

# Premium Financing

For: Arthur and Allison Baxter



*"Money is like a sixth sense which you cannot make complete use of without the other five."*

William Somerset Maugham

Presented By:

[Licensed user's name appears here]

## Preface

The primary benefit of a life insurance premium financing strategy is to obtain a significant amount of life insurance coverage at a reduced cash flow cost, and virtually any cash value life insurance policy can be funded in this manner. An irrevocable life insurance trust ("ILIT") is typically the policy owner and borrower.

The loan structure, loan interest, fees, collateral requirements, and personal guarantees associated with this technique will be determined by the lender.

Since the policy is typically owned by an ILIT, a secondary benefit of a premium financing strategy is the avoidance, or at least mitigation, of gift taxes. This is because the loan interest associated with premium financing is typically lower than the policy premium particularly during the early years of the arrangement.

A third benefit involves the avoidance of estate taxes on the policy net death benefit retained by the ILIT.

There are several risks associated with premium financing, some of which are outlined below:

### Lender Risk

- Is the loan a term loan that is due in fewer years than illustrated? If so, the borrower will likely be subject to new loan conditions.
- If the loan is not a term loan, does the lender have the right to demand full satisfaction of the loan at any time? An unlimited right to demand full satisfaction of the loan provides very little security for the borrower.

### Collateral Risk

- The lender may limit the form of acceptable collateral requiring only liquid assets be provided.
- Additional collateral may be required based on a change in the loan requirements of the lender.
- The policy cash values shown on pages that follow are not guaranteed and may be higher or lower than illustrated. Additional collateral may be required if the actual policy cash values turn out to be lower than illustrated.
- A personal guarantee may be required.

Borrower and Policy Owner: Baxter Family Trust

Lender: To be determined

### Interest-Rate Risk

- In some premium financing transactions, the loan interest is a variable rate which resets annually.
- If the loan interest is a fixed rate, how long is it fixed? Is this an acceptable condition?

### Tax Risk

- Does a personal guarantee interfere with the estate tax free nature of policy death benefit?
- If the loan requires a personal guarantee, will such guarantee be deemed a gift to the ILIT?

### Exit Strategies

With long-live insureds, repayment of loans associated with premium financing must be considered, and careful planning should be contemplated in advance to ensure a source of funds for this purpose. In some cases, the policy cash value and/or death benefit may be sufficient. Alternatively, the client could use other sources of cash to repay the loans. Finally, the least predictable option includes the life settlement market where some policies can be sold in future years once the client's age exceeds 75 and/or the client develops a medical condition that substantially reduces life expectancy. However, the specific amount of any such sale is unknowable when the policy is first placed in force.

### Conclusion

Based on creditworthiness of the borrower, the terms of the lender, and the life insurance company involved, the actual terms of a premium financing arrangement will be different. It is important that the right combination of these three issues be carefully evaluated.

### Important Note

In all cases, be sure to consult with your own legal and tax advisers before entering into this or any other arrangement involving tax, legal, and economic considerations. The approval of these 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.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Illustration of Policy Values Funding the Plan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

		Indexed UL Interest Rate 6.20%	Initial Premium 1,000,000	Initial Policy Death Benefit 12,535,284		
Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Year End Death Benefit
1	50	1,000,000	0	834,340	834,340	13,369,624
2	51	1,000,000	0	1,718,375	1,718,375	14,253,659
3	52	1,000,000	0	2,654,960	2,654,960	15,190,244
4	53	1,000,000	0	3,646,899	3,646,899	16,182,183
5	54	1,000,000	0	4,699,802	4,699,802	17,235,086
6	55	1,000,000	0	5,817,236	5,817,236	18,352,520
7	56	1,000,000	0	7,003,256	7,003,256	19,538,540
8	57	0	0	7,285,027	7,285,027	19,820,311
9	58	0	0	7,583,389	7,583,389	20,118,673
10	59	0	0	7,899,300	7,899,300	20,434,584
11	60	0	0	8,234,053	8,234,053	20,769,337
12	61	0	0	8,588,877	8,588,877	21,124,161
13	62	0	0	9,003,925	9,003,925	21,539,209
14	63	0	0	9,444,706	9,444,706	21,979,990
15	64	0	0	9,912,816	9,912,816	22,448,100
16	65	0	6,804,730	10,469,661	3,324,695	5,418,627
17	66	0	0	11,059,682	3,557,467	5,658,806
18	67	0	0	11,682,726	3,805,400	5,908,291
19	68	0	0	12,340,148	4,068,956	6,166,781
20	69	0	0	13,033,800	4,349,048	6,434,456
21	70	0	0	13,765,673	4,646,684	6,711,535
22	71	0	0	14,539,284	4,964,345	6,854,452
23	72	0	0	15,357,543	5,303,857	6,993,187
24	73	0	0	16,223,752	5,667,383	7,127,520
25	74	0	0	17,141,374	6,057,186	7,257,082
26	75	0	0	18,114,475	6,476,078	7,381,801
27	76	0	0	19,141,678	6,921,360	7,878,444
28	77	0	0	20,225,762	7,394,429	8,405,717
29	78	0	0	21,369,591	7,896,692	8,965,171
30	79	0	0	22,576,168	8,429,623	9,558,431
		7,000,000	6,804,730			

\*This illustration assumes the illustrated non-guaranteed values 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.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Illustration of Policy Values Funding the Plan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

		Indexed UL Interest Rate 6.20%	Initial Premium 1,000,000	Initial Policy Death Benefit 12,535,284			
Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Year End Death Benefit	
31	80	0	0	23,848,378	8,994,506	10,186,924	
32	81	0	0	25,188,796	9,592,231	10,851,670	
33	82	0	0	26,600,392	10,223,998	11,554,018	
34	83	0	0	28,086,093	10,890,880	12,295,184	
35	84	0	0	29,646,394	11,591,420	13,073,740	
36	85	0	0	31,282,642	12,324,919	13,889,051	
37	86	0	0	32,997,366	13,091,756	14,741,625	
38	87	0	0	34,791,341	13,890,451	15,630,018	
39	88	0	0	36,663,236	14,717,301	16,550,463	
40	89	0	0	38,611,717	15,568,486	17,499,072	
41	90	0	0	40,632,971	16,437,578	18,469,227	
42	91	0	0	42,775,014	17,369,852	19,080,853	
43	92	0	0	45,058,945	18,383,524	19,735,293	
44	93	0	0	47,513,282	19,504,091	20,454,356	
45	94	0	0	50,174,127	20,764,476	21,266,217	
46	95	0	0	53,084,109	22,203,975	22,203,975	
47	96	0	0	56,164,474	23,740,334	23,740,334	
48	97	0	0	59,425,283	25,379,936	25,379,936	
49	98	0	0	62,877,198	27,129,584	27,129,584	
50	99	0	0	66,531,514	28,996,519	28,996,519	
		<u>7,000,000</u>	<u>6,804,730</u>				

\*This illustration assumes the illustrated non-guaranteed values 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.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Summary

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Indexed UL Interest Rate  
6.20%

