

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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

Insured: Harvey Pierce, MD

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.

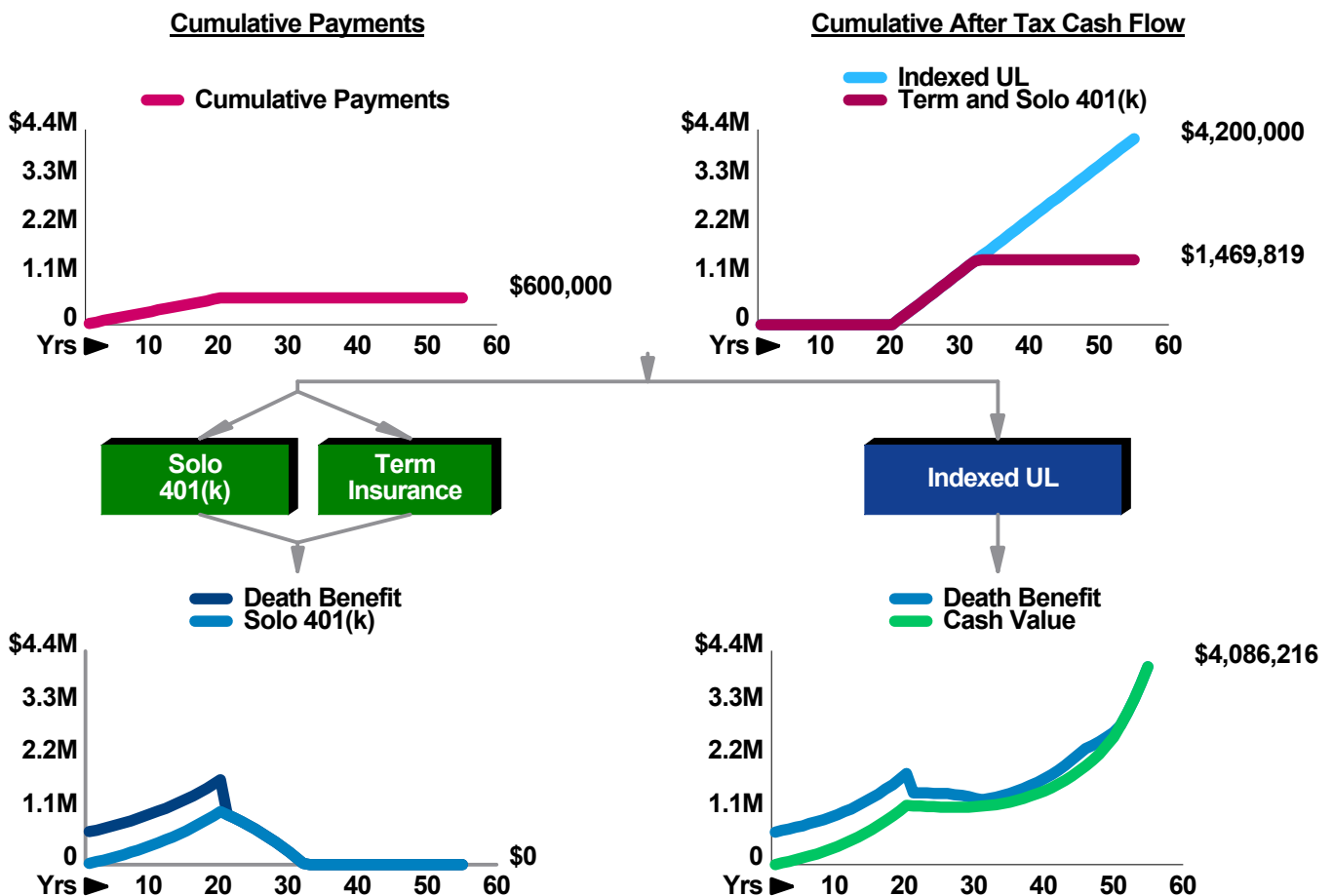
An integrated analysis of these points creates useful information that helps guide your purchasing evaluation. The precision of the conclusions, however, is contingent upon the accuracy of the data utilized. You should be positive that all premises and

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.

