of the policy's premiums, divided by the policy's death benefits, gives a "cost-per-dollar-of-benefit" solution that is very helpful when analyzing the economics of the transaction.

For example, if the premiums for a \$100,000 life insurance policy are \$1,200, the discounted dollars calculation divides the \$1,200 by the \$100,000. This results in an answer of 1.2 cents, meaning if death should occur during year 1, each \$1.00 of the death benefit costs 1.2 cents. This figure will change from year to year.

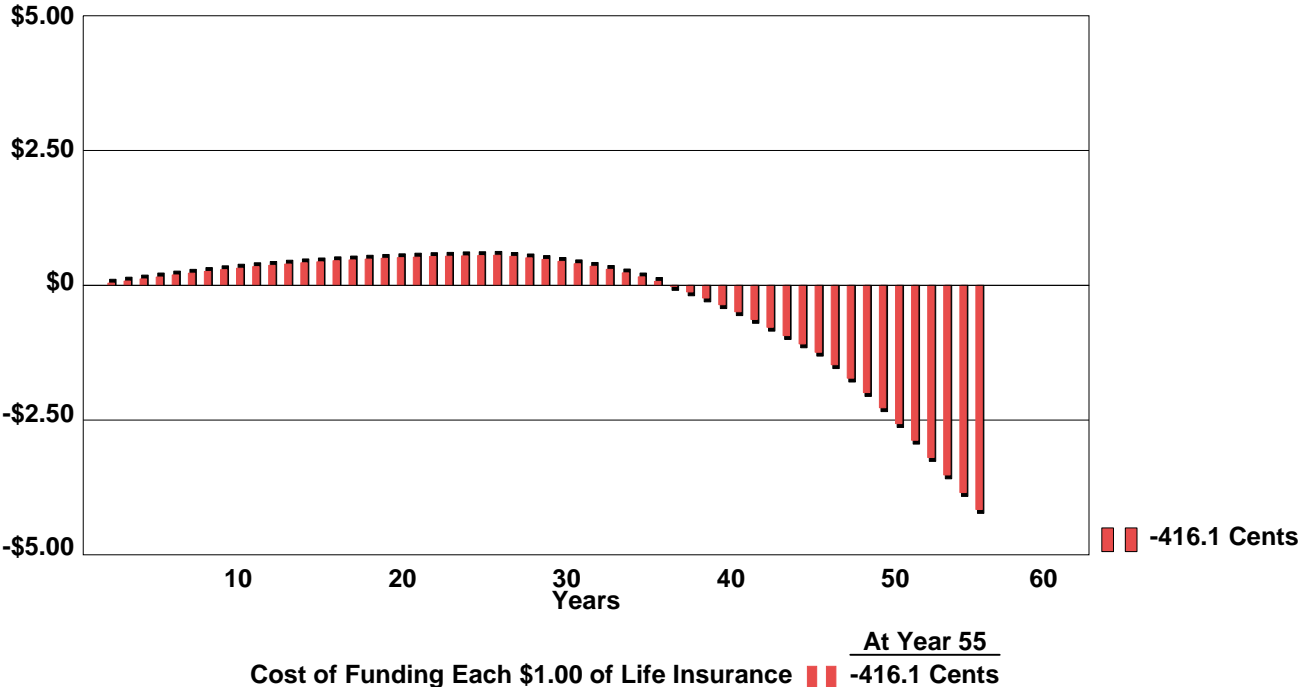
A factor for the "use of money" can also be included in the calculation so that you can evaluate alternative use of the funds used to acquire the life insurance.

Cash value life insurance also contains the following

features:

- 1. Accumulating cash values;
- 2. Income tax favored growth of cash values;
- 3. Competitive current rate of return;
- 4. Tax free access to cash values via policy loans;
- 5. Income tax free death benefits;
- 6. Probate free death benefits;
- 7. Privacy of all transactions.

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, and below is a graphic summarizing the results.



