

# Indexed Universal Life vs. Term Insurance and Keogh Plan

For: Laura Lake Johnson



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

[Licensed user's name appears here]

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Insured: Laura Lake Johnson

## Preface

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 will involve your selection of the appropriate life insurance policy.

There are several important factors to consider which include:

1. The time frame for the insurance need;
2. Your available cash flow;
3. Your alternative uses for the cash flow;
4. The income tax considerations.

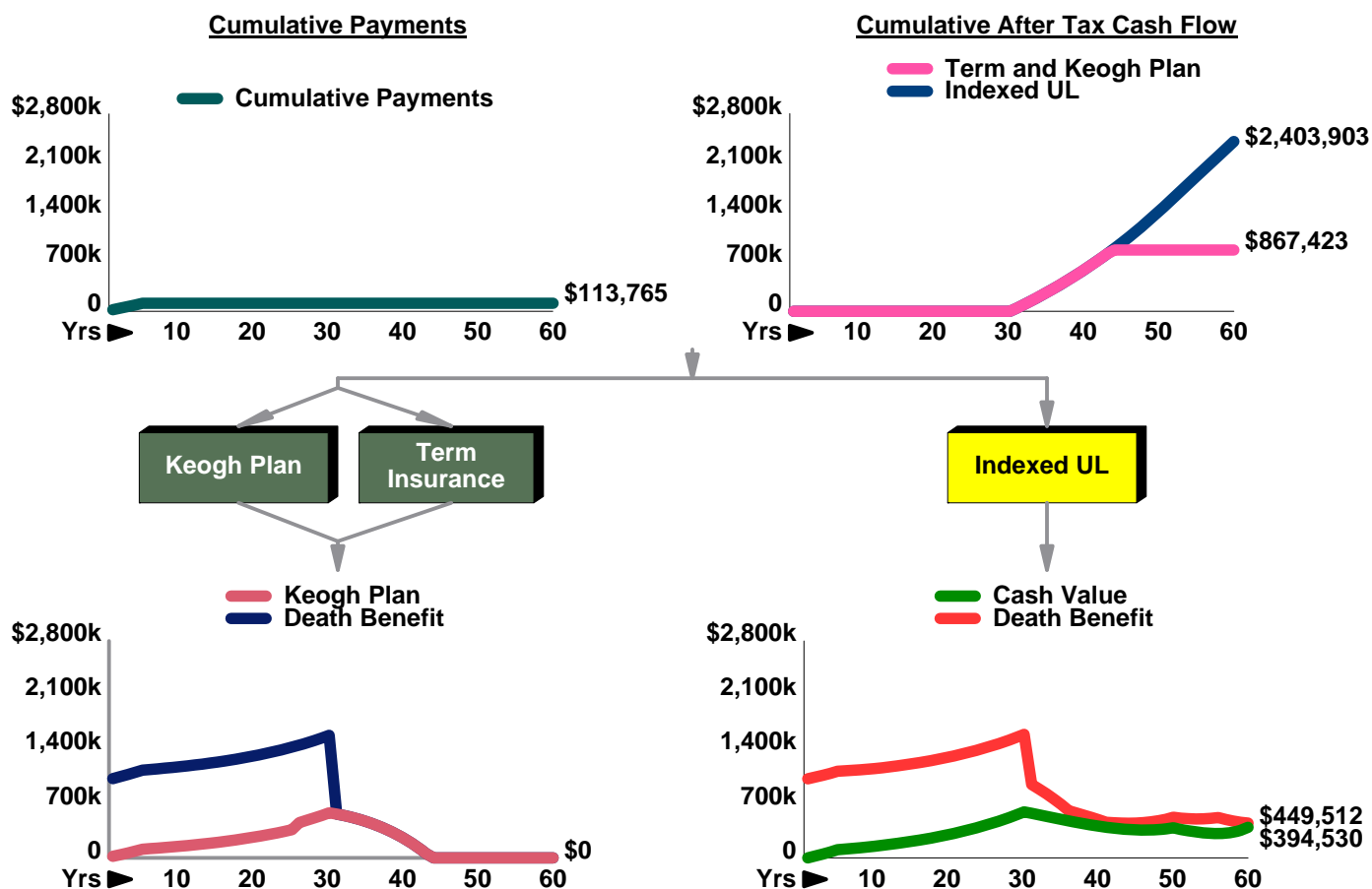
An integrated analysis of these points creates useful information that helps guide your purchasing evaluation. The precision of the conclusions, however, is contingent upon the accuracy of the data utilized. You should be positive that all premises and

conditions accurately reflect your goals and expectations.