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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Summary

Solo 401(k) Yield 7.00%
 Income Tax Rate 40.00%
 Indexed UL Interest Rate 6.85%
 Initial Death Benefit 650,000

Yr	Male Age	After Tax Payment		650,000 Scheduled Term Insurance Along with Solo 401(k)					Indexed UL			
		(1) Cost of the Proposed Premium	(2) After Tax Cost of Term and Solo 401(k)*	(3) After Tax Cash Flow from Solo 401(k)	(4) Value of Solo 401(k) if Distributed	(5) After Tax Death Benefit of Solo 401(k)	(6) Scheduled Term Death Benefit	(7) Combined Death Benefit	(8) After Tax Policy Loan Proceeds	(9) Year End Accum Value**	(10) Year End Cash Value**	(11) Death Benefit
1	45	30,000	30,000	0	30,959	30,959	650,000	680,959	0	27,302	8,407	677,302
2	46	30,000	30,000	0	63,671	63,671	650,000	713,671	0	56,510	37,881	706,510
3	47	30,000	30,000	0	98,236	98,236	650,000	748,236	0	87,699	69,350	737,699
4	48	30,000	30,000	0	134,757	134,757	650,000	784,757	0	121,147	103,090	771,147
5	49	30,000	30,000	0	173,347	173,347	650,000	823,347	0	157,109	139,351	807,109
6	50	30,000	30,000	0	214,121	214,121	650,000	864,121	0	195,834	178,382	845,834
7	51	30,000	30,000	0	257,205	257,205	650,000	907,205	0	237,567	220,426	887,567
8	52	30,000	30,000	0	302,728	302,728	650,000	952,728	0	282,543	268,263	932,543
9	53	30,000	30,000	0	350,830	350,830	650,000	1,000,830	0	330,995	319,568	980,995
10	54	30,000	30,000	0	401,654	401,654	650,000	1,051,654	0	384,485	375,918	1,034,485
11	55	30,000	30,000	0	455,356	455,356	650,000	1,105,356	0	442,118	436,404	1,092,118
12	56	30,000	30,000	0	512,099	512,099	650,000	1,162,099	0	504,214	501,361	1,154,214
13	57	30,000	30,000	0	572,056	572,056	650,000	1,222,056	0	572,624	572,624	1,222,624
14	58	30,000	30,000	0	635,407	635,407	650,000	1,285,407	0	646,398	646,398	1,296,398
15	59	30,000	30,000	0	702,346	702,346	650,000	1,352,346	0	725,992	725,992	1,375,992
16	60	30,000	30,000	0	773,075	773,075	650,000	1,423,075	0	811,743	811,743	1,461,743
17	61	30,000	30,000	0	847,810	847,810	650,000	1,497,810	0	904,196	904,196	1,554,196
18	62	30,000	30,000	0	926,776	926,776	650,000	1,576,776	0	1,003,941	1,003,941	1,653,941
19	63	30,000	30,000	0	1,010,213	1,010,213	650,000	1,660,213	0	1,111,601	1,111,601	1,761,601
20	64	30,000	30,000	0	1,098,375	1,098,375	650,000	1,748,375	0	1,227,803	1,227,803	1,877,803
21	65	0	0	120,000	1,033,775	1,033,775	0	1,033,775	120,000	1,322,830	1,217,830	1,482,396
22	66	0	0	120,000	965,518	965,518	0	965,518	120,000	1,424,062	1,208,812	1,479,384
23	67	0	0	120,000	893,395	893,395	0	893,395	120,000	1,531,917	1,200,905	1,476,650
24	68	0	0	120,000	817,189	817,189	0	817,189	120,000	1,646,826	1,194,263	1,474,223
25	69	0	0	120,000	736,667	736,667	0	736,667	120,000	1,769,248	1,189,057	1,472,137
26	70	0	0	120,000	651,586	651,586	0	651,586	120,000	1,899,700	1,185,499	1,470,454
27	71	0	0	120,000	561,687	561,687	0	561,687	120,000	2,038,968	1,184,057	1,449,123
28	72	0	0	120,000	466,697	466,697	0	466,697	120,000	2,187,741	1,185,085	1,425,736
29	73	0	0	120,000	366,329	366,329	0	366,329	120,000	2,346,789	1,189,000	1,400,211
30	74	0	0	120,000	260,278	260,278	0	260,278	120,000	2,516,966	1,196,287	1,372,474
		600,000	600,000	1,200,000					1,200,000			

*See column (6) on Term and Solo 401(k) Details Page.

Solo 401(k) 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 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/Solo 401(k)	Indexed UL
After Tax Payments	600,000	600,000
After Tax Cash Flow	1,200,000	1,200,000
Living Values	260,278	1,196,287
Death Benefit	260,278	1,372,474

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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

Insured: Harvey Pierce, MD

Summary

Solo 401(k) Yield 7.00% Income Tax Rate 40.00% Indexed UL Interest Rate 6.85% Initial Death Benefit 650,000

