

# Funding a Gift to the Zoo Using Discounted Dollars

For: Janie and Art Bennett



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

[Licensed user's name appears here]

# Funding Gifts to the Zoo With Discounted Dollars Using Indexed Universal Life

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

Insured: Janie Bennett

## Preface

Donor: Janie and Art Bennett  
Policy Owner and Beneficiary: the Zoo

In the accompanying presentation, you will see the financial data from an illustration of a cash value life insurance policy owned by the Zoo with premiums gifted by Janie and Art Bennett (the "donor").

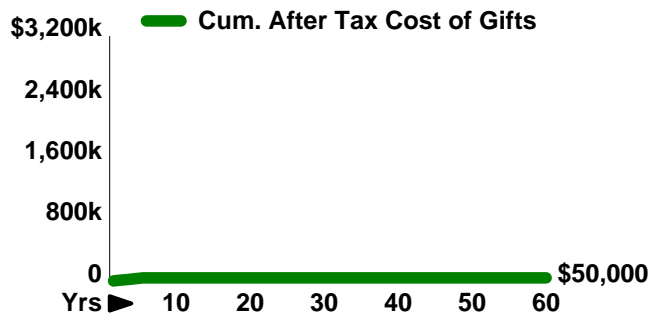
In the presentation, the sum of the after tax cost of the donor's gift, divided by the policy's death benefits, gives a "cost-per-dollar-of-benefit" solution (from the donor's perspective) that is very helpful when analyzing the economics of the transaction.

For example, if the first premium for a \$1,000,000 life insurance policy is \$20,000, the after tax cost of the donor's gift is \$10,000 (assuming a 50.00% income tax bracket). The discounted dollars calculation divides the donor's after tax cost of \$10,000 by the \$1,000,000.

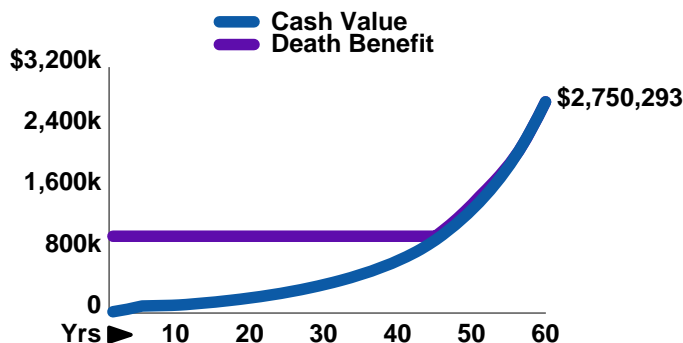
This results in an answer of 1.0 cents, meaning if death should occur during year 1, each \$1.00 of the death benefit to the Zoo has cost the donor 1.0 cents. This figure changes from year to year for as long as premiums are illustrated.

Favorable income tax consequences combine with significant policy values to produce an effective life insurance benefit for the Zoo that couples with a considerable amount of financial leverage for the donor. This is particularly evident in the following presentation.

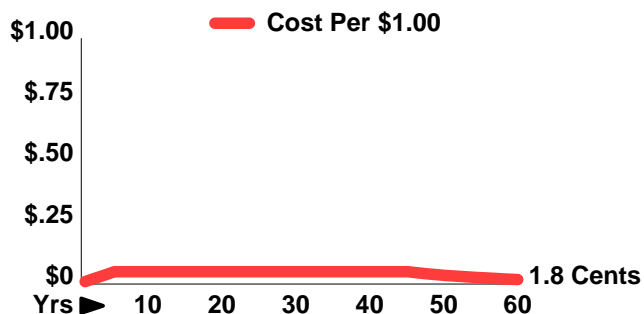
**Cumulative After Tax Cost of Donor's Gift**



**Policy Values for the Zoo**



**Donor's Cost per \$1.00 of Funding**



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 Gifts to the Zoo With Discounted Dollars Using Indexed Universal Life

