

Indexed Universal Life vs. a Solo 401(k)

For: Andy MacGregor



Presented By: _____

[Licensed user's name appears here]

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 involves the comparison of the life insurance policy to alternative investment possibilities.

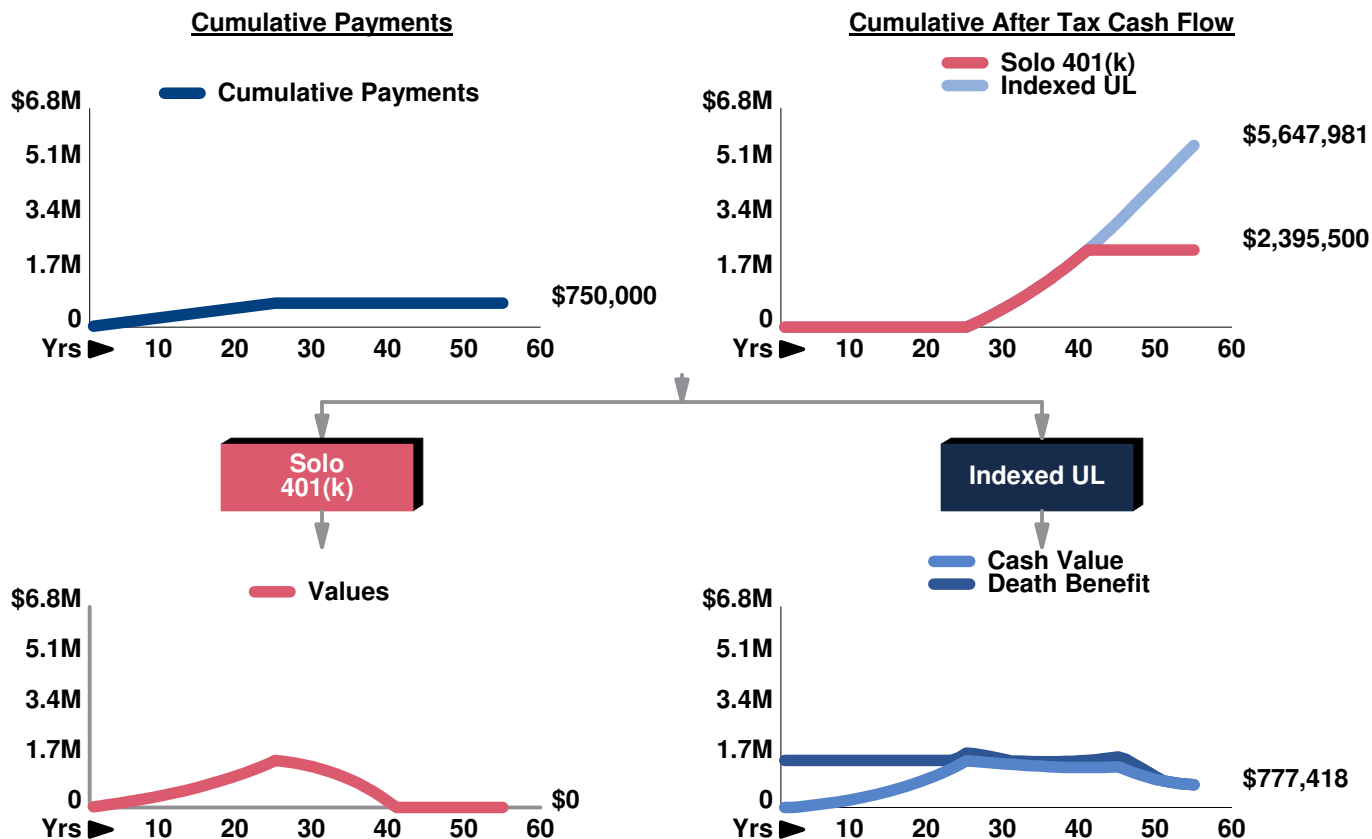
To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a Solo 401(k).

The study offers information from which you and your advisers can draw informed conclusions about the suitability of either plan.