This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

Funding Family Needs With Discounted Dollars Using Indexed Universal Life

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

Insured: David Washburn

Analysis

Income Tax Rate 35.00% Forgone Interest Yield 7.50% Indexed UL Interest Rate 7.50% Initial Payment 20,853 Initial Death Benefit 523,293

Year	Male Age	Payment Analysis					Death Benefit Analysis		Living Values	
		(1) Premium Payment	(2) Retirement Income Net Loan Proceeds	(3) Net Payment	(4) Cumulative Net Payments	(5) Effective Cumulative Net Payments***	(6) Year End Death Benefit	(7) Cost per \$1.00 of Funding**	(8) Year End Accum Value*	(9) Year End Cash Value*
1	40	20,853	0	20,853	20,853	21,870	542,313	4.0 Cents	19,020	5,864
2	41	20,853	0	20,853	41,706	44,805	562,704	8.0 Cents	39,411	27,574
3	42	20,853	0	20,853	62,559	68,859	584,559	11.8 Cents	61,266	50,742
4	43	20,853	0	20,853	83,412	94,086	607,973	15.5 Cents	84,680	75,475
5	44	20,853	0	20,853	104,265	120,542	633,056	19.0 Cents	109,763	101,872
6	45	20,853	0	20,853	125,118	148,288	660,075	22.5 Cents	136,782	130,205
7	46	20,853	0	20,853	145,971	177,387	689,204	25.7 Cents	165,911	160,651
8	47	20,853	0	20,853	166,824	207,904	720,631	28.9 Cents	197,338	193,392
9	48	20,853	0	20,853	187,677	239,909	754,550	31.8 Cents	231,257	228,630
10	49	20,853	0	20,853	208,530	273,474	791,154	34.6 Cents	267,861	266,547
11	50	20,853	0	20,853	229,383	308,675	832,008	37.1 Cents	308,715	308,715
12	51	20,853	0	20,853	250,236	345,593	875,877	39.5 Cents	352,584	352,584
13	52	20,853	0	20,853	271,089	384,310	922,977	41.6 Cents	399,684	399,684
14	53	20,853	0	20,853	291,942	424,915	973,546	43.6 Cents	450,253	450,253
15	54	20,853	0	20,853	312,795	467,499	1,027,833	45.5 Cents	504,540	504,540
16	55	20,853	0	20,853	333,648	512,159	1,086,091	47.2 Cents	562,798	562,798
17	56	20,853	0	20,853	354,501	558,996	1,148,617	48.7 Cents	625,324	625,324
18	57	20,853	0	20,853	375,354	608,117	1,215,723	50.0 Cents	692,430	692,430
19	58	20,853	0	20,853	396,207	659,632	1,287,742	51.2 Cents	764,449	764,449
20	59	20,853	0	20,853	417,060	713,659	1,365,033	52.3 Cents	841,740	841,740
21	60	20,853	0	20,853	437,913	770,319	1,447,968	53.2 Cents	924,675	924,675
22	61	20,853	0	20,853	458,766	829,742	1,536,942	54.0 Cents	1,013,649	1,013,649
23	62	20,853	0	20,853	479,619	892,061	1,632,362	54.6 Cents	1,109,069	1,109,069
24	63	20,853	0	20,853	500,472	957,419	1,734,667	55.2 Cents	1,211,374	1,211,374
25	64	20,853	0	20,853	521,325	1,025,963	1,844,319	55.6 Cents	1,321,026	1,321,026
26	65	0	99,567	-99,567	421,758	971,557	1,815,191	53.5 Cents	1,291,898	1,291,898
27	66	0	103,530	-103,530	318,228	910,344	1,786,007	51.0 Cents	1,262,714	1,262,714
28	67	0	107,612	-107,612	210,616	841,865	1,756,960	47.9 Cents	1,233,667	1,233,667
29	68	0	111,816	-111,816	98,800	765,639	1,728,256	44.3 Cents	1,204,963	1,204,963
30	69	0	116,147	-116,147	-17,347	681,155	1,700,135	40.1 Cents	1,176,842	1,176,842
		521,325	538,672	-17,347						

**Column (5) divided by column (6) is equal to column (7).

*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.

***Including after tax forgone interest on column (4). (Forgone interest is a hypothetical interest rate that the policy owner could earn if the life insurance is not acquired.)