The accompanying analysis contrasts a cash value policy to a term insurance alternative. Any difference in premiums between the two choices has been evaluated regarding time/use of money.

The study produces information which should form a basis from which you and your advisors can draw informed conclusions.

Based upon the results of the analysis, we recommend funding your life insurance requirement with the cash value policy illustrated rather than a term life insurance policy.



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.

# Indexed Universal Life vs. Term Insurance and Keogh Plan

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

Insured: Laura Lake Johnson

## Summary

Keogh Plan Yield 7.50%    Income Tax Rate 35.00%    Indexed UL Interest Rate 7.50%    Initial Death Benefit 1,000,000

Year	Female Age	After Tax Payment		1,000,000 Scheduled Term Insurance Along with Keogh Plan					Indexed UL		
		(1) Cost of the Proposed Premium	(2) After Tax Cost of Term and Keogh Plan*	(3) After Tax Cash Flow from Keogh Plan	(4) Value of Keogh Plan if Distributed	(5) After Tax Death Benefit of Keogh Plan	(6) Scheduled Term Death Benefit	(7) Combined Death Benefit	(8) After Tax Policy Loan Proceeds	(9) Year End Cash Value**	(10) Death Benefit
1	35	22,753	22,753	0	19,859	23,470	1,000,000	1,023,470	0	0	1,020,340
2	36	22,753	22,753	0	40,995	48,448	1,000,000	1,048,448	0	23,736	1,042,146
3	37	22,753	22,753	0	63,488	75,031	1,000,000	1,075,031	0	49,176	1,065,536
4	38	22,753	22,753	0	87,426	103,322	1,000,000	1,103,322	0	76,317	1,090,637
5	39	22,753	22,753	0	112,902	133,430	1,000,000	1,133,430	0	105,300	1,117,570
6	40	0	0	0	119,411	141,122	1,000,000	1,141,122	0	113,147	1,123,377
7	41	0	0	0	126,338	149,309	1,000,000	1,149,309	0	121,532	1,129,712
8	42	0	0	0	133,711	158,022	1,000,000	1,158,022	0	130,500	1,136,630
9	43	0	0	0	141,556	167,294	1,000,000	1,167,294	0	140,098	1,144,188
10	44	0	0	0	149,906	177,162	1,000,000	1,177,162	0	150,424	1,152,464
11	45	0	0	0	158,793	187,664	1,000,000	1,187,664	0	163,344	1,163,344
12	46	0	0	0	168,250	198,841	1,000,000	1,198,841	0	175,003	1,175,003
13	47	0	0	0	178,315	210,736	1,000,000	1,210,736	0	187,496	1,187,496
14	48	0	0	0	189,026	223,395	1,000,000	1,223,395	0	200,878	1,200,878
15	49	0	0	0	200,426	236,867	1,000,000	1,236,867	0	215,206	1,215,206
16	50	0	0	0	212,558	251,205	1,000,000	1,251,205	0	230,542	1,230,542
17	51	0	0	0	225,470	266,464	1,000,000	1,266,464	0	246,969	1,246,969
18	52	0	0	0	239,211	282,704	1,000,000	1,282,704	0	264,555	1,264,555
19	53	0	0	0	253,835	299,987	1,000,000	1,299,987	0	283,377	1,283,377
20	54	0	0	0	269,398	318,380	1,000,000	1,318,380	0	303,506	1,303,506
21	55	0	0	0	285,962	337,955	1,000,000	1,337,955	0	325,017	1,325,017
22	56	0	0	0	303,590	358,788	1,000,000	1,358,788	0	347,984	1,347,984
23	57	0	0	0	322,350	380,959	1,000,000	1,380,959	0	372,486	1,372,486
24	58	0	0	0	342,316	404,555	1,000,000	1,404,555	0	398,591	1,398,591
25	59	0	0	0	363,564	429,667	1,000,000	1,429,667	0	426,386	1,426,386
26	60	0	0	0	456,528	456,528	1,000,000	1,456,528	0	455,965	1,455,965
27	61	0	0	0	485,115	485,115	1,000,000	1,485,115	0	487,451	1,487,451
28	62	0	0	0	515,539	515,539	1,000,000	1,515,539	0	520,949	1,520,949
29	63	0	0	0	547,918	547,918	1,000,000	1,547,918	0	556,576	1,556,576
30	64	0	0	0	582,376	582,376	1,000,000	1,582,376	0	594,457	1,594,457
		113,765	113,765	0					0		

\*See column (6) on Term and Keogh Plan Detail Page.  
Keogh Plan withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Columns (2) and (3).