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

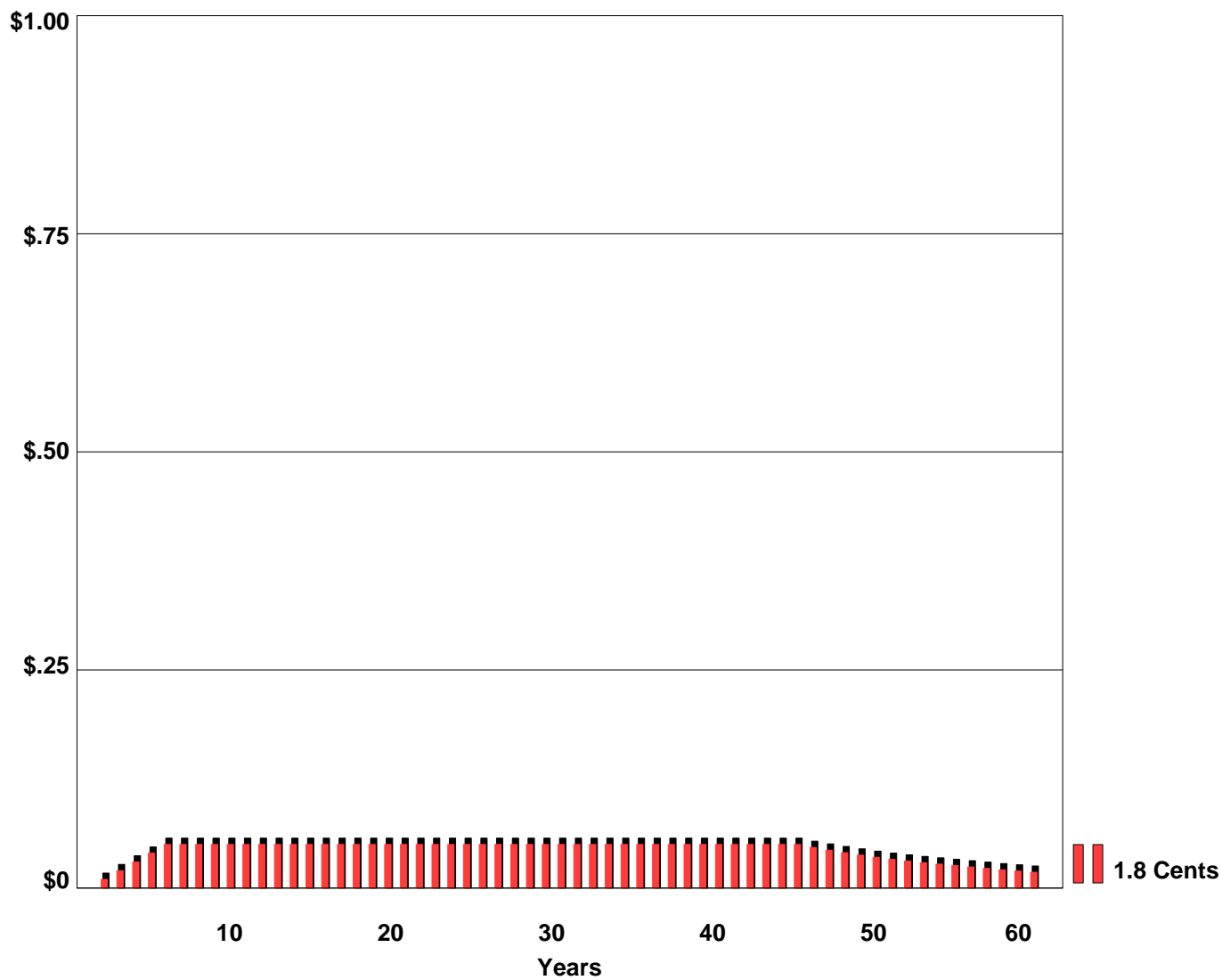
Insured: Janie Bennett

Donor: Janie and Art Bennett

Policy Owner and Beneficiary: the Zoo

## 60 Year Analysis

### Cost per \$1.00 of Funding



At Year 60

Cost of Funding Each \$1.00 of Life Insurance for the Zoo 1.8 Cents

# Funding Gifts to the Zoo With Discounted Dollars Using Indexed Universal Life

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

Insured: Janie Bennett

## Analysis

Donor: Janie and Art Bennett  
Policy Owner and Beneficiary: the Zoo

Donor's Tax Bracket 50.00%  
Indexed UL Interest Rate 7.50%  
Initial Death Benefit 1,000,000

|      |            | Donor's Analysis                        |                                       |  | Death Benefit for the Zoo        |   | Living Values for the Zoo    |                             |
|------|------------|---|---------------------------------------|--|----------------------------------|---|------------------------------|-----------------------------|
| Year | Female Age | (1)<br>Policy Premium Gifted to the Zoo | (2)<br>After Tax Cost of Donor's Gift | (3)<br>Cumulative After Tax Cost of Donor's Gift | (4)<br>Death Benefit for the Zoo | (5)<br>Donor's Cost per \$1.00 of Funding** | (6)<br>Year End Accum Value* | (7)<br>Year End Cash Value* |
| 1    | 40         | 20,000                                  | 10,000                                | 10,000   | 1,000,000                        | 1.0 Cents                                   | 15,739                       | 15,739                      |
| 2    | 41         | 20,000                                  | 10,000                                | 20,000   | 1,000,000                        | 2.0 Cents                                   | 32,609                       | 32,609                      |
| 3    | 42         | 20,000                                  | 10,000                                | 30,000   | 1,000,000                        | 3.0 Cents                                   | 50,692                       | 50,692                      |
| 4    | 43         | 20,000                                  | 10,000                                | 40,000   | 1,000,000                        | 4.0 Cents                                   | 70,066                       | 70,066                      |
| 5    | 44         | 20,000                                  | 10,000                                | 50,000   | 1,000,000                        | 5.0 Cents                                   | 90,818                       | 90,818                      |
| 6    | 45         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 92,787                       | 92,787                      |
| 7    | 46         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 94,999                       | 94,999                      |
| 8    | 47         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 97,499                       | 97,499                      |
| 9    | 48         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 100,350                      | 100,350                     |