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		Payment Analysis			Death Benefit Analysis		Living Values			
Year	Male Age	(1) Premium Payment	(2) Retirement Income Net Loan Proceeds	(3) Net Payment	(4) Cumulative Net Payments	(5) Effective Cumulative Net Payments***	(6) Year End Death Benefit	(7) Cost per \$1.00 of Funding**	(8) Year End Accum Value*	(9) Year End Cash Value*
31	70	0	120,608	-120,608	-137,955	587,873	1,672,868	35.1 Cents	1,149,575	1,149,575
32	71	0	125,202	-125,202	-263,157	485,226	1,646,775	29.5 Cents	1,123,482	1,123,482
33	72	0	129,934	-129,934	-393,091	372,613	1,622,214	23.0 Cents	1,098,921	1,098,921
34	73	0	134,808	-134,808	-527,899	249,398	1,599,550	15.6 Cents	1,076,257	1,076,257
35	74	0	139,828	-139,828	-667,727	114,911	1,579,188	7.3 Cents	1,055,895	1,055,895
36	75	0	144,999	-144,999	-812,726	-31,554	1,561,586	-2.0 Cents	1,038,293	1,038,293
37	76	0	150,325	-150,325	-963,051	-190,746	1,547,302	-12.3 Cents	1,024,009	1,024,009
38	77	0	155,811	-155,811	-1,118,862	-363,452	1,536,903	-23.6 Cents	1,013,610	1,013,610
39	78	0	161,462	-161,462	-1,280,324	-550,503	1,531,009	-36.0 Cents	1,007,716	1,007,716
40	79	0	167,281	-167,281	-1,447,605	-752,776	1,530,330	-49.2 Cents	1,007,037	1,007,037
41	80	0	173,276	-173,276	-1,620,881	-971,197	1,535,533	-63.2 Cents	1,012,240	1,012,240
42	81	0	179,450	-179,450	-1,800,331	-1,206,741	1,547,282	-78.0 Cents	1,023,989	1,023,989
43	82	0	185,810	-185,810	-1,986,141	-1,460,438	1,566,423	-93.2 Cents	1,043,130	1,043,130
44	83	0	192,360	-192,360	-2,178,501	-1,733,372	1,593,907	-108.8 Cents	1,070,614	1,070,614
45	84	0	199,107	-199,107	-2,377,608	-2,026,687	1,630,599	-124.3 Cents	1,107,306	1,107,306
46	85	0	206,056	-206,056	-2,583,664	-2,341,590	1,588,363	-147.4 Cents	1,065,070	1,065,070
47	86	0	206,056	-206,056	-2,789,720	-2,671,843	1,550,557	-172.3 Cents	1,027,264	1,027,264
48	87	0	206,056	-206,056	-2,995,776	-3,018,197	1,517,437	-198.9 Cents	994,144	994,144
49	88	0	206,056	-206,056	-3,201,832	-3,381,435	1,489,130	-227.1 Cents	965,837	965,837
50	89	0	206,056	-206,056	-3,407,888	-3,762,381	1,465,772	-256.7 Cents	942,479	942,479
51	90	0	206,056	-206,056	-3,613,944	-4,161,899	1,447,417	-287.5 Cents	924,124	924,124
52	91	0	206,056	-206,056	-3,820,000	-4,580,893	1,434,056	-319.4 Cents	910,763	910,763
53	92	0	206,056	-206,056	-4,026,056	-5,020,312	1,426,341	-352.0 Cents	903,048	903,048
54	93	0	206,056	-206,056	-4,232,112	-5,481,154	1,425,635	-384.5 Cents	902,342	902,342
55	94	0	206,056	-206,056	-4,438,168	-5,964,461	1,433,464	-416.1 Cents	910,171	910,171
		521,325	4,959,493	-4,438,168						

**Column (5) divided by column (6) is equal to column (7).

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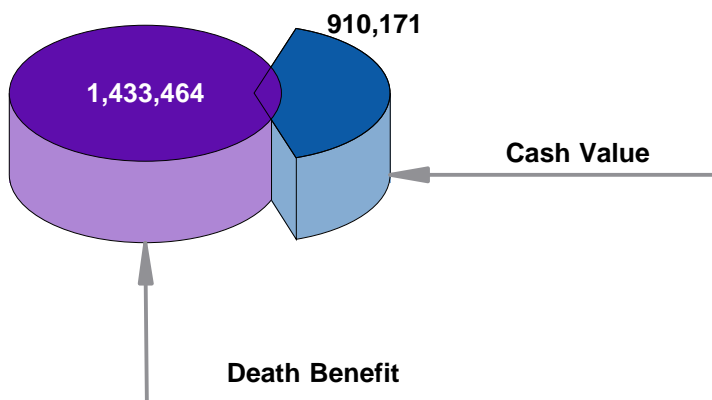
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A Look at Year 55