\*\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

### 30 Year Summary

	Term/Keogh Plan	Indexed UL
After Tax Payments	113,765	113,765
After Tax Cash Flow	0	0
Living Values	582,376	594,457
Death Benefit	1,582,376	1,594,457

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Insured: Laura Lake Johnson

## Summary

Keogh Plan Yield 7.50%    Income Tax Rate 35.00%    Indexed UL Interest Rate 7.50%    Initial Death Benefit 1,000,000

Year	Female Age	After Tax Payment		1,000,000 Scheduled Term Insurance Along with Keogh Plan					Indexed UL		
		(1) Cost of the Proposed Premium	(2) After Tax Cost of Term and Keogh Plan*	(3) After Tax Cash Flow from Keogh Plan	(4) Value of Keogh Plan if Distributed	(5) After Tax Death Benefit of Keogh Plan	(6) Scheduled Term Death Benefit	(7) Combined Death Benefit	(8) After Tax Policy Loan Proceeds	(9) Year End Cash Value**	(10) Death Benefit
31	65	0	0	50,543	566,003	566,003	0	566,003	50,543	574,799	946,930
32	66	0	0	52,326	546,681	546,681	0	546,681	52,326	554,935	889,334
33	67	0	0	54,163	524,162	524,162	0	524,162	54,163	535,008	826,929
34	68	0	0	56,055	498,183	498,183	0	498,183	56,055	515,177	759,417
35	69	0	0	58,004	468,460	468,460	0	468,460	58,004	495,631	686,484
36	70	0	0	60,011	434,692	434,692	0	434,692	60,011	476,607	607,797
37	71	0	0	62,079	396,554	396,554	0	396,554	62,079	458,390	579,990
38	72	0	0	64,208	353,699	353,699	0	353,699	64,208	441,060	552,085
39	73	0	0	66,401	305,758	305,758	0	305,758	66,401	424,685	522,883
40	74	0	0	68,660	252,331	252,331	0	252,331	68,660	409,546	492,241
41	75	0	0	70,987	192,995	192,995	0	192,995	70,987	395,972	460,017
42	76	0	0	73,384	127,297	127,297	0	127,297	73,384	384,016	453,529
43	77	0	0	75,853	54,749	54,749	0	54,749	75,853	373,972	449,480
44	78	0	0	54,749	0	0	0	0	78,395	366,156	448,230
45	79	0	0	0	0	0	0	0	81,014	360,917	450,171
46	80	0	0	0	0	0	0	0	83,712	358,631	455,726
47	81	0	0	0	0	0	0	0	86,490	359,705	465,352
48	82	0	0	0	0	0	0	0	89,352	364,578	479,542
49	83	0	0	0	0	0	0	0	92,300	373,719	498,824
50	84	0	0	0	0	0	0	0	95,336	387,647	523,773
51	85	0	0	0	0	0	0	0	98,463	366,876	512,971
52	86	0	0	0	0	0	0	0	98,463	349,093	505,855
53	87	0	0	0	0	0	0	0	98,463	334,616	502,790
54	88	0	0	0	0	0	0	0	98,463	323,790	504,163
55	89	0	0	0	0	0	0	0	98,463	316,953	510,363
56	90	0	0	0	0	0	0	0	98,463	314,268	521,591
57	91	0	0	0	0	0	0	0	98,463	318,886	496,729
58	92	0	0	0	0	0	0	0	98,463	332,389	475,469
59	93	0	0	0	0	0	0	0	98,463	356,763	459,141
60	94	0	0	0	0	0	0	0	98,463	394,530	449,512
		113,765	113,765	867,423					2,403,903		

\*See column (6) on Term and Keogh Plan Detail Page. Keogh Plan withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Columns (2) and (3).