Yr	Male Age	After Tax Payment		650,000 Scheduled Term Insurance Along with Solo 401(k)					Indexed UL			
		(1) Cost of the Proposed Premium	(2) After Tax Cost of Term and Solo 401(k)*	(3) After Tax Cash Flow from Solo 401(k)	(4) Value of Solo 401(k) if Distributed	(5) After Tax Death Benefit of Solo 401(k)	(6) Scheduled Term Death Benefit	(7) Combined Death Benefit	(8) After Tax Policy Loan Proceeds	(9) Year End Accum Value**	(10) Year End Cash Value**	(11) Death Benefit
31	75	0	0	120,000	148,221	148,221	0	148,221	120,000	2,699,233	1,207,520	1,342,482
32	76	0	0	120,000	29,819	29,819	0	29,819	120,000	2,893,742	1,222,444	1,367,131
33	77	0	0	29,819	0	0	0	0	120,000	3,101,313	1,241,449	1,396,515
34	78	0	0	0	0	0	0	0	120,000	3,322,804	1,264,948	1,431,088
35	79	0	0	0	0	0	0	0	120,000	3,559,141	1,293,392	1,471,349
36	80	0	0	0	0	0	0	0	120,000	3,811,240	1,327,204	1,517,766
37	81	0	0	0	0	0	0	0	120,000	4,079,940	1,366,702	1,570,699
38	82	0	0	0	0	0	0	0	120,000	4,366,226	1,412,326	1,630,637
39	83	0	0	0	0	0	0	0	120,000	4,671,090	1,464,495	1,698,049
40	84	0	0	0	0	0	0	0	120,000	4,995,494	1,523,569	1,773,344
41	85	0	0	0	0	0	0	0	120,000	5,340,336	1,589,814	1,856,831
42	86	0	0	0	0	0	0	0	120,000	5,706,559	1,663,512	1,948,840
43	87	0	0	0	0	0	0	0	120,000	6,094,938	1,744,738	2,049,485
44	88	0	0	0	0	0	0	0	120,000	6,505,939	1,833,229	2,158,526
45	89	0	0	0	0	0	0	0	120,000	6,940,034	1,928,689	2,275,690
46	90	0	0	0	0	0	0	0	120,000	7,397,407	2,030,494	2,400,365
47	91	0	0	0	0	0	0	0	120,000	7,887,311	2,147,053	2,462,545
48	92	0	0	0	0	0	0	0	120,000	8,414,658	2,282,387	2,534,827
49	93	0	0	0	0	0	0	0	120,000	8,985,955	2,442,070	2,621,790
50	94	0	0	0	0	0	0	0	120,000	9,609,431	2,633,352	2,729,446
51	95	0	0	0	0	0	0	0	120,000	10,294,946	2,865,063	2,865,063
52	96	0	0	0	0	0	0	0	120,000	11,029,925	3,123,548	3,123,548
53	97	0	0	0	0	0	0	0	120,000	11,818,046	3,411,350	3,411,350
54	98	0	0	0	0	0	0	0	120,000	12,663,268	3,731,237	3,731,237
55	99	0	0	0	0	0	0	0	120,000	13,569,849	4,086,216	4,086,216

600,000 600,000 1,469,819

4,200,000

*See column (6) on Term and Solo 401(k) Details Page.
Solo 401(k) 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 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.

55 Year Summary

	Term/Solo 401(k)	Indexed UL
After Tax Payments	600,000	600,000
After Tax Cash Flow	1,469,819	1,489,698
Living Values	0	4,086,216
Death Benefit	0	4,086,216