| 10   | 49         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 103,621                      | 103,621                     |
| 11   | 50         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 110,668                      | 110,668                     |
| 12   | 51         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 118,195                      | 118,195                     |
| 13   | 52         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 126,232                      | 126,232                     |
| 14   | 53         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 134,811                      | 134,811                     |
| 15   | 54         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 143,964                      | 143,964                     |
| 16   | 55         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 153,720                      | 153,720                     |
| 17   | 56         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 164,122                      | 164,122                     |
| 18   | 57         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 175,203                      | 175,203                     |
| 19   | 58         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 187,004                      | 187,004                     |
| 20   | 59         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 199,566                      | 199,566                     |
| 21   | 60         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 212,922                      | 212,922                     |
| 22   | 61         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 227,098                      | 227,098                     |
| 23   | 62         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 242,119                      | 242,119                     |
| 24   | 63         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 258,012                      | 258,012                     |
| 25   | 64         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 274,811                      | 274,811                     |
| 26   | 65         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 292,555                      | 292,555                     |
| 27   | 66         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 311,332                      | 311,332                     |
| 28   | 67         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 331,195                      | 331,195                     |
| 29   | 68         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 352,197                      | 352,197                     |
| 30   | 69         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 374,405                      | 374,405                     |
|      |            | 100,000                                 | 50,000                                |  |                                  |   |                              |                             |

\*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.

\*\*Column (3) divided by column (4) is equal to column (5).