Initial Policy Death Benefit  
12,535,284

		Gift and Loan Summary						Trust's Values		
Year	Male Age	(1) Policy Premium	(2) Gift to Trust for Premium and Loan Repayment	(3) Balance of Premium Due Borrowed from Bank*	(4) Assumed Bank Loan Interest Rate	(5) Cumulative Loan Due Bank**	(6) Net Policy Loan Proceeds Used to Reduce Loan	(7) Year End Policy Cash Value*** Net of Bank Loan	(8) Year End Policy Death Benefit Net of Bank Loan	(9) Letter of Credit Req'd****
1	50	1,000,000	300,000	700,000	3.00%	721,000	0	113,340	12,648,624	0
2	51	1,000,000	300,000	700,000	3.14%	1,465,619	0	252,756	12,788,040	0
3	52	1,000,000	300,000	700,000	3.29%	2,236,868	0	418,092	12,953,376	0
4	53	1,000,000	300,000	700,000	3.43%	3,037,603	0	609,296	13,144,580	0
5	54	1,000,000	300,000	700,000	3.57%	3,871,035	0	828,767	13,364,051	0
6	55	1,000,000	300,000	700,000	3.71%	4,740,620	0	1,076,616	13,611,900	0
7	56	1,000,000	300,000	700,000	3.86%	5,650,628	0	1,352,628	13,887,912	0
8	57	0	300,000	-300,000	4.00%	5,564,653	0	1,720,374	14,255,658	0
9	58	0	300,000	-300,000	4.14%	5,482,610	0	2,100,779	14,636,063	0
10	59	0	300,000	-300,000	4.29%	5,404,944	0	2,494,356	15,029,640	0
11	60	0	0	0	4.43%	5,644,383	0	2,589,670	15,124,954	0
12	61	0	0	0	4.57%	5,902,331	0	2,686,546	15,221,830	0
13	62	0	0	0	4.71%	6,180,331	0	2,823,594	15,358,878	0
14	63	0	0	0	4.86%	6,480,695	0	2,964,011	15,499,295	0
15	64	0	0	0	5.00%	6,804,730	0	3,108,086	15,643,370	0
16	65	0	0	0		0	6,804,730	3,324,695	5,418,627	0
17	66	0	0	0		0	0	3,557,467	5,658,806	0
18	67	0	0	0		0	0	3,805,400	5,908,291	0
19	68	0	0	0		0	0	4,068,956	6,166,781	0
20	69	0	0	0		0	0	4,349,048	6,434,456	0
21	70	0	0	0		0	0	4,646,684	6,711,535	0
22	71	0	0	0		0	0	4,964,345	6,854,452	0
23	72	0	0	0		0	0	5,303,857	6,993,187	0
24	73	0	0	0		0	0	5,667,383	7,127,520	0
25	74	0	0	0		0	0	6,057,186	7,257,082	0
26	75	0	0	0		0	0	6,476,078	7,381,801	0
27	76	0	0	0		0	0	6,921,360	7,878,444	0
28	77	0	0	0		0	0	7,394,429	8,405,717	0
29	78	0	0	0		0	0	7,896,692	8,965,171	0
30	79	0	0	0		0	0	8,429,623	9,558,431	0
		7,000,000	3,000,000	4,000,000			6,804,730			

\*Negatives in Column (3) assume bank repayment.

\*\*Includes accrued loan interest. See "Analysis of Bank Loan"

\*\*\*\*See "Analysis of Collateral Required" report for details.

\*\*\*This illustration assumes the illustrated non-guaranteed values 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 Analysis

	Living Values	Death Benefit
Indexed Universal Life	8,429,623	9,558,431
Less Loan Repayment Due:	0	0
Equals Value to Policy Owner:	8,429,623	9,558,431

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Summary

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Indexed UL Interest Rate  
6.20%  
Initial Policy Death Benefit  
12,535,284

		Gift and Loan Summary						Trust's Values		
Year	Male Age	(1) Policy Premium	(2) Gift to Trust for Premium and Loan Repayment	(3) Balance of Premium Due Borrowed from Bank*	(4) Assumed Bank Loan Interest Rate	(5) Cumulative Loan Due Bank**	(6) Net Policy Loan Proceeds Used to Reduce Loan	(7) Year End Policy Cash Value*** Net of Bank Loan	(8) Year End Policy Death Benefit Net of Bank Loan	(9) Letter of Credit Req'd****
31	80	0	0	0		0	0	8,994,506	10,186,924	0
32	81	0	0	0		0	0	9,592,231	10,851,670	0
33	82	0	0	0		0	0	10,223,998	11,554,018	0
34	83	0	0	0		0	0	10,890,880	12,295,184	0
35	84	0	0	0		0	0	11,591,420	13,073,740	0
36	85	0	0	0		0	0	12,324,919	13,889,051	0
37	86	0	0	0		0	0	13,091,756	14,741,625	0
38	87	0	0	0		0	0	13,890,451	15,630,018	0
39	88	0	0	0		0	0	14,717,301	16,550,463	0
40	89	0	0	0		0	0	15,568,486	17,499,072	0
41	90	0	0	0		0	0	16,437,578	18,469,227	0
42	91	0	0	0		0	0	17,369,852	19,080,853	0
43	92	0	0	0		0	0	18,383,524	19,735,293	0
44	93	0	0	0		0	0	19,504,091	20,454,356	0
45	94	0	0	0		0	0	20,764,476	21,266,217	0
46	95	0	0	0		0	0	22,203,975	22,203,975	0
47	96	0	0	0		0	0	23,740,334	23,740,334	0
48	97	0	0	0		0	0	25,379,936	25,379,936	0
49	98	0	0	0		0	0	27,129,584	27,129,584	0
50	99	0	0	0		0	0	28,996,519	28,996,519	0

7,000,000

3,000,000

4,000,000

6,804,730

\*Negatives in Column (3) assume bank repayment.

\*\*Includes accrued loan interest. See "Analysis of Bank Loan"

\*\*\*\*See "Analysis of Collateral Required" report for details.

\*\*\*This illustration assumes the illustrated non-guaranteed values 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.

### 50 Year Analysis

	Living Values	Death Benefit
Indexed Universal Life	28,996,519	28,996,519
Less Loan Repayment Due:	0	0
Equals Value to Policy Owner:	28,996,519	28,996,519