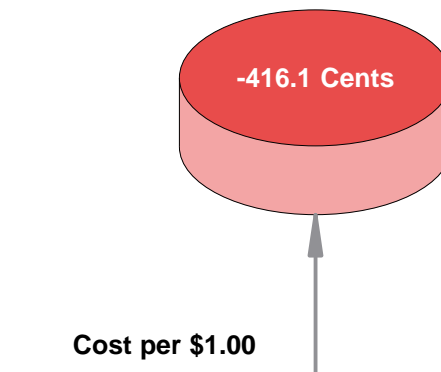
Effective Cumulative Net Payments



Policy Values



Cost per \$1.00 of Funding



Life insurance analysis includes forgone interest yield on premiums.

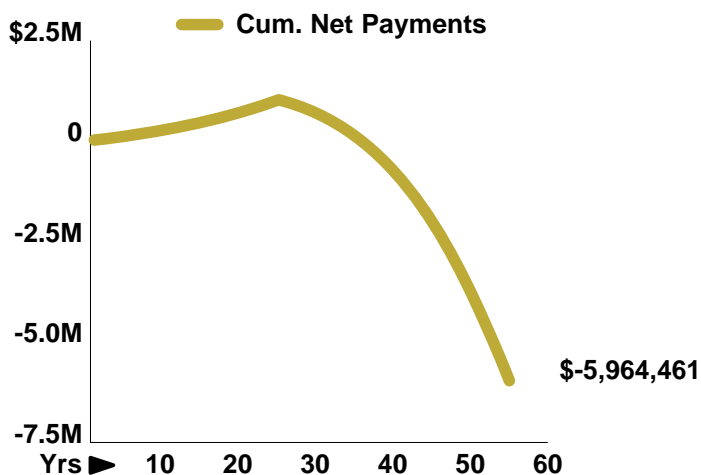
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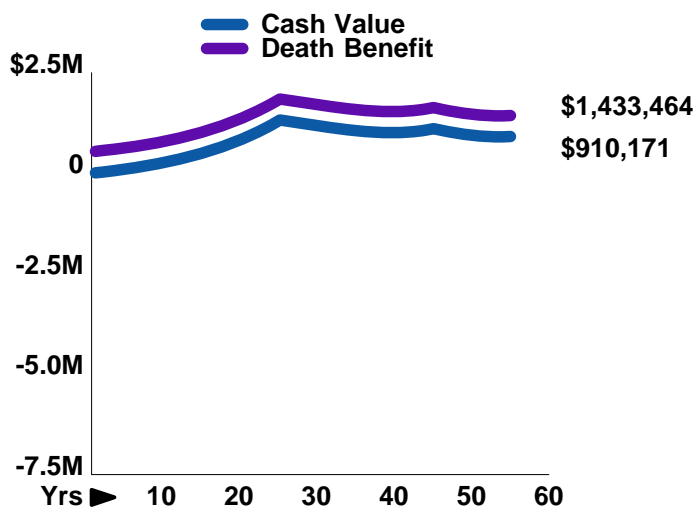
Insured: David Washburn