# Funding Gifts to the Zoo With Discounted Dollars Using Indexed Universal Life

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

Insured: Janie Bennett

## Analysis

Donor: Janie and Art Bennett  
Policy Owner and Beneficiary: the Zoo

Donor's Tax Bracket 50.00%  
Indexed UL Interest Rate 7.50%  
Initial Death Benefit 1,000,000

|      |            | Donor's Analysis                        |                                       |  | Death Benefit for the Zoo        |   | Living Values for the Zoo    |                             |
|------|------------|---|---------------------------------------|--|----------------------------------|---|------------------------------|-----------------------------|
| Year | Female Age | (1)<br>Policy Premium Gifted to the Zoo | (2)<br>After Tax Cost of Donor's Gift | (3)<br>Cumulative After Tax Cost of Donor's Gift | (4)<br>Death Benefit for the Zoo | (5)<br>Donor's Cost per \$1.00 of Funding** | (6)<br>Year End Accum Value* | (7)<br>Year End Cash Value* |
| 31   | 70         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 397,899                      | 397,899                     |
| 32   | 71         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 422,780                      | 422,780                     |
| 33   | 72         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 449,159                      | 449,159                     |
| 34   | 73         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 477,136                      | 477,136                     |
| 35   | 74         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 506,830                      | 506,830                     |
| 36   | 75         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 538,384                      | 538,384                     |
| 37   | 76         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 572,016                      | 572,016                     |
| 38   | 77         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 607,931                      | 607,931                     |
| 39   | 78         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 646,376                      | 646,376                     |
| 40   | 79         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 687,667                      | 687,667                     |
| 41   | 80         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 732,124                      | 732,124                     |
| 42   | 81         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 780,138                      | 780,138                     |
| 43   | 82         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 832,264                      | 832,264                     |
| 44   | 83         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 889,199                      | 889,199                     |
| 45   | 84         | 0                                       | 0                                     | 50,000   | 1,000,000                        | 5.0 Cents                                   | 951,804                      | 951,804                     |
| 46   | 85         | 0                                       | 0                                     | 50,000   | 1,072,229                        | 4.7 Cents                                   | 1,021,170                    | 1,021,170                   |
| 47   | 86         | 0                                       | 0                                     | 50,000   | 1,150,193                        | 4.3 Cents                                   | 1,095,422                    | 1,095,422                   |
| 48   | 87         | 0                                       | 0                                     | 50,000   | 1,233,526                        | 4.1 Cents                                   | 1,174,787                    | 1,174,787                   |
| 49   | 88         | 0                                       | 0                                     | 50,000   | 1,322,530                        | 3.8 Cents                                   | 1,259,552                    | 1,259,552                   |
| 50   | 89         | 0                                       | 0                                     | 50,000   | 1,417,509                        | 3.5 Cents                                   | 1,350,009                    | 1,350,009                   |
| 51   | 90         | 0                                       | 0                                     | 50,000   | 1,518,779                        | 3.3 Cents                                   | 1,446,456                    | 1,446,456                   |
| 52   | 91         | 0                                       | 0                                     | 50,000   | 1,612,368                        | 3.1 Cents                                   | 1,550,354                    | 1,550,354                   |
| 53   | 92         | 0                                       | 0                                     | 50,000   | 1,712,438                        | 2.9 Cents                                   | 1,662,561                    | 1,662,561                   |
| 54   | 93         | 0                                       | 0                                     | 50,000   | 1,819,777                        | 2.7 Cents                                   | 1,784,095                    | 1,784,095                   |
| 55   | 94         | 0                                       | 0                                     | 50,000   | 1,935,280                        | 2.6 Cents                                   | 1,916,119                    | 1,916,119                   |
| 56   | 95         | 0                                       | 0                                     | 50,000   | 2,059,734                        | 2.4 Cents                                   | 2,059,734                    | 2,059,734                   |
| 57   | 96         | 0                                       | 0                                     | 50,000   | 2,214,121                        | 2.3 Cents                                   | 2,214,121                    | 2,214,121                   |
| 58   | 97         | 0                                       | 0                                     | 50,000   | 2,380,086                        | 2.1 Cents                                   | 2,380,086                    | 2,380,086                   |
| 59   | 98         | 0                                       | 0                                     | 50,000   | 2,558,499                        | 2.0 Cents                                   | 2,558,499                    | 2,558,499                   |
| 60   | 99         | 0                                       | 0                                     | 50,000   | 2,750,293                        | 1.8 Cents                                   | 2,750,293                    | 2,750,293                   |
|      |            | 100,000                                 | 50,000                                |  |                                  |   |                              |                             |