# Premium Financing Using Indexed Universal Life

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

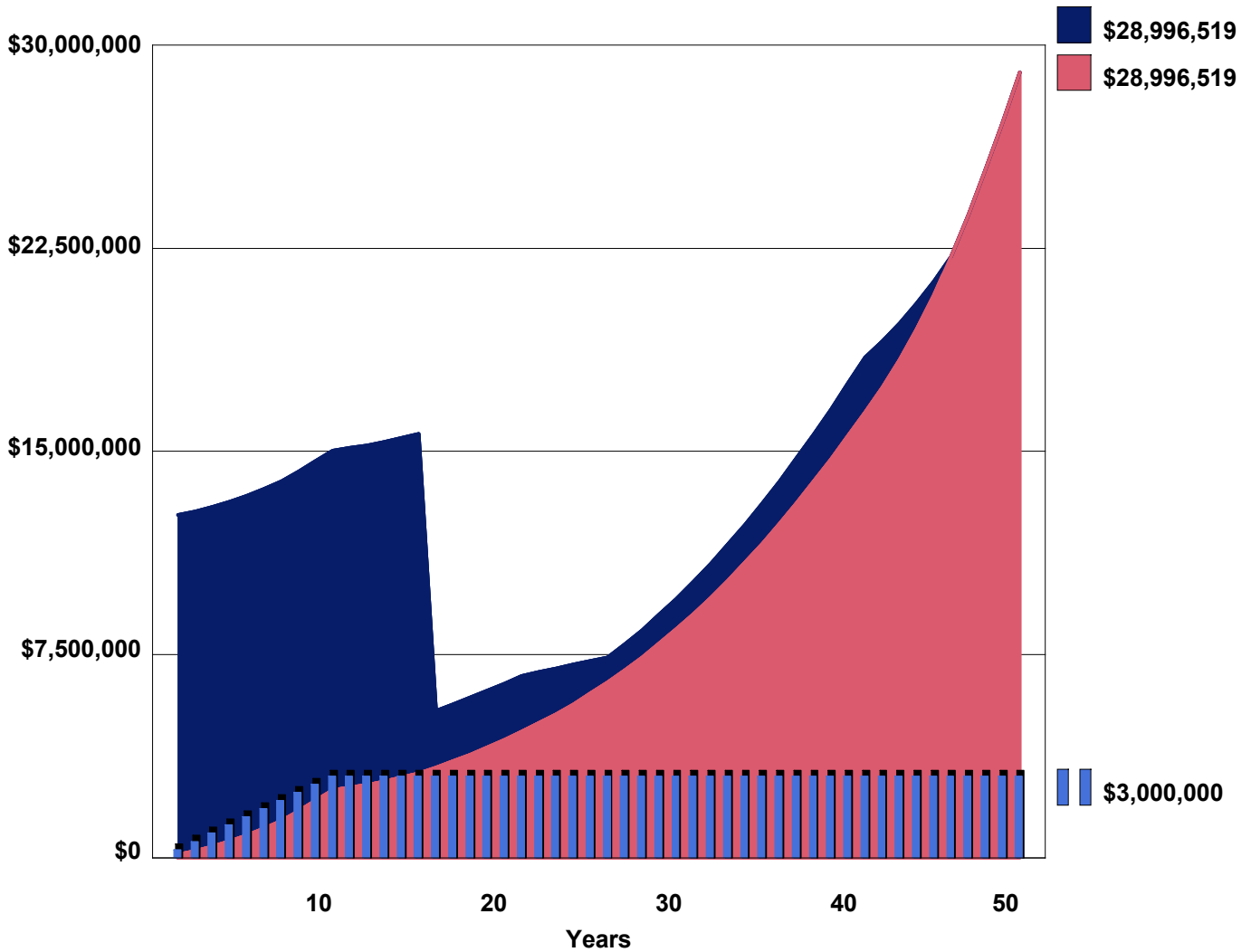
Insured: Arthur Baxter

## Trust's 50 Year Graphic Analysis

Borrower and Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter



	<u>At Year 50</u>
Cumulative Gifts for Premiums	\$3,000,000
Trust's Cash Value Less Loan Due Bank <sup>1</sup>	\$28,996,519
Trust's Estate Tax Free Death Benefit Less Loan Due Bank <sup>1</sup>	\$28,996,519

<sup>1</sup>The cumulative loan due bank of \$6,804,730 is assumed paid off at the beginning of year 16 from policy loans.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Analysis of Collateral Required

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Year	Male Age	(1) Year End Policy Cash Value*	(2) Policy Interest Rate	(3) Year End Cumulative Loan Due Bank	(4) Current Year End Interest Credited (1) x (2)	(5) Estimated Beg. of Year Policy Cash Value** (1) - (4)	(6) Letter of Credit Required***
1	50	834,340	6.20%	721,000	51,729	782,611	0
2	51	1,718,375	6.20%	1,465,619	106,539	1,611,836	0
3	52	2,654,960	6.20%	2,236,868	164,608	2,490,352	0
4	53	3,646,899	6.20%	3,037,603	226,108	3,420,791	0
5	54	4,699,802	6.20%	3,871,035	291,388	4,408,414	0
6	55	5,817,236	6.20%	4,740,620	360,669	5,456,567	0
7	56	7,003,256	6.20%	5,650,628	434,202	6,569,054	0
8	57	7,285,027	6.20%	5,564,653	451,672	6,833,355	0
9	58	7,583,389	6.20%	5,482,610	470,170	7,113,219	0
10	59	7,899,300	6.20%	5,404,944	489,757	7,409,543	0
11	60	8,234,053	6.20%	5,644,383	510,511	7,723,542	0
12	61	8,588,877	6.20%	5,902,331	532,510	8,056,367	0
13	62	9,003,925	6.20%	6,180,331	558,243	8,445,682	0
14	63	9,444,706	6.20%	6,480,695	585,572	8,859,134	0
15	64	9,912,816	6.20%	6,804,730	614,595	9,298,221	0
16	65	3,324,695	6.20%	0	0	0	0

\*This illustration assumes the illustrated non-guaranteed values 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.

\*\*\*When values in Column (5) are less than those in Column (3), additional collateral is required.

\*\*The loan collateral must be available at the beginning of each policy year. Therefore, column (1) must be adjusted to reflect beginning of year values that are available to the bank. To do this, the current year's interest credits are subtracted from column (1). In addition, the numbers shown in Column (5) above are based on a future projection of the policy's interest rate and corresponding credited interest earnings. For more information about this, please contact your financial advisor.



## Collateral Calculations

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

## Collateral Calculations

In determining any additional collateral required, as described in the Analysis of Collateral Required report, the calculations in that report are based on input from premium financing agencies which have provided insights into how banks assess policy cash value collateral. The final decision as to collateral required is based on an agreement between the lender and borrower.

This information is for educational purposes only. In all cases, the approval of a client's legal and tax advisers must also 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.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Trust's Required Cash Flow

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Year	Male Age	(1) Portion of Policy Premium*	(2) Loan Repayment*	(3) Trust's Required Cash Flow*
1	50	300,000	0	300,000
2	51	300,000	0	300,000
3	52	300,000	0	300,000
4	53	300,000	0	300,000
5	54	300,000	0	300,000
6	55	300,000	0	300,000
7	56	300,000	0	300,000
8	57	0	300,000	300,000
9	58	0	300,000	300,000
10	59	0	300,000	300,000
11	60	0	0	0
12	61	0	0	0
13	62	0	0	0
14	63	0	0	0
15	64	0	0	0
16	65	0	0	0
17	66	0	0	0
18	67	0	0	0
19	68	0	0	0
20	69	0	0	0
21	70	0	0	0
22	71	0	0	0
23	72	0	0	0
24	73	0	0	0
25	74	0	0	0
26	75	0	0	0
27	76	0	0	0
28	77	0	0	0
29	78	0	0	0
30	79	0	0	0
		2,100,000	900,000	3,000,000

\*Assumed gifted from Trust Grantor.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Trust's Required Cash Flow

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Year	Male Age	(1) Portion of Policy Premium*	+	(2) Loan Repayment*	=	(3) Trust's Required Cash Flow*
31	80	0		0		0
32	81	0		0		0
33	82	0		0		0
34	83	0		0		0
35	84	0		0		0
36	85	0		0		0
37	86	0		0		0
38	87	0		0		0
39	88	0		0		0
40	89	0		0		0
41	90	0		0		0
42	91	0		0		0
43	92	0		0		0
44	93	0		0		0
45	94	0		0		0
46	95	0		0		0
47	96	0		0		0
48	97	0		0		0
49	98	0		0		0
50	99	0		0		0
		2,100,000		900,000		3,000,000

\*Assumed gifted from Trust Grantor.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Analysis of Bank Loan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Loan Interest  
Payment Method:  
Accrued in all Years