Term Insurance and Solo 401(k) vs. Indexed Universal Life

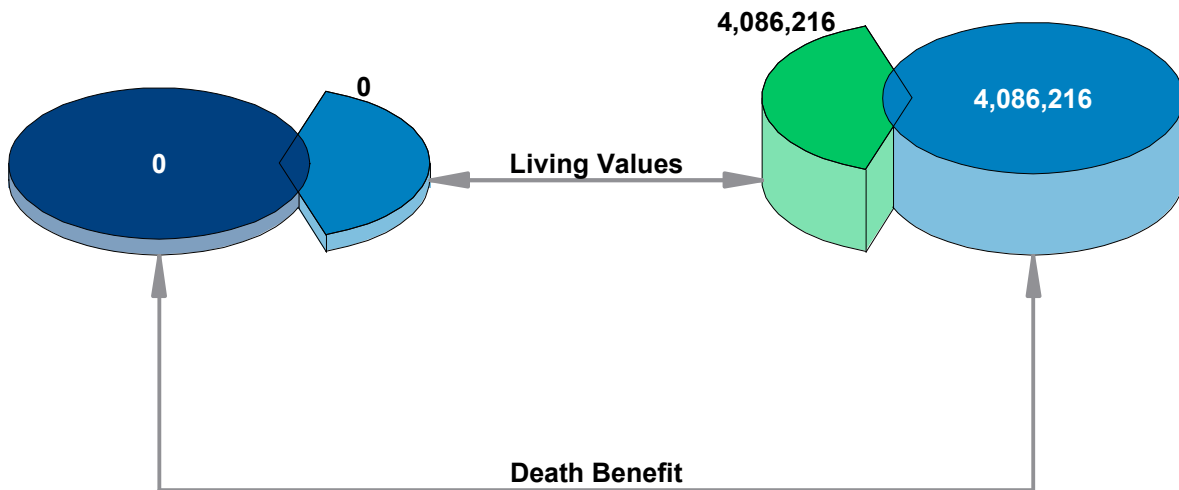
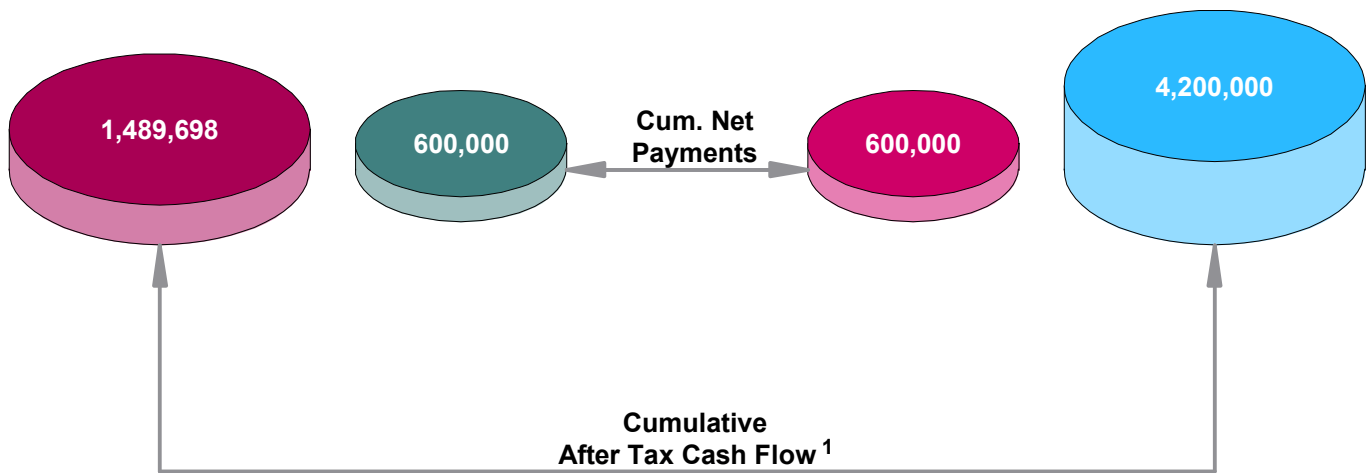
Presented By: [Licensed user's name appears here]

Insured: Harvey Pierce, MD

A Look at Year 55

Term Insurance and Solo 401(k)

Indexed Universal Life



(1) For Retirement Income

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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