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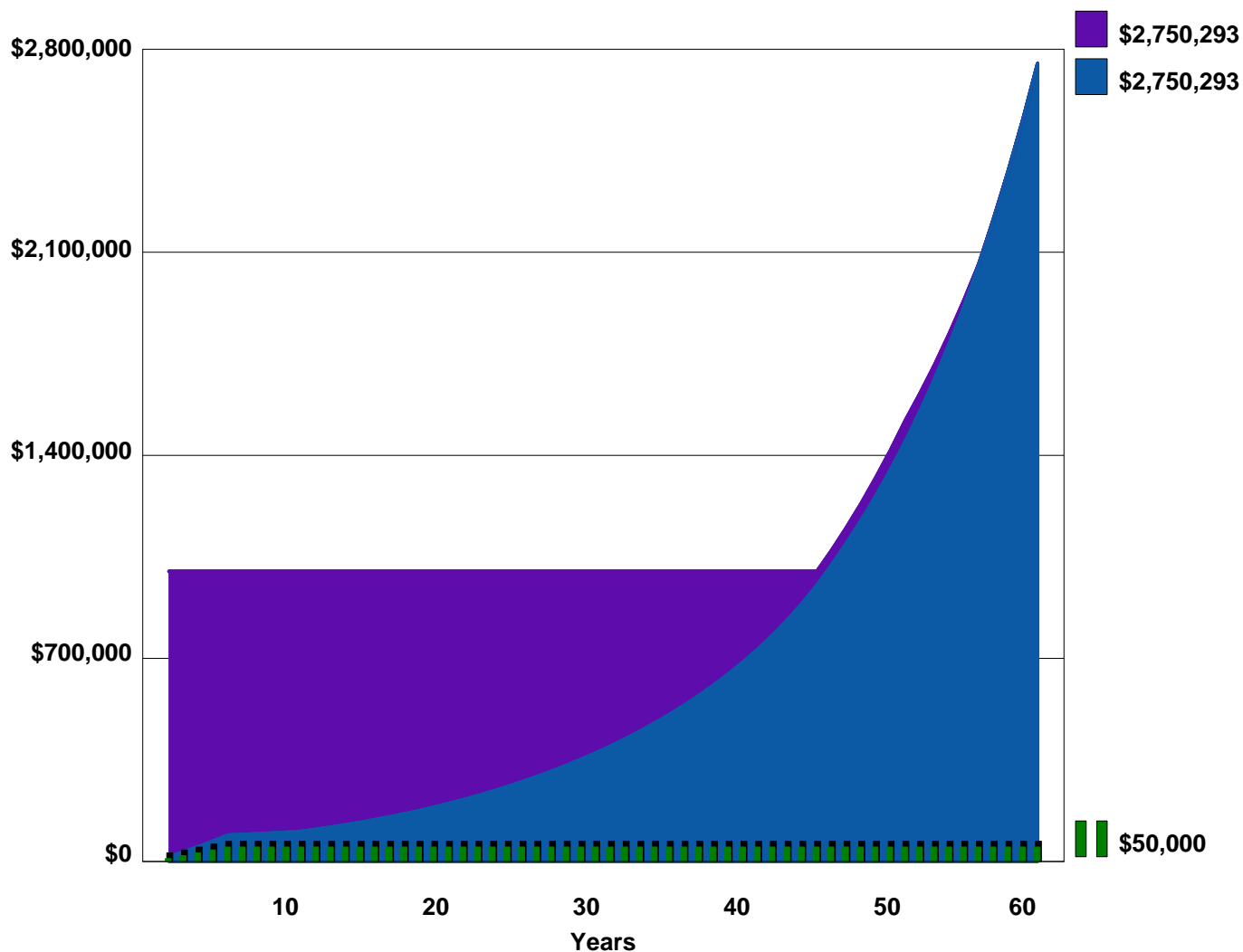
Presented By: [Licensed user's name appears here]