Year	Male Age	(1) Loan from Bank to Trust for Policy Premium	(2) Amount Paid by Trust to Repay Loan	(3) Net Loan Policy Proceeds Used to Reduce Loan	(4) Loan Balance Subject to Interest	(5) Assumed Bank Loan Interest Rate	(6) Loan Interest to Accrue	(7) Year End Cumulative Loan Due Bank (4)+(6)
1	50	700,000	0	0	700,000	3.00%	21,000	721,000
2	51	700,000	0	0	1,421,000	3.14%	44,619	1,465,619
3	52	700,000	0	0	2,165,619	3.29%	71,249	2,236,868
4	53	700,000	0	0	2,936,868	3.43%	100,735	3,037,603
5	54	700,000	0	0	3,737,603	3.57%	133,432	3,871,035
6	55	700,000	0	0	4,571,035	3.71%	169,585	4,740,620
7	56	700,000	0	0	5,440,620	3.86%	210,008	5,650,628
8	57	0	300,000	0	5,350,628	4.00%	214,025	5,564,653
9	58	0	300,000	0	5,264,653	4.14%	217,957	5,482,610
10	59	0	300,000	0	5,182,610	4.29%	222,334	5,404,944
11	60	0	0	0	5,404,944	4.43%	239,439	5,644,383
12	61	0	0	0	5,644,383	4.57%	257,948	5,902,331
13	62	0	0	0	5,902,331	4.71%	278,000	6,180,331
14	63	0	0	0	6,180,331	4.86%	300,364	6,480,695
15	64	0	0	0	6,480,695	5.00%	324,035	6,804,730
16	65	0	0	6,804,730	0	0	0	0
17	66	0	0	0	0	0	0	0
18	67	0	0	0	0	0	0	0
19	68	0	0	0	0	0	0	0
20	69	0	0	0	0	0	0	0
21	70	0	0	0	0	0	0	0
22	71	0	0	0	0	0	0	0
23	72	0	0	0	0	0	0	0
24	73	0	0	0	0	0	0	0
25	74	0	0	0	0	0	0	0
26	75	0	0	0	0	0	0	0
27	76	0	0	0	0	0	0	0
28	77	0	0	0	0	0	0	0
29	78	0	0	0	0	0	0	0
30	79	0	0	0	0	0	0	0
		<b>4,900,000</b>	<b>900,000</b>	<b>6,804,730</b>			<b>2,804,730</b>	

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Analysis of Bank Loan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Loan Interest  
Payment Method:  
Accrued in all Years

Year	Male Age	(1) Loan from Bank to Trust for Policy Premium	(2) Amount Paid by Trust to Repay Loan	(3) Net Loan Policy Proceeds Used to Reduce Loan	(4) Loan Balance Subject to Interest	(5) Assumed Bank Loan Interest Rate	(6) Loan Interest to Accrue	(7) Year End Cumulative Loan Due Bank (4)+(6)
31	80	0	0	0	0		0	0
32	81	0	0	0	0		0	0
33	82	0	0	0	0		0	0
34	83	0	0	0	0		0	0
35	84	0	0	0	0		0	0
36	85	0	0	0	0		0	0
37	86	0	0	0	0		0	0
38	87	0	0	0	0		0	0
39	88	0	0	0	0		0	0
40	89	0	0	0	0		0	0
41	90	0	0	0	0		0	0
42	91	0	0	0	0		0	0
43	92	0	0	0	0		0	0
44	93	0	0	0	0		0	0
45	94	0	0	0	0		0	0
46	95	0	0	0	0		0	0
47	96	0	0	0	0		0	0
48	97	0	0	0	0		0	0
49	98	0	0	0	0		0	0
50	99	0	0	0	0		0	0

4,900,000

900,000

6,804,730

2,804,730

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Rate of Return (ROR) Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Indexed UL Interest Rate: 6.20%  
 Initial Policy Death Benefit: 12,535,284  
 Trust Grantor's Income Tax Tax Bracket: 37.00%  
 Trust Grantor's Estate Tax Bracket: 40.00%  
 Loan Interest Payment Method: Accrued in all Years

Year	Male Age	Trust's Year End Cash Value					Trust's Year End Death Benefit		
		(1) Portion of Policy Premium Paid by Trust	(2) Cumulative Cash Flow Required from Trust	(3) Net Policy Cash Value*	(4) Pre-Tax** Equivalent ROR of Net Policy Cash Value	(5) Net ROR of Net Policy Cash Value	(6) Net Policy Death Benefit*	(7) Pre-Tax** Equivalent ROR of Net Policy Death Benefit	(8) Net ROR of Net Policy Death Benefit
1	50	300,000	300,000	113,340	-37.03%	-62.22%	12,648,624	10,995.26%	4,116.21%
2	51	300,000	600,000	252,756	-21.38%	-45.48%	12,788,040	1,102.16%	504.80%
3	52	300,000	900,000	418,092	-12.26%	-33.71%	12,953,376	440.91%	211.87%
4	53	300,000	1,200,000	609,296	-6.57%	-25.34%	13,144,580	254.61%	124.22%
5	54	300,000	1,500,000	828,767	-2.74%	-19.16%	13,364,051	172.70%	84.55%
6	55	300,000	1,800,000	1,076,616	-0.09%	-14.53%	13,611,900	128.02%	62.58%
7	56	300,000	2,100,000	1,352,628	2.82%	-11.02%	13,887,912	100.38%	48.86%
8	57	300,000	2,400,000	1,720,374	6.26%	-7.45%	14,255,658	81.99%	39.70%
9	58	300,000	2,700,000	2,100,779	8.19%	-5.07%	14,636,063	68.85%	33.14%
10	59	300,000	3,000,000	2,494,356	9.29%	-3.39%	15,029,640	59.05%	28.25%
11	60	0	3,000,000	2,589,670	8.83%	-2.27%	15,124,954	51.39%	24.54%
12	61	0	3,000,000	2,686,546	8.46%	-1.47%	15,221,830	45.40%	21.66%
13	62	0	3,000,000	2,823,594	8.42%	-0.71%	15,358,878	40.65%	19.39%
14	63	0	3,000,000	2,964,011	8.37%	-0.13%	15,499,295	36.78%	17.56%
15	64	0	3,000,000	3,108,086	8.31%	0.34%	15,643,370	33.58%	16.04%
16	65	0	3,000,000	3,324,695	8.53%	0.89%	5,418,627	15.43%	5.18%
17	66	0	3,000,000	3,557,467	8.73%	1.37%	5,658,806	14.78%	5.12%
18	67	0	3,000,000	3,805,400	8.90%	1.77%	5,908,291	14.22%	5.07%
19	68	0	3,000,000	4,068,956	9.04%	2.11%	6,166,781	13.73%	5.02%
20	69	0	3,000,000	4,349,048	9.16%	2.41%	6,434,456	13.30%	4.98%
21	70	0	3,000,000	4,646,684	9.26%	2.67%	6,711,535	12.92%	4.94%
22	71	0	3,000,000	4,964,345	9.34%	2.90%	6,854,452	12.38%	4.78%
23	72	0	3,000,000	5,303,857	9.42%	3.11%	6,993,187	11.88%	4.63%
24	73	0	3,000,000	5,667,383	9.50%	3.29%	7,127,520	11.43%	4.50%
25	74	0	3,000,000	6,057,186	9.56%	3.46%	7,257,082	11.02%	4.37%
26	75	0	3,000,000	6,476,078	9.63%	3.62%	7,381,801	10.63%	4.24%
27	76	0	3,000,000	6,921,360	9.68%	3.76%	7,878,444	10.63%	4.35%
28	77	0	3,000,000	7,394,429	9.73%	3.89%	8,405,717	10.63%	4.45%
29	78	0	3,000,000	7,896,692	9.77%	4.00%	8,965,171	10.63%	4.54%
30	79	0	3,000,000	8,429,623	9.81%	4.11%	9,558,431	10.63%	4.61%

3,000,000

\*After deducting the cumulative loan due to the bank.