55 Year Analysis

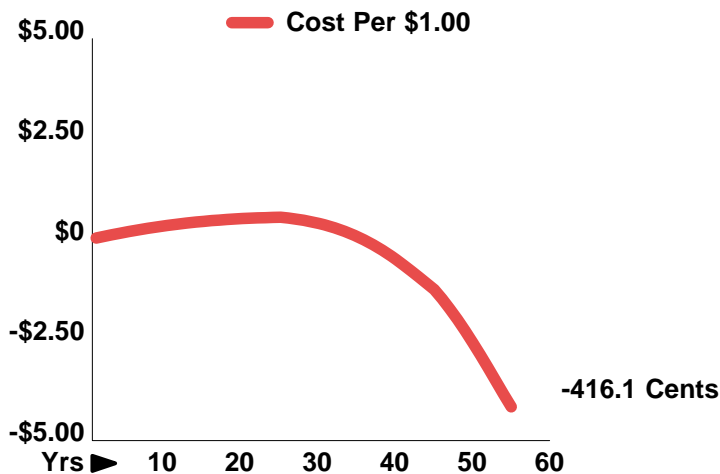
Effective Cumulative Net Payments



Policy Values



Cost per \$1.00 of Funding



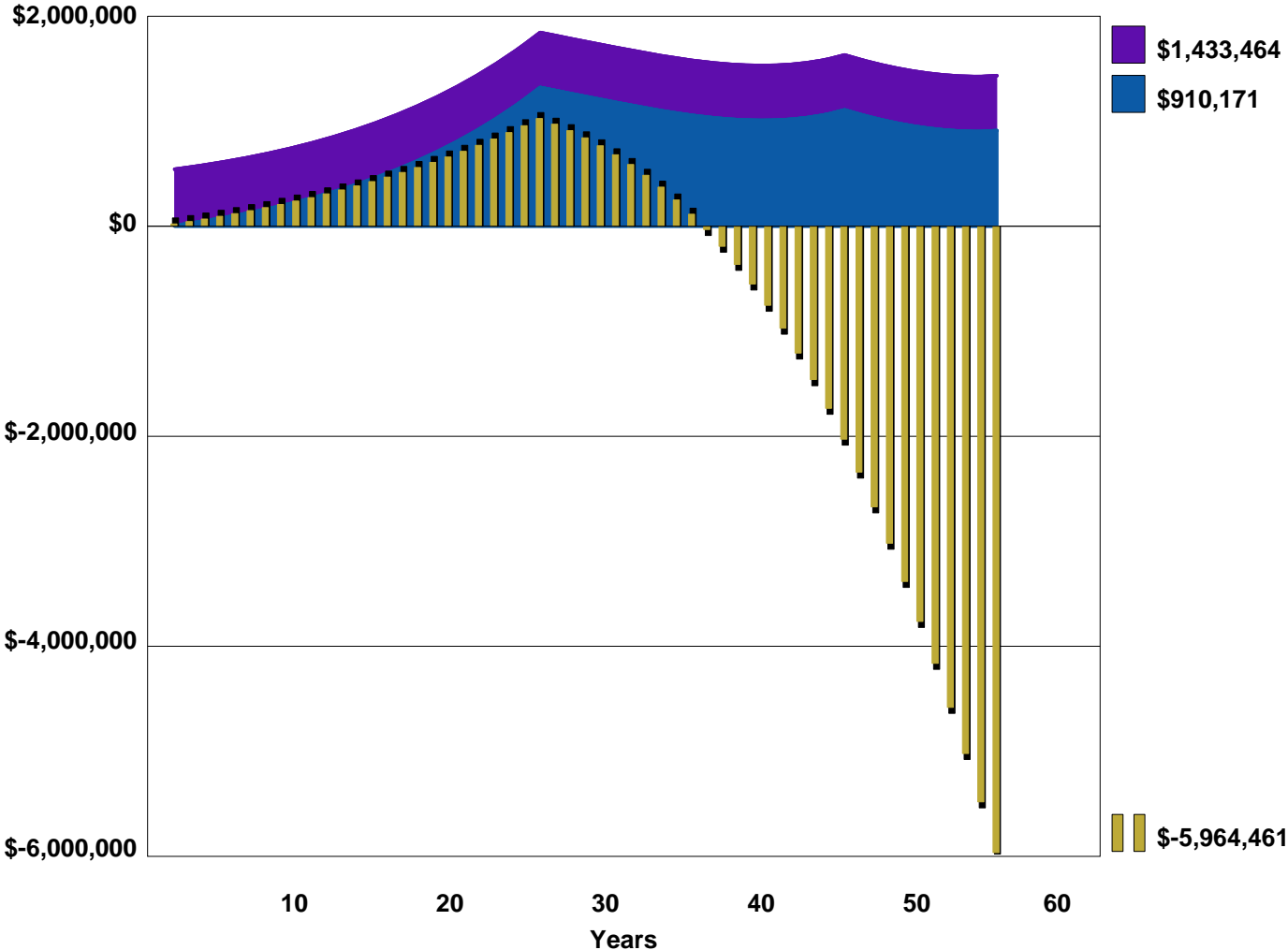
Life insurance analysis includes forgone interest yield on premiums.