Following are major features of the life insurance policy for you to consider as part of your overall assessment:

1. Accumulating cash values;
2. Income tax deferred growth of cash values;
3. Competitive current interest rate;
4. Tax free access to cash values via policy loans;
5. Income tax free death benefits;
6. Probate free death benefits;
7. Privacy of all transactions;
8. Advance of death benefits in certain adverse health circumstances -- as defined in the policy contract.

Favorable income tax consequences combine with significant policy values and benefits to produce a life insurance solution that has a considerable amount of financial leverage.



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

Indexed Universal Life vs. Solo 401(k)

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

Insured: Andy MacGregor

Comparison

Solo 401(k) Yield 7.00% Income Tax Rate 40.00% Indexed UL Interest Rate 7.00% Initial Payment 30,000 Initial Death Benefit 1,597,973

		Solo 401(k)						Indexed Universal Life				
Yr	Age	(1) Tax Deductible Deposits to the Solo 401(k)	(2) After Tax Equivalent of Solo 401(k) Deposit*	(3) After Tax Withdrawal from the Solo 401(k)**	(4) Year End Value of Solo 401(k)	(5) Year End Value of Solo 401(k) if Distributed	(6) After Tax Death Benefit of Solo 401(k)	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Cash Value*** Increase	(10) Year End Cash Value***	(11) Death Benefit
1	45	50,000	30,000	0	52,698	26,349	31,619	30,000	0	0	0	1,597,973
2	46	50,000	30,000	0	108,239	54,120	64,943	30,000	0	335	335	1,597,973
3	47	50,000	30,000	0	166,776	83,388	100,066	30,000	0	27,680	28,015	1,597,973
4	48	50,000	30,000	0	228,471	114,236	137,083	30,000	0	29,174	57,189	1,597,973
5	49	50,000	30,000	0	293,495	146,748	176,097	30,000	0	30,739	87,928	1,597,973
6	50	50,000	30,000	0	362,027	181,014	217,216	30,000	0	32,827	120,755	1,597,973
7	51	50,000	30,000	0	434,256	217,128	260,554	30,000	0	35,050	155,805	1,597,973
8	52	50,000	30,000	0	510,382	255,191	306,229	30,000	0	37,497	193,302	1,597,973
9	53	50,000	30,000	0	590,615	295,308	354,369	30,000	0	40,160	233,462	1,597,973
10	54	50,000	30,000	0	675,176	337,588	405,106	30,000	0	43,079	276,541	1,597,973
11	55	50,000	30,000	0	764,299	382,150	458,579	30,000	0	54,695	331,236	1,597,973
12	56	50,000	30,000	0	858,231	429,116	514,939	30,000	0	53,751	384,987	1,597,973
13	57	50,000	30,000	0	957,230	478,615	574,338	30,000	0	57,715	442,702	1,597,973
14	58	50,000	30,000	0	1,061,570	530,785	636,942	30,000	0	61,986	504,688	1,597,973
15	59	50,000	30,000	0	1,171,539	585,770	702,923	30,000	0	66,599	571,287	1,597,973
16	60	50,000	30,000	0	1,287,441	772,465	772,465	30,000	0	71,524	642,811	1,597,973
17	61	50,000	30,000	0	1,409,596	845,758	845,758	30,000	0	76,864	719,675	1,597,973
18	62	50,000	30,000	0	1,538,341	923,005	923,005	30,000	0	82,647	802,322	1,597,973
19	63	50,000	30,000	0	1,674,032	1,004,419	1,004,419	30,000	0	88,919	891,241	1,597,973
20	64	50,000	30,000	0	1,817,043	1,090,226	1,090,226	30,000	0	95,739	986,980	1,597,973
21	65	50,000	30,000	0	1,967,770	1,180,662	1,180,662	30,000	0	103,143	1,090,123	1,597,973
22	66	50,000	30,000	0	2,126,629	1,275,977	1,275,977	30,000	0	111,224	1,201,347	1,597,973
23	67	50,000	30,000	0	2,294,058	1,376,435	1,376,435	30,000	0	120,055	1,321,402	1,597,973
24	68	50,000	30,000	0	2,470,520	1,482,312	1,482,312	30,000	0	129,735	1,451,137	1,697,831
25	69	50,000	30,000	0	2,656,502	1,593,901	1,593,901	30,000	0	139,493	1,590,630	1,845,131
26	70	0	0	109,098	2,608,181	1,564,909	1,564,909	0	109,098	-21,532	1,569,098	1,821,646
27	71	0	0	113,870	2,548,871	1,529,323	1,529,323	0	113,870	-21,579	1,547,519	1,779,876
28	72	0	0	118,785	2,477,727	1,486,636	1,486,636	0	118,785	-21,426	1,526,093	1,735,385
29	73	0	0	123,847	2,393,852	1,436,311	1,436,311	0	123,847	-21,020	1,505,073	1,687,818
30	74	0	0	129,062	2,296,292	1,377,775	1,377,775	0	129,062	-20,306	1,484,767	1,636,805
		1,250,000	750,000	594,662				750,000	594,662			