\*\*Including a factor for a 37.00% income tax bracket and a 40.00% estate tax bracket.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Rate of Return (ROR) Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

Indexed UL Interest Rate: 6.20%  
 Initial Policy Death Benefit: 12,535,284  
 Trust Grantor's Income Tax Tax Bracket: 37.00%  
 Trust Grantor's Estate Tax Bracket: 40.00%  
 Loan Interest Payment Method: Accrued in all Years

Year	Male Age	Trust's Year End Cash Value					Trust's Year End Death Benefit		
		(1) Portion of Policy Premium Paid by Trust	(2) Cumulative Cash Flow Required from Trust	(3) Net Policy Cash Value*	(4) Pre-Tax** Equivalent ROR of Net Policy Cash Value	(5) Net ROR of Net Policy Cash Value	(6) Net Policy Death Benefit*	(7) Pre-Tax** Equivalent ROR of Net Policy Death Benefit	(8) Net ROR of Net Policy Death Benefit
31	80	0	3,000,000	8,994,506	9.84%	4.20%	10,186,924	10.62%	4.69%
32	81	0	3,000,000	9,592,231	9.87%	4.29%	10,851,670	10.61%	4.75%
33	82	0	3,000,000	10,223,998	9.89%	4.37%	11,554,018	10.60%	4.81%
34	83	0	3,000,000	10,890,880	9.90%	4.44%	12,295,184	10.58%	4.86%
35	84	0	3,000,000	11,591,420	9.91%	4.50%	13,073,740	10.57%	4.91%
36	85	0	3,000,000	12,324,919	9.92%	4.56%	13,889,051	10.55%	4.95%
37	86	0	3,000,000	13,091,756	9.91%	4.61%	14,741,625	10.52%	4.99%
38	87	0	3,000,000	13,890,451	9.91%	4.65%	15,630,018	10.49%	5.02%
39	88	0	3,000,000	14,717,301	9.89%	4.69%	16,550,463	10.46%	5.04%
40	89	0	3,000,000	15,568,486	9.87%	4.72%	17,499,072	10.42%	5.06%
41	90	0	3,000,000	16,437,578	9.85%	4.75%	18,469,227	10.38%	5.08%
42	91	0	3,000,000	17,369,852	9.82%	4.77%	19,080,853	10.24%	5.03%
43	92	0	3,000,000	18,383,524	9.81%	4.80%	19,735,293	10.12%	4.99%
44	93	0	3,000,000	19,504,091	9.81%	4.83%	20,454,356	10.01%	4.95%
45	94	0	3,000,000	20,764,476	9.82%	4.87%	21,266,217	9.92%	4.93%
46	95	0	3,000,000	22,203,975	9.85%	4.92%	22,203,975	9.85%	4.92%
47	96	0	3,000,000	23,740,334	9.87%	4.96%	23,740,334	9.87%	4.96%
48	97	0	3,000,000	25,379,936	9.90%	5.01%	25,379,936	9.90%	5.01%
49	98	0	3,000,000	27,129,584	9.92%	5.05%	27,129,584	9.92%	5.05%
50	99	0	3,000,000	28,996,519	9.94%	5.09%	28,996,519	9.94%	5.09%

3,000,000

\*After deducting the cumulative loan due to the bank.

\*\*Including a factor for a 37.00% income tax bracket and a 40.00% estate tax bracket.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Rate of Return Calculation Logic

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

There are four key columns on the accompanying Rate of Return Analysis report:

Net Rate of Return of Net Policy Cash Value	Net Rate of Return of Net Policy Death Benefit
---	--

Calculations for the Net Rate of Return column show the interest rate that would have to be earned on the out-of-pocket cash flow included in plan funding in order to match the net cash value and net death benefit of the policy. Such out-of-pocket cash flow can include one or more of the following: 1) Loan origination fee and/or other loan fees when not added to the loan; 2) Cost of letter of credit; 3) Gifts to the trust for premium; 4) Gifts to the trust for loan interest due the lender; and 5) A loan repayment from an outside source. The Net Rate of Return indicated in these columns would be required for the Trust Grantor to produce a similar result for heirs.

Pre-Tax Equivalent Rate of Return of Net Policy Cash Value	Pre-Tax Equivalent Rate of Return of Net Policy Death Benefit
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Calculations for the Pre-Tax Equivalent Rate of Return column show the pre-tax equivalent interest rate that would have to be earned on the out-of-pocket cash flow included in plan funding in order to match the net cash value and net death benefit of the policy. Such out-of-pocket cash flow can include one or more of the following: 1) Loan origination fee and/or other loan fees when not added to the loan; 2) Cost of letter of credit; 3) Gifts to the trust for premium; 4) Gifts to the trust for loan interest due the lender; and 5) A loan repayment from an outside source. This calculation grosses up the Net Rate of Return by a factor that accounts for the Trust Grantor's income and estate tax brackets. The Pre-Tax Rate of Return indicated in these columns would be required for the policy owner to produce a similar result using an alternative taxable account.



# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Comparison of Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Gifts and Policy Values)

Borrower & Policy Owner: Baxter Family Trust  
Lender: To be determined  
Executive (Trust Grantor): Arthur Baxter