Insured: Janie Bennett

Donor: Janie and Art Bennett

Policy Owner and Beneficiary: the Zoo

## 60 Year Analysis



**At Year 60**

|   |             |
|---|-------------|
| Cumulative After Tax Cost of Donor's Gift | \$50,000    |
| Policy Cash Value for the Zoo             | \$2,750,293 |
| Policy Death Benefit for the Zoo          | \$2,750,293 |

# Funding Gifts to the Zoo With Discounted Dollars Using Indexed Universal Life

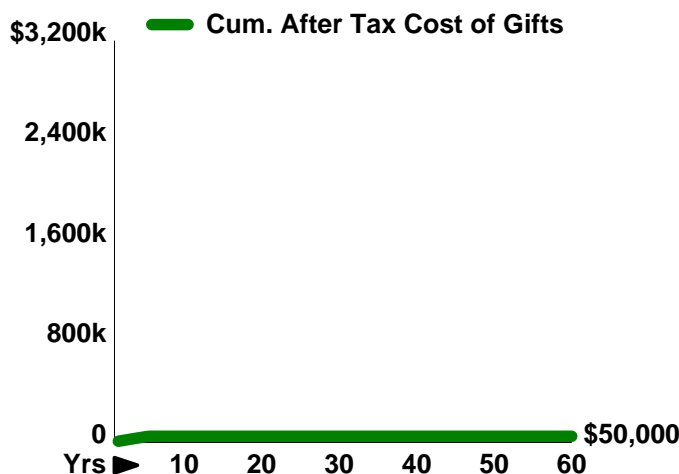
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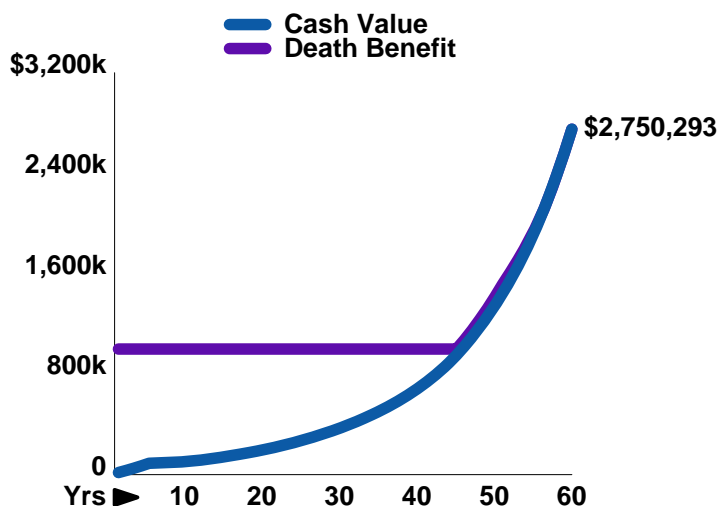
## 60 Year Analysis

Donor: Janie and Art Bennett  
Policy Owner and Beneficiary: the Zoo

### Cumulative After Tax Cost of Donor's Gift



### Policy Values for the Zoo



### Donor's Cost per \$1.00 of Funding