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

Tax on withdrawals. Entries in Column (3) are after tax.

*Equal to Column (7)

**Solo 401(k) withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Column (3).

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

30 Year Summary

	Solo 401(k)	Indexed UL
After Tax Payments	750,000	750,000
After Tax Cash Flow	594,662	594,662
Living Values	1,377,775	1,484,767
Death Benefit	1,377,775	1,636,805

Indexed Universal Life vs. Solo 401(k)

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

Insured: Andy MacGregor

Comparison

Solo 401(k) Yield 7.00% Income Tax Rate 40.00% Indexed UL Interest Rate 7.00% Initial Payment 30,000 Initial Death Benefit 1,597,973

		Solo 401(k)						Indexed Universal Life				
Yr	Age	(1) Tax Deductible Deposits to the Solo 401(k)	(2) After Tax Equivalent of Solo 401(k) Deposit*	(3) After Tax Withdrawal from the Solo 401(k)**	(4) Year End Value of Solo 401(k)	(5) Year End Value of Solo 401(k) if Distributed	(6) After Tax Death Benefit of Solo 401(k)	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Cash Value*** Increase	(10) Year End Cash Value***	(11) Death Benefit
31	75	0	0	134,433	2,184,035	1,310,421	1,310,421	0	134,433	-19,207	1,465,560	1,581,974
32	76	0	0	139,965	2,056,003	1,233,602	1,233,602	0	139,965	-18,418	1,447,142	1,572,140
33	77	0	0	145,662	1,911,057	1,146,634	1,146,634	0	145,662	-17,421	1,429,721	1,564,128
34	78	0	0	151,531	1,747,981	1,048,789	1,048,789	0	151,531	-16,202	1,413,519	1,558,217
35	79	0	0	157,576	1,565,489	939,293	939,293	0	157,576	-14,750	1,398,769	1,554,703
36	80	0	0	163,802	1,362,216	817,330	817,330	0	163,802	-13,057	1,385,712	1,553,893
37	81	0	0	170,215	1,136,711	682,027	682,027	0	170,215	-11,058	1,374,654	1,556,163
38	82	0	0	176,821	887,436	532,462	532,462	0	176,821	-8,783	1,365,871	1,561,863
39	83	0	0	183,624	612,763	367,658	367,658	0	183,624	-6,227	1,359,644	1,571,350
40	84	0	0	190,632	310,961	186,577	186,577	0	190,632	-3,399	1,356,245	1,584,975
41	85	0	0	186,577	0	0	0	0	197,850	-549	1,355,696	1,602,832
42	86	0	0	0	0	0	0	0	205,284	2,304	1,358,000	1,624,996
43	87	0	0	0	0	0	0	0	212,942	5,118	1,363,118	1,651,505
44	88	0	0	0	0	0	0	0	220,829	7,775	1,370,893	1,682,273
45	89	0	0	0	0	0	0	0	228,953	10,118	1,381,011	1,717,059
46	90	0	0	0	0	0	0	0	237,320	-95,179	1,285,832	1,642,930
47	91	0	0	0	0	0	0	0	237,320	-93,541	1,192,291	1,495,907
48	92	0	0	0	0	0	0	0	237,320	-89,371	1,102,920	1,345,024
49	93	0	0	0	0	0	0	0	237,320	-81,646	1,021,274	1,192,995
50	94	0	0	0	0	0	0	0	237,320	-69,066	952,208	1,043,652
51	95	0	0	0	0	0	0	0	237,320	-50,190	902,018	902,018
52	96	0	0	0	0	0	0	0	237,320	-43,645	858,373	858,373
53	97	0	0	0	0	0	0	0	237,320	-36,081	822,292	822,292
54	98	0	0	0	0	0	0	0	237,320	-27,396	794,896	794,896
55	99	0	0	0	0	0	0	0	237,320	-17,478	777,418	777,418
		1,250,000	750,000	2,395,500				750,000	5,647,981			