Insured: Harvey Pierce, MD

Term and Solo 401(k) Details

Solo 401(k) Yield 7.00%
Income Tax Rate 40.00%

Term Insurance and Solo 401(k) Cost Analysis									Term Insurance and Solo 401(k) Value Analysis			
Year	Male Age	(1) Cost of the Proposed Premium	(2) Alternative Term Premium	(3) After Tax Retirement Income	(4) After Tax Amount Remaining For Solo 401(k)	(5) Gross-up of Col (4) For Solo 401(k)	(6) After Tax Cost of Term and Solo 401(k) (2)+(3)+(4)	(7) Year End Value of Solo 401(k) Account	(8) Year End Value of Solo 401(k) if Distributed	(9) After Tax Death Benefit of Solo 401(k)	(10) Death Benefit of Term Insurance	
1	45	30,000	700	0	29,300	48,833	30,000	51,598	30,959	30,959	650,000	
2	46	30,000	700	0	29,300	48,833	30,000	106,118	63,671	63,671	650,000	
3	47	30,000	700	0	29,300	48,833	30,000	163,726	98,236	98,236	650,000	
4	48	30,000	700	0	29,300	48,833	30,000	224,595	134,757	134,757	650,000	
5	49	30,000	700	0	29,300	48,833	30,000	288,911	173,347	173,347	650,000	
6	50	30,000	700	0	29,300	48,833	30,000	356,869	214,121	214,121	650,000	
7	51	30,000	700	0	29,300	48,833	30,000	428,675	257,205	257,205	650,000	
8	52	30,000	700	0	29,300	48,833	30,000	504,547	302,728	302,728	650,000	
9	53	30,000	700	0	29,300	48,833	30,000	584,716	350,830	350,830	650,000	
10	54	30,000	700	0	29,300	48,833	30,000	669,423	401,654	401,654	650,000	
11	55	30,000	700	0	29,300	48,833	30,000	758,927	455,356	455,356	650,000	
12	56	30,000	700	0	29,300	48,833	30,000	853,499	512,099	512,099	650,000	
13	57	30,000	700	0	29,300	48,833	30,000	953,426	572,056	572,056	650,000	
14	58	30,000	700	0	29,300	48,833	30,000	1,059,012	635,407	635,407	650,000	
15	59	30,000	700	0	29,300	48,833	30,000	1,170,577	702,346	702,346	650,000	
16	60	30,000	700	0	29,300	48,833	30,000	1,288,459	773,075	773,075	650,000	
17	61	30,000	700	0	29,300	48,833	30,000	1,413,016	847,810	847,810	650,000	
18	62	30,000	700	0	29,300	48,833	30,000	1,544,626	926,776	926,776	650,000	
19	63	30,000	700	0	29,300	48,833	30,000	1,683,688	1,010,213	1,010,213	650,000	
20	64	30,000	700	0	29,300	48,833	30,000	1,830,625	1,098,375	1,098,375	650,000	
21	65	0	0	120,000	-120,000	-200,000	0	1,722,959	1,033,775	1,033,775	0	
22	66	0	0	120,000	-120,000	-200,000	0	1,609,196	965,518	965,518	0	
23	67	0	0	120,000	-120,000	-200,000	0	1,488,992	893,395	893,395	0	
24	68	0	0	120,000	-120,000	-200,000	0	1,361,981	817,189	817,189	0	
25	69	0	0	120,000	-120,000	-200,000	0	1,227,779	736,667	736,667	0	
26	70	0	0	120,000	-120,000	-200,000	0	1,085,977	651,586	651,586	0	
27	71	0	0	120,000	-120,000	-200,000	0	936,145	561,687	561,687	0	
28	72	0	0	120,000	-120,000	-200,000	0	777,829	466,697	466,697	0	
29	73	0	0	120,000	-120,000	-200,000	0	610,549	366,329	366,329	0	
30	74	0	0	120,000	-120,000	-200,000	0	433,796	260,278	260,278	0	
		600,000	14,000	1,200,000	-614,000	-1,023,340	600,000					

Note: Solo 401(k) values do not reflect market rate adjustments, if any. Solo 401(k) is assessed:

Tax on withdrawal(s) before age 59½: 0.00%

Tax on withdrawals. Entries in Column (4) are after tax.

Management fees reflected in column (7): 1.25%

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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

Insured: Harvey Pierce, MD

Term and Solo 401(k) Details

Solo 401(k) Income Yield 7.00% Tax Rate 40.00%

Term Insurance and Solo 401(k) Cost Analysis							Term Insurance and Solo 401(k) Value Analysis				
Year	Male Age	(1) Cost of the Proposed Premium	(2) Alternative Term Premium	(3) After Tax Retirement Income	(4) After Tax Amount Remaining For Solo 401(k)	(5) Gross-up of Col (4) Available For Solo 401(k)	(6) After Tax Cost of Term and Solo 401(k) (2)+(3)+(4)	(7) Year End Value of Solo 401(k) Account	(8) Year End Value of Solo 401(k) if Distributed	(9) After Tax Death Benefit of Solo 401(k)	(10) Death Benefit of Term Insurance
31	75	0	0	120,000	-120,000	-200,000	0	247,035	148,221	148,221	0
32	76	0	0	120,000	-120,000	-200,000	0	49,698	29,819	29,819	0
33	77	0	0	29,819	-120,000	-49,698	0	0	0	0	0
34	78	0	0	0	-120,000	0	0	0	0	0	0
35	79	0	0	0	-120,000	0	0	0	0	0	0
36	80	0	0	0	-120,000	0	0	0	0	0	0
37	81	0	0	0	-120,000	0	0	0	0	0	0
38	82	0	0	0	-120,000	0	0	0	0	0	0
39	83	0	0	0	-120,000	0	0	0	0	0	0
40	84	0	0	0	-120,000	0	0	0	0	0	0
41	85	0	0	0	-120,000	0	0	0	0	0	0
42	86	0	0	0	-120,000	0	0	0	0	0	0
43	87	0	0	0	-120,000	0	0	0	0	0	0
44	88	0	0	0	-120,000	0	0	0	0	0	0
45	89	0	0	0	-120,000	0	0	0	0	0	0
46	90	0	0	0	-120,000	0	0	0	0	0	0
47	91	0	0	0	-120,000	0	0	0	0	0	0
48	92	0	0	0	-120,000	0	0	0	0	0	0
49	93	0	0	0	-120,000	0	0	0	0	0	0
50	94	0	0	0	-120,000	0	0	0	0	0	0
51	95	0	0	0	-120,000	0	0	0	0	0	0
52	96	0	0	0	-120,000	0	0	0	0	0	0
53	97	0	0	0	-120,000	0	0	0	0	0	0
54	98	0	0	0	-120,000	0	0	0	0	0	0
55	99	0	0	0	-120,000	0	0	0	0	0	0
		600,000	14,000	1,469,819	-3,614,000	-1,473,038	600,000				

Note: Solo 401(k) values do not reflect market rate adjustments, if any. Solo 401(k) is assessed:

Tax on withdrawal(s) before age 59½: 0.00%

Tax on withdrawals. Entries in Column (4) are after tax.