Indexed UL  
Interest Rate  
6.20%

Indexed UL  
Interest Rate  
6.20%

		Premium Financing Indexed Universal Life				Gift Full Premium Indexed Universal Life			
Year	Male Age	(1) Annual Gift	(2) Year End Net Policy Accum Value*	(3) Year End Net Policy Cash Value*	(4) Year End Net Policy Death Benefit*	(5) Annual Gift	(6) Year End Policy Accum Value	(7) Year End Policy Cash Value	(8) Year End Policy Death Benefit
1	50	300,000	113,340	113,340	12,648,624	1,000,000	834,340	834,340	13,369,624
2	51	300,000	252,756	252,756	12,788,040	1,000,000	1,718,375	1,718,375	14,253,659
3	52	300,000	418,092	418,092	12,953,376	1,000,000	2,654,960	2,654,960	15,190,244
4	53	300,000	609,296	609,296	13,144,580	1,000,000	3,646,899	3,646,899	16,182,183
5	54	300,000	828,767	828,767	13,364,051	1,000,000	4,699,802	4,699,802	17,235,086
6	55	300,000	1,076,616	1,076,616	13,611,900	1,000,000	5,817,236	5,817,236	18,352,520
7	56	300,000	1,352,628	1,352,628	13,887,912	1,000,000	7,003,256	7,003,256	19,538,540
8	57	300,000	1,720,374	1,720,374	14,255,658	0	7,285,027	7,285,027	19,820,311
9	58	300,000	2,100,779	2,100,779	14,636,063	0	7,583,389	7,583,389	20,118,673
10	59	300,000	2,494,356	2,494,356	15,029,640	0	7,899,300	7,899,300	20,434,584
11	60	0	2,589,670	2,589,670	15,124,954	0	8,234,053	8,234,053	20,769,337
12	61	0	2,686,546	2,686,546	15,221,830	0	8,588,877	8,588,877	21,124,161
13	62	0	2,823,594	2,823,594	15,358,878	0	9,003,925	9,003,925	21,539,209
14	63	0	2,964,011	2,964,011	15,499,295	0	9,444,706	9,444,706	21,979,990
15	64	0	3,108,086	3,108,086	15,643,370	0	9,912,816	9,912,816	22,448,100
16	65	0	10,469,661	3,324,695	5,418,627	-6,804,730	10,469,661	3,324,695	5,418,627
17	66	0	11,059,682	3,557,467	5,658,806	0	11,059,682	3,557,467	5,658,806
18	67	0	11,682,726	3,805,400	5,908,291	0	11,682,726	3,805,400	5,908,291
19	68	0	12,340,148	4,068,956	6,166,781	0	12,340,148	4,068,956	6,166,781
20	69	0	13,033,800	4,349,048	6,434,456	0	13,033,800	4,349,048	6,434,456
21	70	0	13,765,673	4,646,684	6,711,535	0	13,765,673	4,646,684	6,711,535
22	71	0	14,539,284	4,964,345	6,854,452	0	14,539,284	4,964,345	6,854,452
23	72	0	15,357,543	5,303,857	6,993,187	0	15,357,543	5,303,857	6,993,187
24	73	0	16,223,752	5,667,383	7,127,520	0	16,223,752	5,667,383	7,127,520
25	74	0	17,141,374	6,057,186	7,257,082	0	17,141,374	6,057,186	7,257,082
26	75	0	18,114,475	6,476,078	7,381,801	0	18,114,475	6,476,078	7,381,801
27	76	0	19,141,678	6,921,360	7,878,444	0	19,141,678	6,921,360	7,878,444
28	77	0	20,225,762	7,394,429	8,405,717	0	20,225,762	7,394,429	8,405,717
29	78	0	21,369,591	7,896,692	8,965,171	0	21,369,591	7,896,692	8,965,171
30	79	0	22,576,168	8,429,623	9,558,431	0	22,576,168	8,429,623	9,558,431
		3,000,000				195,270			

\*After deducting the cumulative loan due to the bank.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Comparison of Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Gifts and Policy Values)

Borrower & Policy Owner: Baxter Family Trust  
Lender: To be determined  
Executive (Trust Grantor): Arthur Baxter

Indexed UL  
Interest Rate  
6.20%

Indexed UL  
Interest Rate  
6.20%

Year	Male Age	Premium Financing Indexed Universal Life				Gift Full Premium Indexed Universal Life			
		(1) Annual Gift	(2) Year End Net Policy Accum Value*	(3) Year End Net Policy Cash Value*	(4) Year End Net Policy Death Benefit*	(5) Annual Gift	(6) Year End Policy Accum Value	(7) Year End Policy Cash Value	(8) Year End Policy Death Benefit
31	80	0	23,848,378	8,994,506	10,186,924	0	23,848,378	8,994,506	10,186,924
32	81	0	25,188,796	9,592,231	10,851,670	0	25,188,796	9,592,231	10,851,670
33	82	0	26,600,392	10,223,998	11,554,018	0	26,600,392	10,223,998	11,554,018
34	83	0	28,086,093	10,890,880	12,295,184	0	28,086,093	10,890,880	12,295,184
35	84	0	29,646,394	11,591,420	13,073,740	0	29,646,394	11,591,420	13,073,740
36	85	0	31,282,642	12,324,919	13,889,051	0	31,282,642	12,324,919	13,889,051
37	86	0	32,997,366	13,091,756	14,741,625	0	32,997,366	13,091,756	14,741,625
38	87	0	34,791,341	13,890,451	15,630,018	0	34,791,341	13,890,451	15,630,018
39	88	0	36,663,236	14,717,301	16,550,463	0	36,663,236	14,717,301	16,550,463
40	89	0	38,611,717	15,568,486	17,499,072	0	38,611,717	15,568,486	17,499,072
41	90	0	40,632,971	16,437,578	18,469,227	0	40,632,971	16,437,578	18,469,227
42	91	0	42,775,014	17,369,852	19,080,853	0	42,775,014	17,369,852	19,080,853
43	92	0	45,058,945	18,383,524	19,735,293	0	45,058,945	18,383,524	19,735,293
44	93	0	47,513,282	19,504,091	20,454,356	0	47,513,282	19,504,091	20,454,356
45	94	0	50,174,127	20,764,476	21,266,217	0	50,174,127	20,764,476	21,266,217
46	95	0	53,084,109	22,203,975	22,203,975	0	53,084,109	22,203,975	22,203,975
47	96	0	56,164,474	23,740,334	23,740,334	0	56,164,474	23,740,334	23,740,334
48	97	0	59,425,283	25,379,936	25,379,936	0	59,425,283	25,379,936	25,379,936
49	98	0	62,877,198	27,129,584	27,129,584	0	62,877,198	27,129,584	27,129,584
50	99	0	66,531,514	28,996,519	28,996,519	0	66,531,514	28,996,519	28,996,519

3,000,000

195,270

\*After deducting the cumulative loan due to the bank.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Comparison of Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Pre-Tax Equivalent Rate of Return)

Borrower & Policy Owner: Baxter Family Trust  
Lender: To be determined  
Executive (Trust Grantor): Arthur Baxter

		Trust Grantor's Income Tax Tax Bracket 37.00%			Trust Grantor's Estate Tax Bracket 40.00%		
		Indexed UL Interest Rate 6.20%					
		<b>Premium Financing Indexed Universal Life</b> Pre-tax Equivalent Rate of Return Required on Column (1) to Match Net Policy Values**			<b>Gift Full Premium Indexed Universal Life</b> Pre-tax Equivalent Rate of Return Required on Column (4) to Match Policy Values**		
Year	Male Age	(1) Annual Gift	(2) Year End Net Policy Cash Value*	(3) Year End Net Policy Death Benefit*	(4) Annual Gift	(5) Year End Policy Cash Value	(6) Year End Policy Death Benefit
1	50	300,000	-37.03%	10,995.26%	1,000,000	-16.57%	1,963.43%
2	51	300,000	-21.38%	1,102.16%	1,000,000	-9.70%	366.41%
3	52	300,000	-12.26%	440.91%	1,000,000	-5.99%	169.54%
4	53	300,000	-6.57%	254.61%	1,000,000	-3.66%	102.68%
5	54	300,000	-2.74%	172.70%	1,000,000	-2.06%	70.73%
6	55	300,000	-0.09%	128.02%	1,000,000	-0.88%	52.58%
7	56	300,000	2.82%	100.38%	1,000,000	0.02%	41.17%
8	57	300,000	6.26%	81.99%	0	1.27%	33.87%
9	58	300,000	8.19%	68.85%	0	2.12%	28.81%
10	59	300,000	9.29%	59.05%	0	2.75%	25.12%
11	60	0	8.83%	51.39%	0	3.24%	22.33%
12	61	0	8.46%	45.40%	0	3.63%	20.16%
13	62	0	8.42%	40.65%	0	4.03%	18.45%
14	63	0	8.37%	36.78%	0	4.36%	17.07%
15	64	0	8.31%	33.58%	0	4.65%	15.92%
16	65	0	8.53%	15.43%	-6,804,730	4.81%	7.22%
17	66	0	8.73%	14.78%	0	4.97%	7.22%
18	67	0	8.90%	14.22%	0	5.12%	7.21%
19	68	0	9.04%	13.73%	0	5.26%	7.20%
20	69	0	9.16%	13.30%	0	5.40%	7.19%
21	70	0	9.26%	12.92%	0	5.54%	7.18%
22	71	0	9.34%	12.38%	0	5.66%	7.07%
23	72	0	9.42%	11.88%	0	5.79%	6.97%
24	73	0	9.50%	11.43%	0	5.91%	6.86%
25	74	0	9.56%	11.02%	0	6.03%	6.76%
26	75	0	9.63%	10.63%	0	6.14%	6.66%
27	76	0	9.68%	10.63%	0	6.25%	6.76%
28	77	0	9.73%	10.63%	0	6.35%	6.85%
29	78	0	9.77%	10.63%	0	6.45%	6.93%
30	79	0	9.81%	10.63%	0	6.54%	7.01%
		3,000,000			-6,804,730		
					195,270		

\*After deducting the cumulative loan due to the bank.