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55 Year Analysis



	<u>At Year 55</u>
Effective Cumulative Net Payments	\$-5,964,461
Policy Cash Value	\$910,171
Policy Death Benefit	\$1,433,464

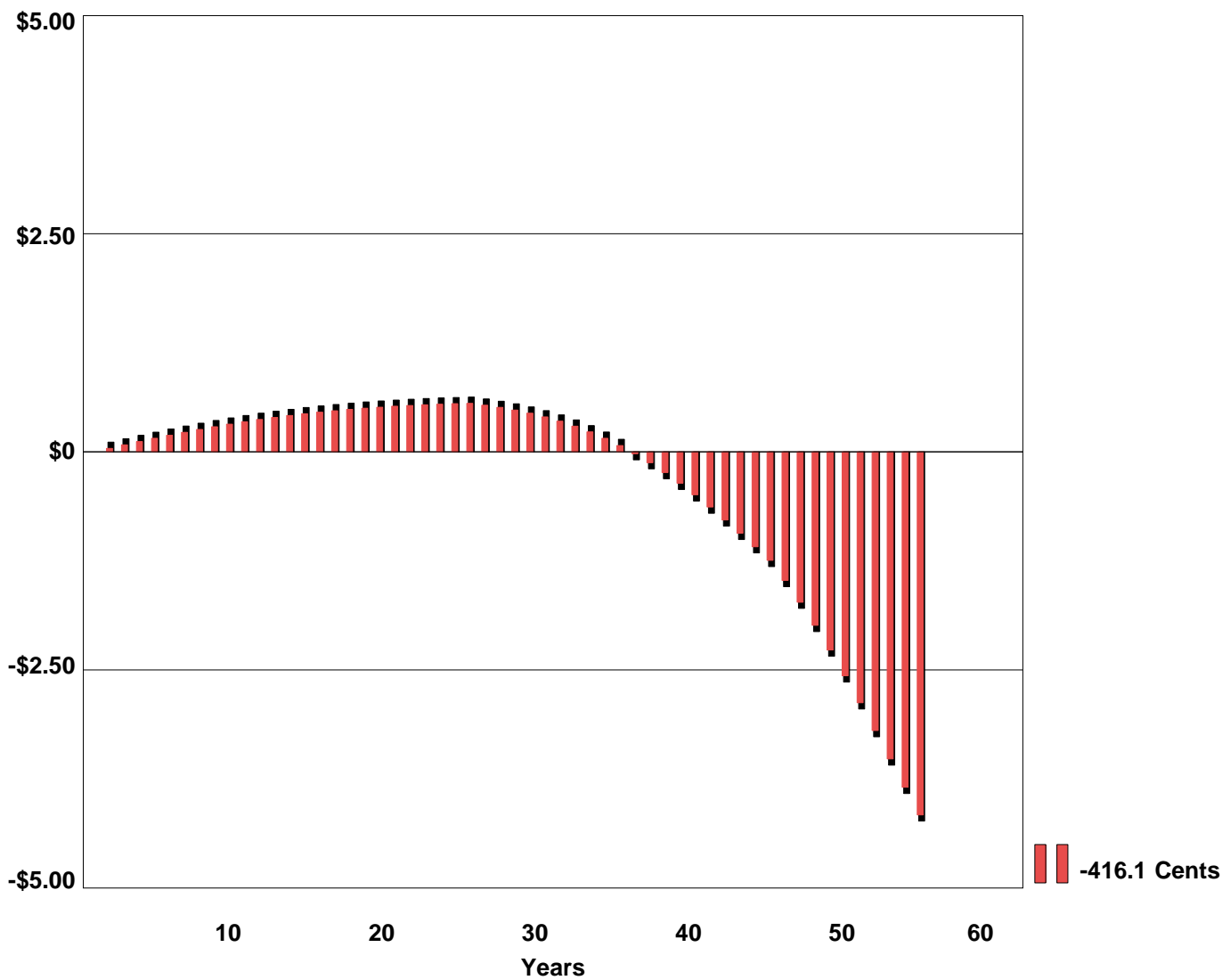
Life insurance analysis includes forgone interest yield on premiums.

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55 Year Analysis Cost per \$1.00 of Funding



At Year 55
Cost of Funding Each \$1.00 of Life Insurance -416.1 Cents

Life insurance analysis includes forgone interest yield on premiums.