Note: Solo 401(k) values do not reflect market rate adjustments, if any. Solo 401(k) is assessed: Tax on withdrawals. Entries in Column (3) are after tax.

*Equal to Column (7)

**Solo 401(k) withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Column (3).

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

55 Year Summary

	Solo 401(k)	Indexed UL
After Tax Payments	750,000	750,000
After Tax Cash Flow	2,395,500	5,647,981
Living Values	0	777,418
Death Benefit	0	777,418

Indexed Universal Life vs. Solo 401(k)

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

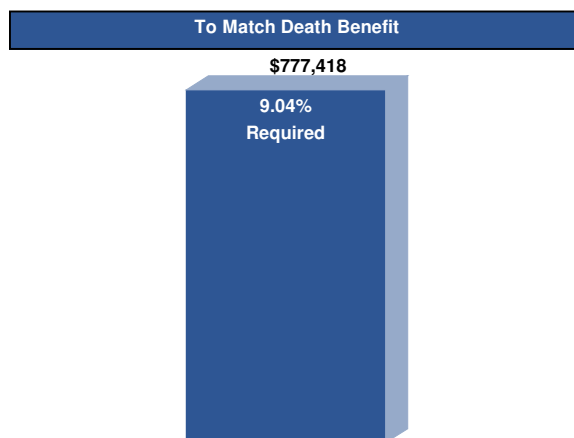
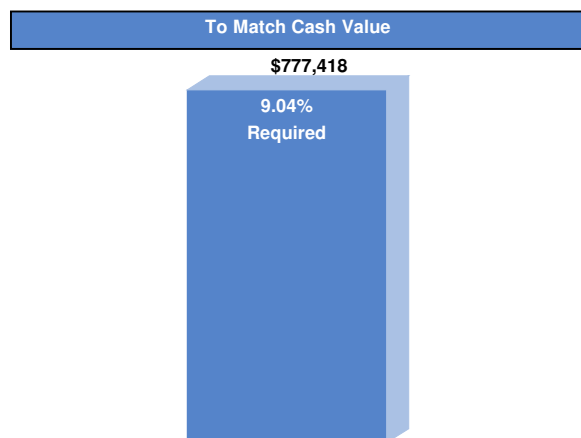
Insured: Andy MacGregor

Matching Values

Age	Solo 401(k) Yield	Income Tax Rate	Indexed UL Interest Rate	Initial Payment	Initial Death Benefit
45	7.00%	40.00%	7.00%	30,000	1,597,973

Gross Interest Rate Required on Solo 401(k) to Match Indexed Universal Life Policy Values over 55 Years.

	Gross Interest Rate Required
To Match Cash Value of: \$777,418	9.04%
To match Death Benefit of: \$777,418	9.04%



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) are income tax free as a return of premium.
 - d. Cash values shown assume most favorable combination of b and/or c.