\*\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

### 60 Year Summary

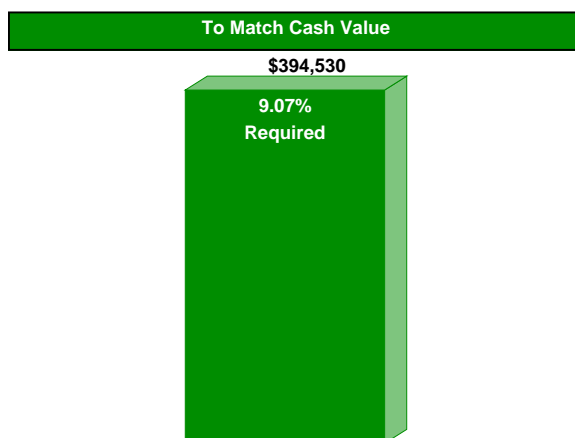
	Term/Keogh Plan	Indexed UL
After Tax Payments	113,765	113,765
After Tax Cash Flow	867,423	867,423
Living Values	0	394,530
Death Benefit	0	449,512

## Summary

Keogh Plan Yield	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.50%	35.00%	7.50%	1,000,000

### Gross Interest Rate Required on Keogh Plan to Match Indexed Universal Life Policy Values over 60 Years After Applying the Term Payment Illustrated

	Gross Interest Rate Required
To Match Cash Value of: \$394,530	9.07%



### Income Tax Considerations

1. Keogh Plan: Interest is tax deferred.
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 illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

# Indexed Universal Life vs. Term Insurance and Keogh Plan

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

Insured: Laura Lake Johnson

## Term and Keogh Plan Detail

Keogh Plan Yield: 7.50%  
Income Tax Rate: 35.00%

Term Insurance and Keogh Plan Cost Analysis								Term Insurance and Keogh Plan Value Analysis			
Year	Female Age	(1) Cost of the Proposed Premium	(2) Alternative Term Premium	(3) After Tax Retirement Income	(4) After Tax Amount Remaining For Keogh Plan	(5) Gross-up of Col (4) For Keogh Plan	(6) After Tax Cost of Term and Keogh Plan (2)+(3)+(4)	(7) Year End Value of Keogh Plan Account	(8) Year End Value of Keogh Plan if Distributed	(9) After Tax Death Benefit of Keogh Plan	(10) Death Benefit of Term Insurance
1	35	22,753	700	0	22,053	33,928	22,753	36,108	19,859	23,470	1,000,000
2	36	22,753	700	0	22,053	33,928	22,753	74,536	40,995	48,448	1,000,000
3	37	22,753	700	0	22,053	33,928	22,753	115,433	63,488	75,031	1,000,000
4	38	22,753	700	0	22,053	33,928	22,753	158,957	87,426	103,322	1,000,000
5	39	22,753	700	0	22,053	33,928	22,753	205,277	112,902	133,430	1,000,000
6	40	0	700	0	-700	-1,273	0	217,111	119,411	141,122	1,000,000
7	41	0	700	0	-700	-1,273	0	229,706	126,338	149,309	1,000,000
8	42	0	700	0	-700	-1,273	0	243,110	133,711	158,022	1,000,000
9	43	0	700	0	-700	-1,273	0	257,375	141,556	167,294	1,000,000
10	44	0	700	0	-700	-1,273	0	272,557	149,906	177,162	1,000,000
11	45	0	700	0	-700	-1,273	0	288,714	158,793	187,664	1,000,000
12	46	0	700	0	-700	-1,273	0	305,909	168,250	198,841	1,000,000
13	47	0	700	0	-700	-1,273	0	324,209	178,315	210,736	1,000,000
14	48	0	700	0	-700	-1,273	0	343,684	189,026	223,395	1,000,000
15	49	0	700	0	-700	-1,273	0	364,411	200,426	236,867	1,000,000
16	50	0	700	0	-700	-1,273	0	386,469	212,558	251,205	1,000,000
17	51	0	700	0	-700	-1,273	0	409,945	225,470	266,464	1,000,000
18	52	0	700	0	-700	-1,273	0	434,929	239,211	282,704	1,000,000
19	53	0	700	0	-700	-1,273	0	461,518	253,835	299,987	1,000,000
20	54	0	700	0	-700	-1,273	0	489,815	269,398	318,380	1,000,000
21	55	0	700	0	-700	-1,273	0	519,931	285,962	337,955	1,000,000
22	56	0	700	0	-700	-1,273	0	551,981	303,590	358,788	1,000,000
23	57	0	700	0	-700	-1,273	0	586,091	322,350	380,959	1,000,000
24	58	0	700	0	-700	-1,273	0	622,392	342,316	404,555	1,000,000
25	59	0	700	0	-700	-1,273	0	661,026	363,564	429,667	1,000,000
26	60	0	700	0	-700	-1,077	0	702,351	456,528	456,528	1,000,000
27	61	0	700	0	-700	-1,077	0	746,331	485,115	485,115	1,000,000
28	62	0	700	0	-700	-1,077	0	793,137	515,539	515,539	1,000,000
29	63	0	700	0	-700	-1,077	0	842,950	547,918	547,918	1,000,000
30	64	0	700	0	-700	-1,077	0	895,963	582,376	582,376	1,000,000
		113,765	21,000	0	92,765	138,795	113,765				