\*\*Including a factor for a 37.00% income tax bracket and a 40.00% estate tax bracket.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Comparison of Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Pre-Tax Equivalent Rate of Return)

Borrower & Policy Owner: Baxter Family Trust  
Lender: To be determined  
Executive (Trust Grantor): Arthur Baxter

		Trust Grantor's Income Tax Tax Bracket 37.00%			Trust Grantor's Estate Tax Bracket 40.00%		
		Indexed UL Interest Rate 6.20%					
		<b>Premium Financing Indexed Universal Life</b> Pre-tax Equivalent Rate of Return Required on Column (1) to Match Net Policy Values**			<b>Gift Full Premium Indexed Universal Life</b> Pre-tax Equivalent Rate of Return Required on Column (4) to Match Policy Values**		
Year	Male Age	(1) Annual Gift	(2) Year End Net Policy Cash Value*	(3) Year End Net Policy Death Benefit*	(4) Annual Gift	(5) Year End Policy Cash Value	(6) Year End Policy Death Benefit
31	80	0	9.84%	10.62%	0	6.63%	7.09%
32	81	0	9.87%	10.61%	0	6.71%	7.16%
33	82	0	9.89%	10.60%	0	6.79%	7.23%
34	83	0	9.90%	10.58%	0	6.87%	7.29%
35	84	0	9.91%	10.57%	0	6.93%	7.34%
36	85	0	9.92%	10.55%	0	6.99%	7.40%
37	86	0	9.91%	10.52%	0	7.05%	7.44%
38	87	0	9.91%	10.49%	0	7.10%	7.49%
39	88	0	9.89%	10.46%	0	7.15%	7.52%
40	89	0	9.87%	10.42%	0	7.18%	7.55%
41	90	0	9.85%	10.38%	0	7.21%	7.57%
42	91	0	9.82%	10.24%	0	7.25%	7.53%
43	92	0	9.81%	10.12%	0	7.28%	7.49%
44	93	0	9.81%	10.01%	0	7.32%	7.46%
45	94	0	9.82%	9.92%	0	7.37%	7.44%
46	95	0	9.85%	9.85%	0	7.44%	7.44%
47	96	0	9.87%	9.87%	0	7.49%	7.49%
48	97	0	9.90%	9.90%	0	7.55%	7.55%
49	98	0	9.92%	9.92%	0	7.61%	7.61%
50	99	0	9.94%	9.94%	0	7.66%	7.66%

3,000,000

195,270

\*After deducting the cumulative loan due to the bank.

\*\*Including a factor for a 37.00% income tax bracket and a 40.00% estate tax bracket.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Comparison of Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Net Rate of Return)

Borrower & Policy Owner: Baxter Family Trust  
Lender: To be determined  
Executive (Trust Grantor): Arthur Baxter

		Indexed UL Interest Rate 6.20%			Indexed UL Interest Rate 6.20%		
		<b>Premium Financing Indexed Universal Life Net Rate of Return Required on Column (1) to Match Net Policy Values</b>			<b>Gift Full Premium Indexed Universal Life Net Rate of Return Required on Column (4) to Match Policy Values</b>		
Year	Male Age	(1) Annual Gift	(2) Year End Net Policy Cash Value*	(3) Year End Net Policy Death Benefit*	(4) Annual Gift	(5) Year End Policy Cash Value	(6) Year End Policy Death Benefit
1	50	300,000	-62.22%	4,116.21%	1,000,000	-16.57%	1,236.96%
2	51	300,000	-45.48%	504.80%	1,000,000	-9.70%	230.84%
3	52	300,000	-33.71%	211.87%	1,000,000	-5.99%	106.81%
4	53	300,000	-25.34%	124.22%	1,000,000	-3.66%	64.69%
5	54	300,000	-19.16%	84.55%	1,000,000	-2.06%	44.56%
6	55	300,000	-14.53%	62.58%	1,000,000	-0.88%	33.13%
7	56	300,000	-11.02%	48.86%	1,000,000	0.01%	25.94%
8	57	300,000	-7.45%	39.70%	0	0.80%	21.34%
9	58	300,000	-5.07%	33.14%	0	1.34%	18.15%
10	59	300,000	-3.39%	28.25%	0	1.73%	15.83%
11	60	0	-2.27%	24.54%	0	2.04%	14.07%
12	61	0	-1.47%	21.66%	0	2.29%	12.70%
13	62	0	-0.71%	19.39%	0	2.54%	11.63%
14	63	0	-0.13%	17.56%	0	2.75%	10.75%
15	64	0	0.34%	16.04%	0	2.93%	10.03%
16	65	0	0.89%	5.18%	-6,804,730	3.03%	4.55%
17	66	0	1.37%	5.12%	0	3.13%	4.55%
18	67	0	1.77%	5.07%	0	3.22%	4.54%
19	68	0	2.11%	5.02%	0	3.32%	4.54%
20	69	0	2.41%	4.98%	0	3.40%	4.53%
21	70	0	2.67%	4.94%	0	3.49%	4.52%
22	71	0	2.90%	4.78%	0	3.57%	4.46%
23	72	0	3.11%	4.63%	0	3.65%	4.39%
24	73	0	3.29%	4.50%	0	3.72%	4.32%
25	74	0	3.46%	4.37%	0	3.80%	4.26%
26	75	0	3.62%	4.24%	0	3.87%	4.20%
27	76	0	3.76%	4.35%	0	3.94%	4.26%
28	77	0	3.89%	4.45%	0	4.00%	4.31%
29	78	0	4.00%	4.54%	0	4.06%	4.37%
30	79	0	4.11%	4.61%	0	4.12%	4.42%
		3,000,000			195,270		

\*After deducting the cumulative loan due to the bank.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Comparison of Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Net Rate of Return)

Borrower & Policy Owner: Baxter Family Trust  
Lender: To be determined  
Executive (Trust Grantor): Arthur Baxter