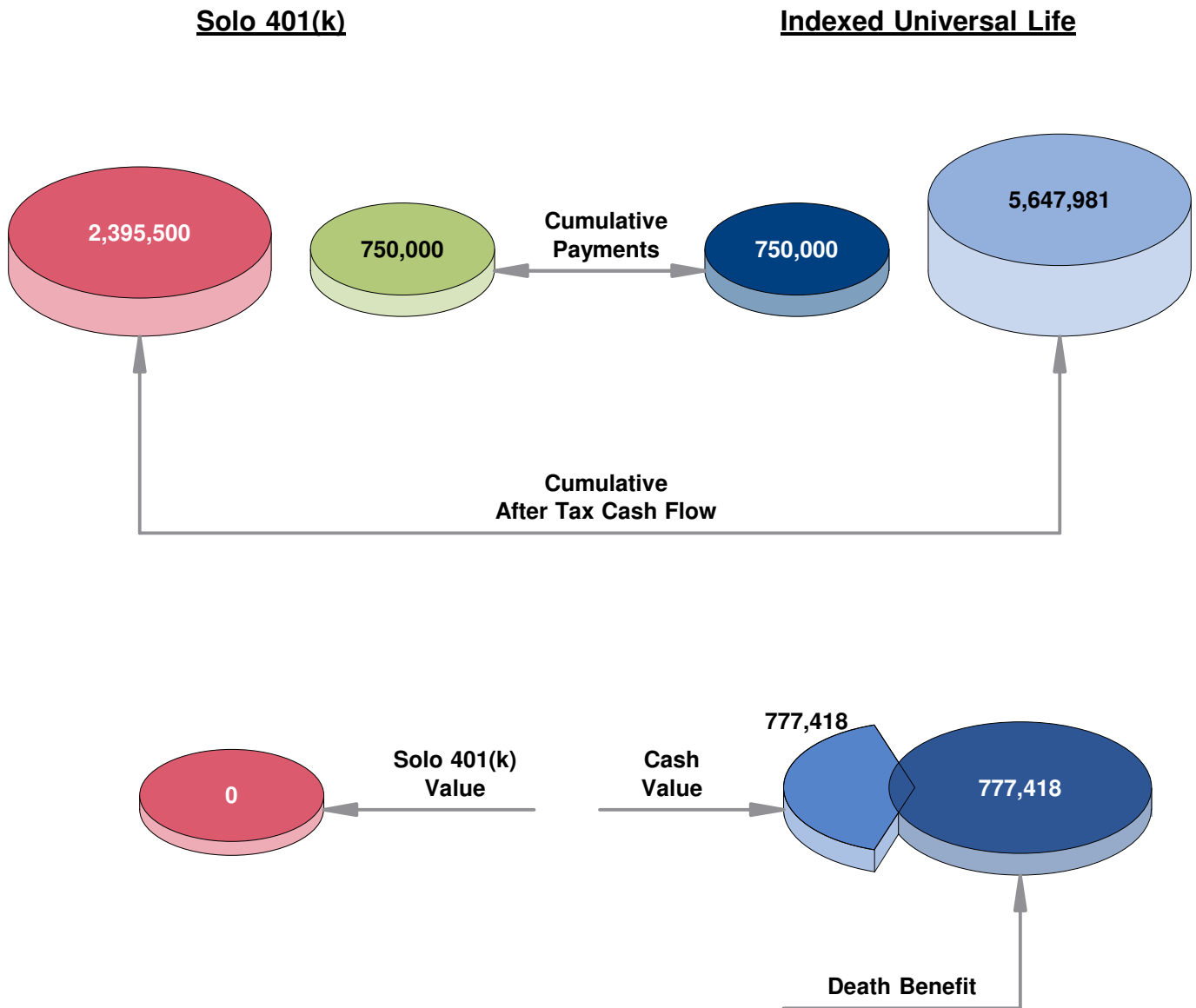
This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Indexed Universal Life vs. Solo 401(k)