Note: Keogh Plan values do not reflect market rate adjustments, if any. Keogh Plan is assessed:

Tax on withdrawals. Entries in Column (4) are after tax incl. add'l tax before age 59½: 10.00%

Management fees reflected in column (8): 1.00%



# Indexed Universal Life vs. Term Insurance and Keogh Plan

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

Insured: Laura Lake Johnson

## Term and Keogh Plan Detail

Keogh Plan Yield: 7.50%  
Income Tax Rate: 35.00%

		Term Insurance and Keogh Plan Cost Analysis						Term Insurance and Keogh Plan Value Analysis			
Year	Female Age	(1) Cost of the Proposed Premium	(2) Alternative Term Premium	(3) After Tax Retirement Income	(4) After Tax Amount Remaining For Keogh Plan	(5) Gross-up of Col (4) For Keogh Plan	(6) After Tax Cost of Term and Keogh Plan (2)+(3)+(4)	(7) Year End Value of Keogh Plan Account	(8) Year End Value of Keogh Plan if Distributed	(9) After Tax Death Benefit of Keogh Plan	(10) Death Benefit of Term Insurance
31	65	0	0	50,543	-50,543	-77,758	0	870,774	566,003	566,003	0
32	66	0	0	52,326	-52,326	-80,502	0	841,047	546,681	546,681	0
33	67	0	0	54,163	-54,163	-83,328	0	806,403	524,162	524,162	0
34	68	0	0	56,055	-56,055	-86,238	0	766,435	498,183	498,183	0
35	69	0	0	58,004	-58,004	-89,237	0	720,708	468,460	468,460	0
36	70	0	0	60,011	-60,011	-92,325	0	668,757	434,692	434,692	0
37	71	0	0	62,079	-62,079	-95,506	0	610,083	396,554	396,554	0
38	72	0	0	64,208	-64,208	-98,782	0	544,153	353,699	353,699	0
39	73	0	0	66,401	-66,401	-102,155	0	470,397	305,758	305,758	0
40	74	0	0	68,660	-68,660	-105,631	0	388,202	252,331	252,331	0
41	75	0	0	70,987	-70,987	-109,211	0	296,916	192,995	192,995	0
42	76	0	0	73,384	-73,384	-112,898	0	195,841	127,297	127,297	0
43	77	0	0	75,853	-75,853	-116,697	0	84,229	54,749	54,749	0
44	78	0	0	54,749	-54,749	-84,229	0	0	0	0	0
45	79	0	0	0	0	0	0	0	0	0	0
46	80	0	0	0	0	0	0	0	0	0	0
47	81	0	0	0	0	0	0	0	0	0	0
48	82	0	0	0	0	0	0	0	0	0	0
49	83	0	0	0	0	0	0	0	0	0	0
50	84	0	0	0	0	0	0	0	0	0	0
51	85	0	0	0	0	0	0	0	0	0	0
52	86	0	0	0	0	0	0	0	0	0	0
53	87	0	0	0	0	0	0	0	0	0	0
54	88	0	0	0	0	0	0	0	0	0	0
55	89	0	0	0	0	0	0	0	0	0	0
56	90	0	0	0	0	0	0	0	0	0	0
57	91	0	0	0	0	0	0	0	0	0	0
58	92	0	0	0	0	0	0	0	0	0	0
59	93	0	0	0	0	0	0	0	0	0	0
60	94	0	0	0	0	0	0	0	0	0	0
		113,765	21,000	867,423	-774,658	-1,195,702	113,765				