Management fees reflected in column (7): 1.25%

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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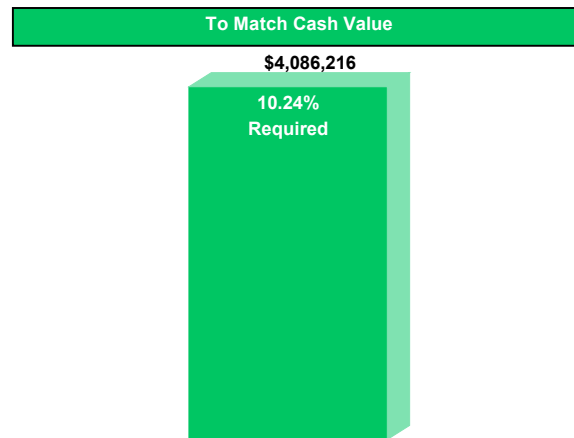
Insured: Harvey Pierce, MD

Summary

Solo 401(k) Yield	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.00%	40.00%	6.85%	650,000

Gross Interest Rate Required on Solo 401(k) to Match Indexed Universal Life Policy Values over 55 Years After Applying the Term Payment Illustrated

	Gross Interest Rate Required
To match Cash Value of: \$4,086,216	10.24%



Income Tax Considerations

1. Solo 401(k): 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(A)) are income tax free as a return of premium.
 - d. Cash values shown assume most favorable combination of b and/or c.

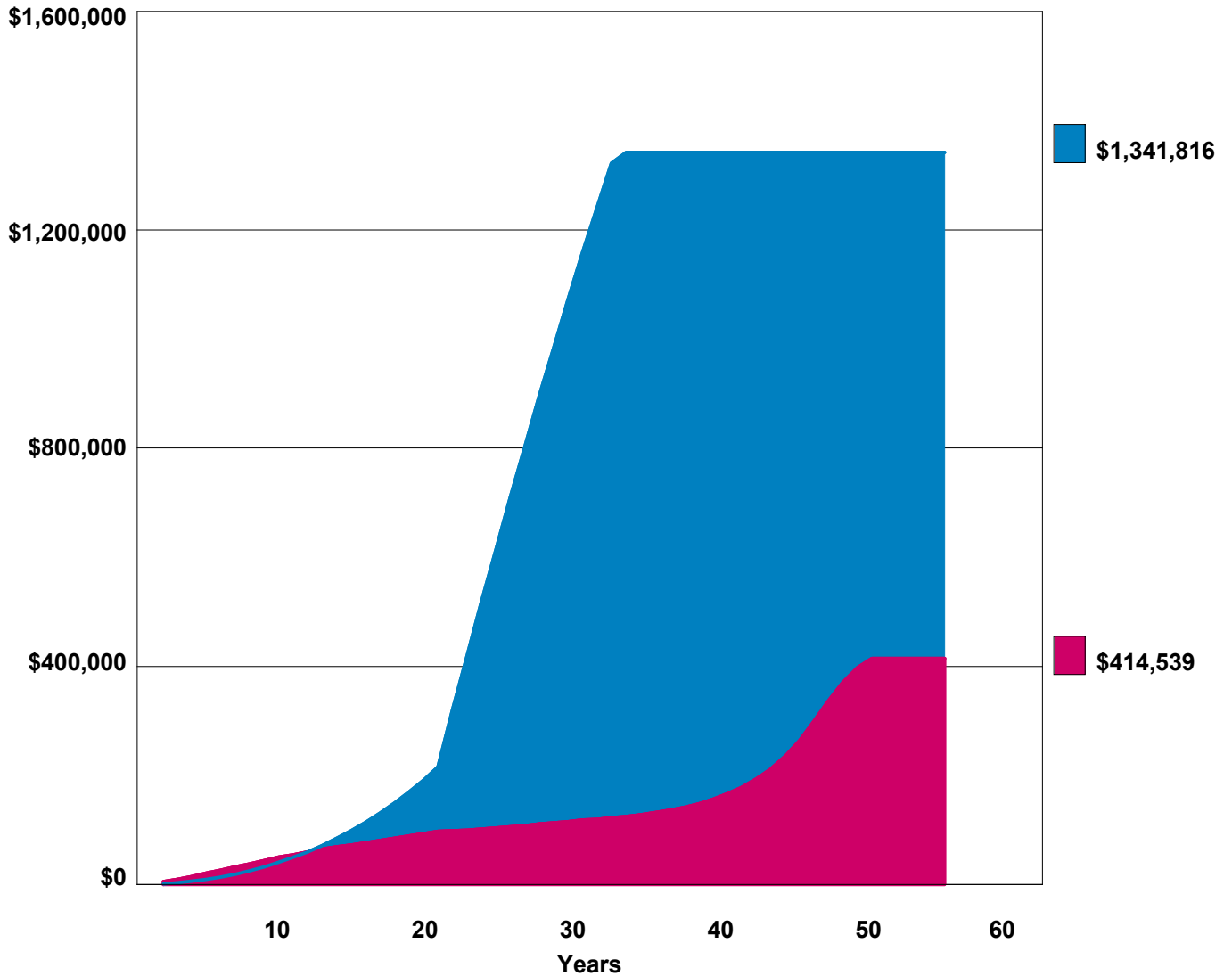
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Term Insurance and Solo 401(k) vs. Indexed Universal Life