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

Insured: Andy MacGregor

A Look at Year 55

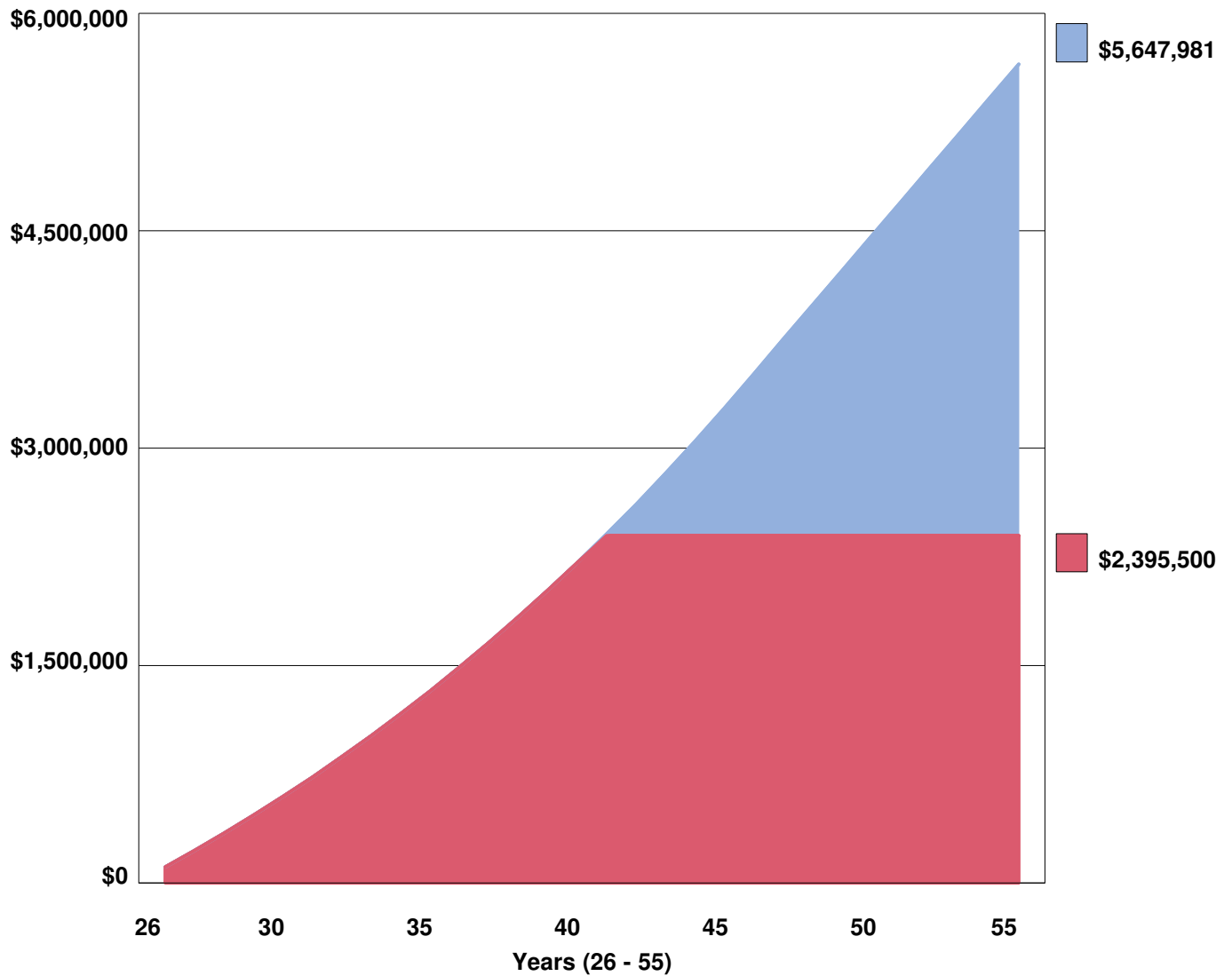


Indexed Universal Life vs. Solo 401(k)