		Indexed UL Interest Rate 6.20%			Indexed UL Interest Rate 6.20%		
		<b>Premium Financing Indexed Universal Life Net Rate of Return Required on Column (1) to Match Net Policy Values</b>			<b>Gift Full Premium Indexed Universal Life Net Rate of Return Required on Column (4) to Match Policy Values</b>		
Year	Male Age	(1) Annual Gift	(2) Year End Net Policy Cash Value*	(3) Year End Net Policy Death Benefit*	(4) Annual Gift	(5) Year End Policy Cash Value	(6) Year End Policy Death Benefit
31	80	0	4.20%	4.69%	0	4.18%	4.47%
32	81	0	4.29%	4.75%	0	4.23%	4.51%
33	82	0	4.37%	4.81%	0	4.28%	4.55%
34	83	0	4.44%	4.86%	0	4.33%	4.59%
35	84	0	4.50%	4.91%	0	4.37%	4.63%
36	85	0	4.56%	4.95%	0	4.41%	4.66%
37	86	0	4.61%	4.99%	0	4.44%	4.69%
38	87	0	4.65%	5.02%	0	4.47%	4.72%
39	88	0	4.69%	5.04%	0	4.50%	4.74%
40	89	0	4.72%	5.06%	0	4.53%	4.76%
41	90	0	4.75%	5.08%	0	4.55%	4.77%
42	91	0	4.77%	5.03%	0	4.57%	4.75%
43	92	0	4.80%	4.99%	0	4.59%	4.72%
44	93	0	4.83%	4.95%	0	4.61%	4.70%
45	94	0	4.87%	4.93%	0	4.65%	4.69%
46	95	0	4.92%	4.92%	0	4.68%	4.68%
47	96	0	4.96%	4.96%	0	4.72%	4.72%
48	97	0	5.01%	5.01%	0	4.76%	4.76%
49	98	0	5.05%	5.05%	0	4.79%	4.79%
50	99	0	5.09%	5.09%	0	4.83%	4.83%

3,000,000

195,270

\*After deducting the cumulative loan due to the bank.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Gift Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

		Annual Gift Exclusions 8		Beginning Lifetime Gift Exemption 24,120,000					
Year	Male Age	(1) Lifetime Gift Exemption Plus 3.00% Indexing*	(2) Gift to Trust to Repay Loan	(3) Annual Gift Exclusion Indexed @ 3.00%**	(4) Annual Gift Exclusion Amount Used**	(5) Current Year Gift That Reduces Lifetime Exemption	(6) Cumulative Gifts That Reduce Lifetime Exemption	(7) Remaining Lifetime Gift/Estate Exemption	
1	50	24,120,000	0	128,000	128,000	172,000	172,000	23,948,000	
2	51	24,840,000	0	128,000	128,000	172,000	344,000	24,496,000	
3	52	25,580,000	0	128,000	128,000	172,000	516,000	25,064,000	
4	53	26,360,000	0	136,000	136,000	164,000	680,000	25,680,000	
5	54	13,580,000	0	144,000	144,000	156,000	836,000	12,744,000	
6	55	13,980,000	0	144,000	144,000	156,000	992,000	12,988,000	
7	56	14,400,000	0	152,000	152,000	148,000	1,140,000	13,260,000	
8	57	14,840,000	300,000	152,000	152,000	148,000	1,288,000	13,552,000	
9	58	15,280,000	300,000	160,000	160,000	140,000	1,428,000	13,852,000	
10	59	15,740,000	300,000	160,000	160,000	140,000	1,568,000	14,172,000	
11	60	16,200,000	0	168,000	0	0	1,568,000	14,632,000	
12	61	16,700,000	0	176,000	0	0	1,568,000	15,132,000	
13	62	17,200,000	0	176,000	0	0	1,568,000	15,632,000	
14	63	17,720,000	0	184,000	0	0	1,568,000	16,152,000	
15	64	18,240,000	0	192,000	0	0	1,568,000	16,672,000	
16	65	18,780,000	0	192,000	0	0	1,568,000	17,212,000	
17	66	19,360,000	0	200,000	0	0	1,568,000	17,792,000	
18	67	19,940,000	0	208,000	0	0	1,568,000	18,372,000	
19	68	20,540,000	0	216,000	0	0	1,568,000	18,972,000	
20	69	21,140,000	0	224,000	0	0	1,568,000	19,572,000	
21	70	21,780,000	0	224,000	0	0	1,568,000	20,212,000	
22	71	22,440,000	0	232,000	0	0	1,568,000	20,872,000	
23	72	23,100,000	0	240,000	0	0	1,568,000	21,532,000	
24	73	23,800,000	0	248,000	0	0	1,568,000	22,232,000	
25	74	24,520,000	0	256,000	0	0	1,568,000	22,952,000	
26	75	25,260,000	0	264,000	0	0	1,568,000	23,692,000	
27	76	26,000,000	0	272,000	0	0	1,568,000	24,432,000	
28	77	26,780,000	0	280,000	0	0	1,568,000	25,212,000	
29	78	27,600,000	0	288,000	0	0	1,568,000	26,032,000	
30	79	28,420,000	0	296,000	0	0	1,568,000	26,852,000	
			900,000	5,968,000	1,568,000				

\*Column 1 is equal to the Lifetime Gift Exemption plus indexing.

\*\*The Annual Gift Exclusion amount for each year is based on client input assumptions. The Annual Gift Exclusion Amount Used is based on the amount of gifts made in each year.

As of January 1, 2018, the rules for estate, gift and generation skipping taxes were revised. These rules currently are set to expire on December 31, 2025 and revert back to their 2017 form.

# Premium Financing Using Indexed Universal Life

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

Insured: Arthur Baxter

## Gift Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Executive (Trust Grantor): Arthur Baxter

		Annual Gift Exclusions 8		Beginning Lifetime Gift Exemption 24,120,000				
Year	Male Age	(1) Lifetime Gift Exemption Plus 3.00% Indexing*	(2) Gift to Trust to Repay Loan	(3) Annual Gift Exclusion Indexed @ 3.00%**	(4) Annual Gift Exclusion Amount Used**	(5) Current Year Gift That Reduces Lifetime Exemption	(6) Cumulative Gifts That Reduce Lifetime Exemption	(7) Remaining Lifetime Gift/Estate Exemption
31	80	29,280,000	0	304,000	0	0	1,568,000	27,712,000
32	81	30,160,000	0	320,000	0	0	1,568,000	28,592,000
33	82	31,060,000	0	328,000	0	0	1,568,000	29,492,000
34	83	31,980,000	0	336,000	0	0	1,568,000	30,412,000
35	84	32,940,000	0	344,000	0	0	1,568,000	31,372,000
36	85	33,940,000	0	360,000	0	0	1,568,000	32,372,000
37	86	34,960,000	0	368,000	0	0	1,568,000	33,392,000
38	87	36,000,000	0	376,000	0	0	1,568,000	34,432,000
39	88	37,080,000	0	392,000	0	0	1,568,000	35,512,000
40	89	38,200,000	0	400,000	0	0	1,568,000	36,632,000
41	90	39,340,000	0	416,000	0	0	1,568,000	37,772,000
42	91	40,520,000	0	424,000	0	0	1,568,000	38,952,000
43	92	41,740,000	0	440,000	0	0	1,568,000	40,172,000
44	93	42,980,000	0	456,000	0	0	1,568,000	41,412,000
45	94	44,280,000	0	464,000	0	0	1,568,000	42,712,000
46	95	45,600,000	0	480,000	0	0	1,568,000	44,032,000
47	96	46,980,000	0	496,000	0	0	1,568,000	45,412,000
48	97	48,380,000	0	512,000	0	0	1,568,000	46,812,000
49	98	49,840,000	0	528,000	0	0	1,568,000	48,272,000
50	99	51,340,000	0	544,000	0	0	1,568,000	49,772,000

900,000      14,256,000

1,568,000

\*Column 1 is equal to the Lifetime Gift Exemption plus indexing.

\*\*The Annual Gift Exclusion amount for each year is based on client input assumptions. The Annual Gift Exclusion Amount Used is based on the amount of gifts made in each year.

As of January 1, 2018, the rules for estate, gift and generation skipping taxes were revised. These rules currently are set to expire on December 31, 2025 and revert back to their 2017 form.