Note: Keogh Plan values do not reflect market rate adjustments, if any. Keogh Plan is assessed:

Tax on withdrawals. Entries in Column (4) are after tax incl. add'l tax before age 59½: 10.00%

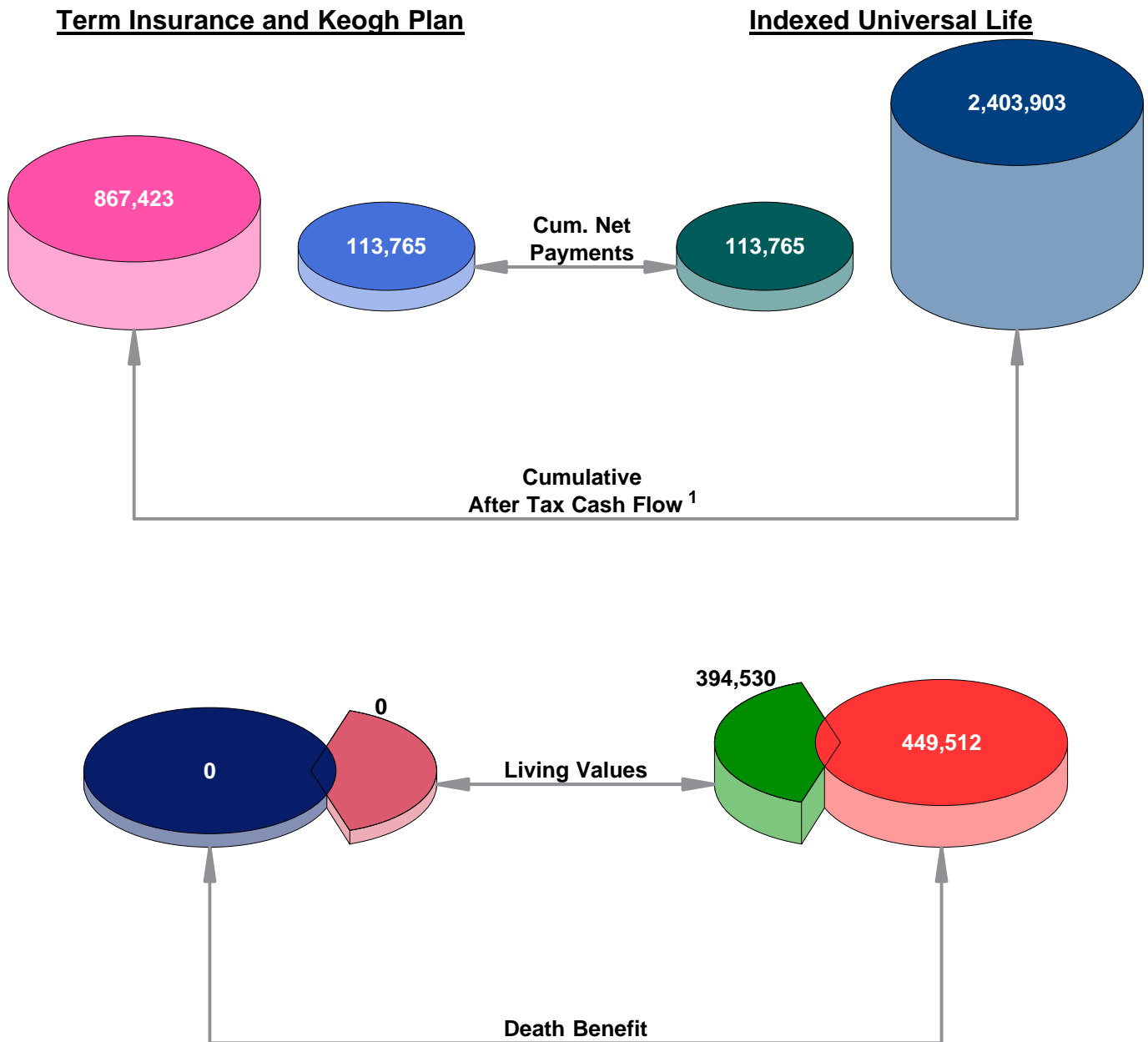
Management fees reflected in column (8): 1.00%