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

Insured: Andy MacGregor

Cash Flow Comparison



At Year 55

Cumulative After Tax Cash Flow - Solo 401(k) \$2,395,500

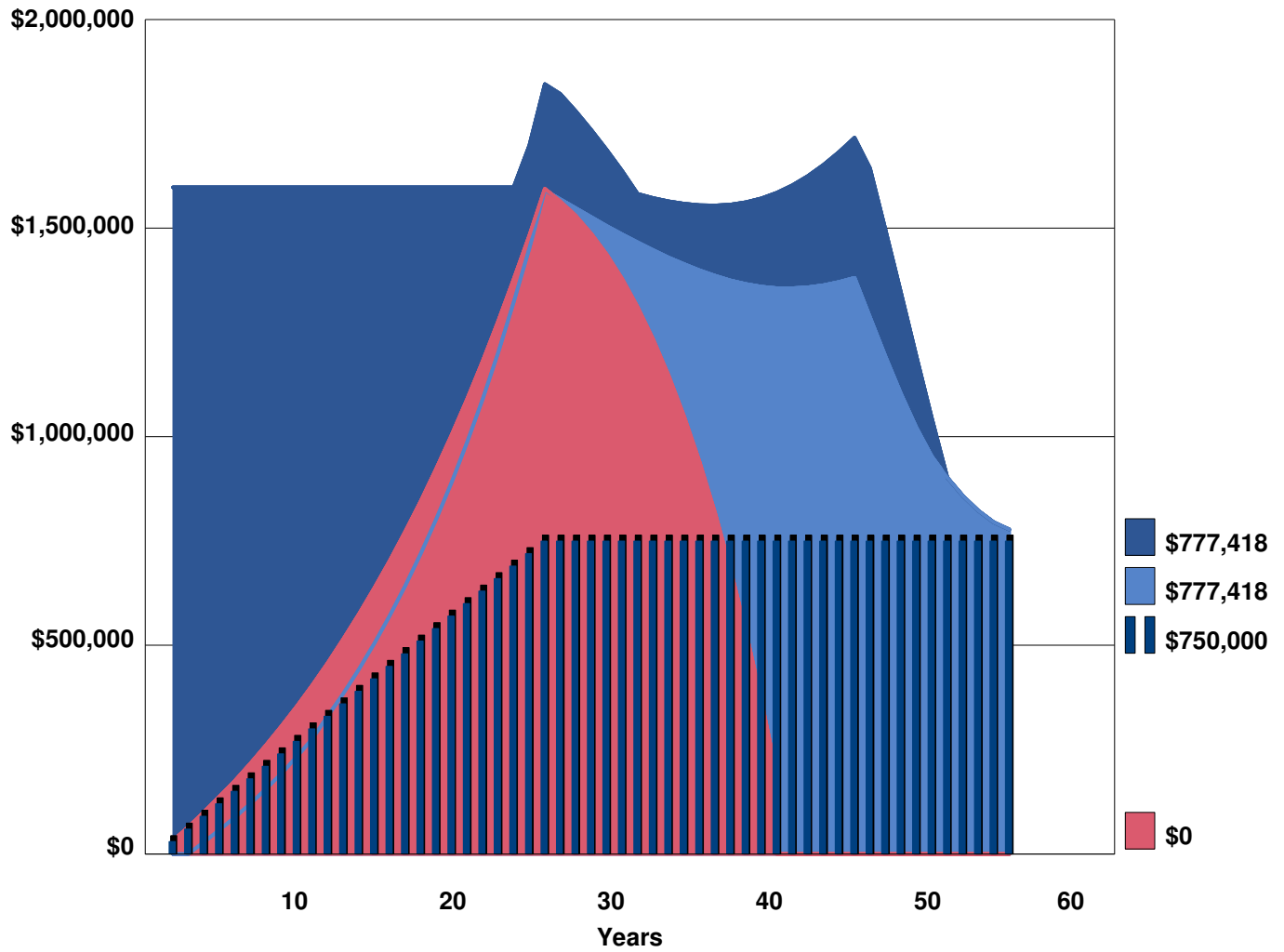
Cumulative After Tax Policy Cash Flow - Indexed UL \$5,647,981

Indexed Universal Life vs. Solo 401(k)

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

Insured: Andy MacGregor

55 Year Analysis



At Year 55

Cumulative Payments	\$750,000
Solo 401(k) Values	\$0
Cash Value of Indexed UL	\$777,418
Death Benefit of Indexed UL	\$777,418