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

Insured: Harvey Pierce, MD

55 Year Analysis of Cumulative Plan Costs



At Year 55

Term & Solo 401(k) Costs* \$1,341,816

Indexed UL Costs* \$414,539

*The Comparison of Plan Costs graphic above compares the management fees and/or taxes of the investment alternative to the mortality charges, policy expenses and income taxes (if applicable) associated with the life insurance policy.

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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

Insured: Harvey Pierce, MD

Comparison of Plan Costs

		Solo 401(k) Yield 7.00%	Income Tax Rate 40.00%	Indexed UL Interest Rate 6.85%	Initial Death Benefit 650,000					
		Term and Solo 401(k)					Indexed UL*			
Year	Male Age	(1) Policy Premium	(2) Term Insurance Cost	(3) Mgmt Fee	(4) Taxes	(5) Term & Solo 401(k) Total Annual Costs	(6) Term & Solo 401(k) Cumulative Total Costs	(7) Policy Total Annual Costs	(8) Policy Cumulative Total Costs	
1	45	30,000	700	653	0	1,353	1,353	4,785	4,785	
2	46	30,000	700	1,343	0	2,043	3,396	5,036	9,821	
3	47	30,000	700	2,072	0	2,772	6,169	5,358	15,179	
4	48	30,000	700	2,843	0	3,543	9,712	5,565	20,744	
5	49	30,000	700	3,657	0	4,357	14,069	5,700	26,444	
6	50	30,000	700	4,517	0	5,217	19,286	5,785	32,229	
7	51	30,000	700	5,426	0	6,126	25,413	5,849	38,078	
8	52	30,000	700	6,387	0	7,087	32,499	5,914	43,992	
9	53	30,000	700	7,401	0	8,101	40,601	6,003	49,995	
10	54	30,000	700	8,474	0	9,174	49,774	4,900	54,895	
11	55	30,000	700	9,607	0	10,307	60,081	4,999	59,894	
12	56	30,000	700	10,804	0	11,504	71,585	5,103	64,997	
13	57	30,000	700	12,069	0	12,769	84,354	3,775	68,772	
14	58	30,000	700	13,405	0	14,105	98,459	3,836	72,608	
15	59	30,000	700	14,817	0	15,517	113,976	3,868	76,476	
16	60	30,000	700	16,310	0	17,010	130,986	4,020	80,496	
17	61	30,000	700	17,886	0	18,586	149,572	4,119	84,615	
18	62	30,000	700	19,552	0	20,252	169,824	4,161	88,776	
19	63	30,000	700	21,313	0	22,013	191,837	4,161	92,937	
20	64	30,000	700	23,172	0	23,872	215,709	4,161	97,098	
21	65	0	0	21,810	80,000	101,810	317,519	1,259	98,357	
22	66	0	0	20,370	80,000	100,370	417,888	1,444	99,801	
23	67	0	0	18,848	80,000	98,848	516,736	1,647	101,448	
24	68	0	0	17,240	80,000	97,240	613,977	1,884	103,332	
25	69	0	0	15,542	80,000	95,542	709,518	2,156	105,488	
26	70	0	0	13,747	80,000	93,747	803,265	2,441	107,929	
27	71	0	0	11,850	80,000	91,850	895,115	2,516	110,445	
28	72	0	0	9,846	80,000	89,846	984,961	2,533	112,978	
29	73	0	0	7,728	80,000	87,728	1,072,689	2,460	115,438	
30	74	0	0	5,491	80,000	85,491	1,158,180	2,275	117,713	
		600,000	14,000	344,180	800,000	1,158,180		117,713		

30 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
Term & Solo 401(k)	1,158,180	1,200,000	260,278	260,278
Indexed UL	117,713	1,200,000	1,196,287	1,372,474

*This illustration assumes the nonguaranteed 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.