# Indexed Universal Life vs. Term Insurance and Keogh Plan

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Insured: Laura Lake Johnson

## A Look at Year 60



(1) For Retirement Income

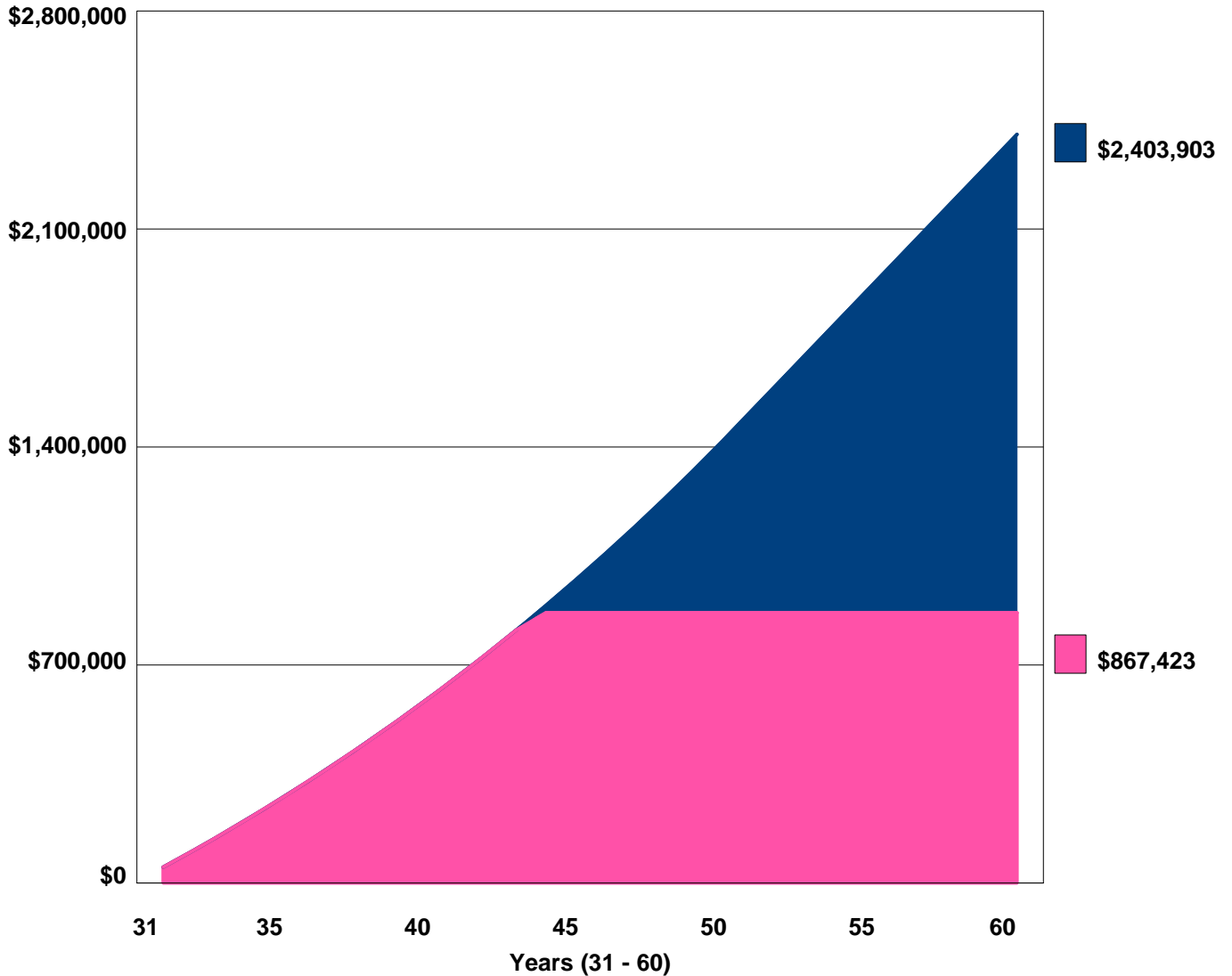


# Indexed Universal Life vs. Term Insurance and Keogh Plan

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Insured: Laura Lake Johnson

## Cash Flow Comparison of Years 31 - 60



At Year 60

Cumulative After Tax Cash Flow - Keogh Plan \$867,423

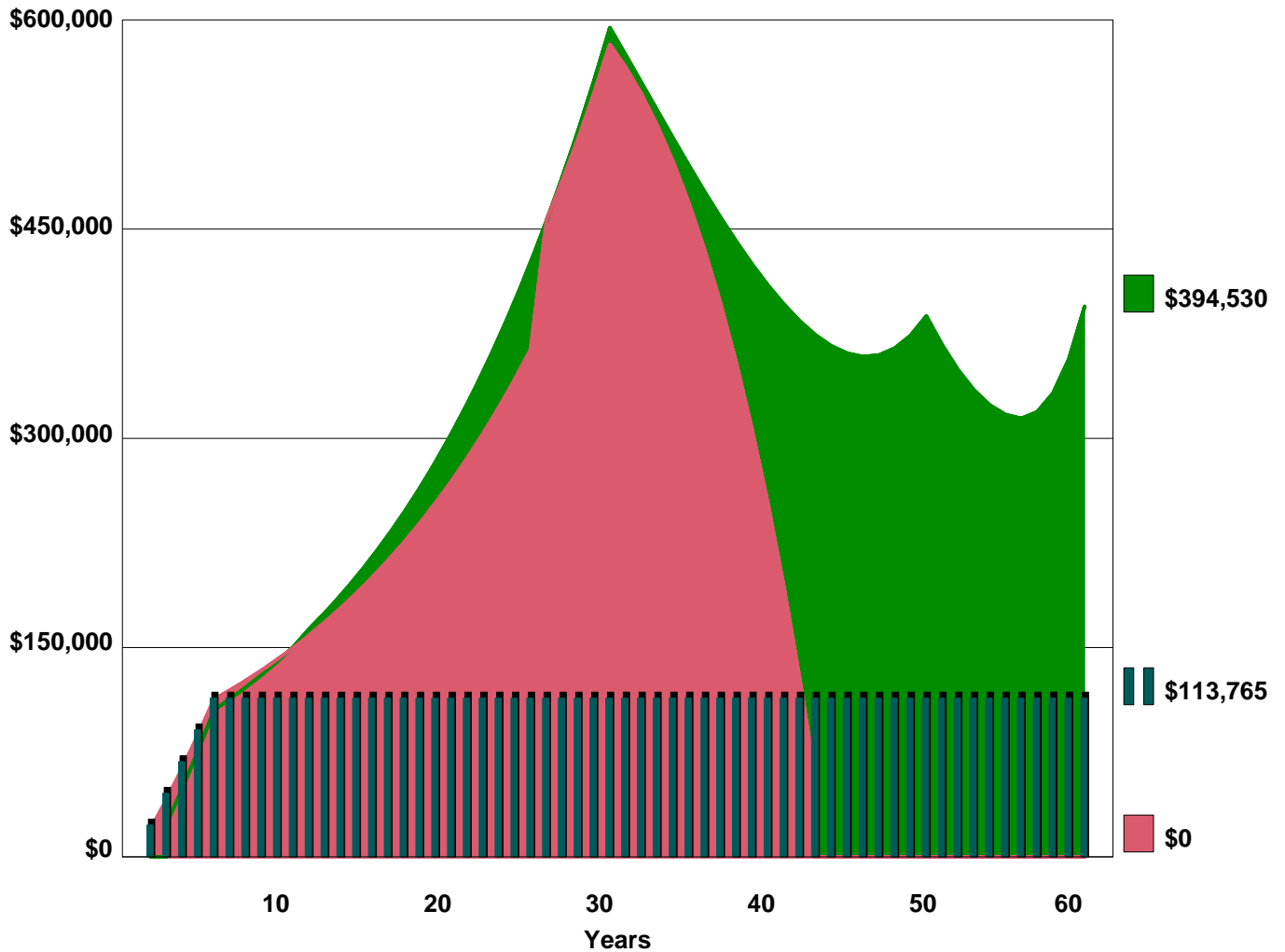
Cumulative After Tax Policy Cash Flow - Indexed UL \$2,403,903

# Indexed Universal Life vs. Term Insurance and Keogh Plan

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Insured: Laura Lake Johnson

## 60 Year Analysis



	At Year 60
Net Payments (Cumulative)	\$113,765
Keogh Plan Distributed Values	\$0
Indexed UL Cash Values	\$394,530