Term Insurance and Solo 401(k) vs. Indexed Universal Life

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

Insured: Harvey Pierce, MD

Comparison of Plan Costs

Solo 401(k) Yield 7.00%
 Income Tax Rate 40.00%
 Indexed UL Interest Rate 6.85%
 Initial Death Benefit 650,000

Year	Male Age	Term and Solo 401(k)					Indexed UL*		
		(1) Policy Premium	(2) Term Insurance Cost	(3) Mgmt Fee	(4) Taxes	(5) Term & Solo 401(k) Total Annual Costs	(6) Term & Solo 401(k) Cumulative Total Costs	(7) Policy Total Annual Costs	(8) Policy Cumulative Total Costs
31	75	0	0	3,127	80,000	83,127	1,241,307	1,932	119,645
32	76	0	0	629	80,000	80,629	1,321,936	2,279	121,924
33	77	0	0	0	19,879	19,879	1,341,816	2,683	124,607
34	78	0	0	0	0	0	1,341,816	3,163	127,770
35	79	0	0	0	0	0	1,341,816	3,718	131,488
36	80	0	0	0	0	0	1,341,816	4,419	135,907
37	81	0	0	0	0	0	1,341,816	5,407	141,314
38	82	0	0	0	0	0	1,341,816	6,601	147,915
39	83	0	0	0	0	0	1,341,816	8,061	155,976
40	84	0	0	0	0	0	1,341,816	9,887	165,863
41	85	0	0	0	0	0	1,341,816	12,208	178,071
42	86	0	0	0	0	0	1,341,816	15,040	193,111
43	87	0	0	0	0	0	1,341,816	18,612	211,723
44	88	0	0	0	0	0	1,341,816	23,269	234,992
45	89	0	0	0	0	0	1,341,816	29,035	264,027
46	90	0	0	0	0	0	1,341,816	36,213	300,240
47	91	0	0	0	0	0	1,341,816	36,115	336,355
48	92	0	0	0	0	0	1,341,816	33,597	369,952
49	93	0	0	0	0	0	1,341,816	27,495	397,447
50	94	0	0	0	0	0	1,341,816	16,642	414,089
51	95	0	0	0	0	0	1,341,816	90	414,179
52	96	0	0	0	0	0	1,341,816	90	414,269
53	97	0	0	0	0	0	1,341,816	90	414,359
54	98	0	0	0	0	0	1,341,816	90	414,449
55	99	0	0	0	0	0	1,341,816	90	414,539
		600,000	14,000	347,936	979,879	1,341,815		414,539	

55 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
Term & Solo 401(k)	1,341,816	1,469,819	0	0
Indexed UL	414,539	4,200,000	4,086,216	4,086,216

*This illustration assumes the nonguaranteed 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.

Solo 401(k) Tax Calculations

Your proposal utilizing term insurance and a tax deferred investment reflects after tax values that, at first glance, may appear to be incorrect. The values illustrated are accurate. Since the only way to realize cash flow (withdrawals) from this investment is gain first, which is taxable, values of the account are illustrated on an after tax basis.

A cash value life insurance policy (that is not designed as a modified endowment contract*) is taxed on a first-in-first-out basis which means that withdrawals (also known as partial surrenders) have different taxation. Withdrawals up to cost basis are tax free; subsequent withdrawals are taxable. However, the contractual loan provision in the policy allows you to access additional cash flow from the policy cash value which is tax free so long as the policy stays in force. This feature avoids the problem of taxable withdrawals in excess of cost basis. Interest on such loans can be added to the outstanding loan, and with most life insurance policies, the loan balance is credited with interest earnings at (or near) the level of the loan interest charged resulting in a wash (or near wash) of the loan interest. If the policy is kept in force until death, the policy death benefit, including any internal deferred gain, is income-tax free.

Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this.

*A life insurance policy that is characterized as a modified endowment contract ("MEC") is taxed similarly to a tax deferred account like an annuity in that both withdrawals and loans are taxed on a gain first basis. In almost all circumstances, it is advisable to avoid purchasing a MEC, and the basic illustration that is provided to you from the issuing life insurance company should indicate if it is a MEC.

Legal and tax information is for general use only and may not be applicable to specific circumstances. Clients should consult their own legal, tax and accounting advisors to assist in the evaluation of any potential transaction or strategy.