

Profit Sharing Plan vs. Indexed Universal Life

For: Jennifer Hunt



Retirement Plan

Presented By: _____

[Licensed user's name appears here]

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Insured: Jennifer Hunt

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.

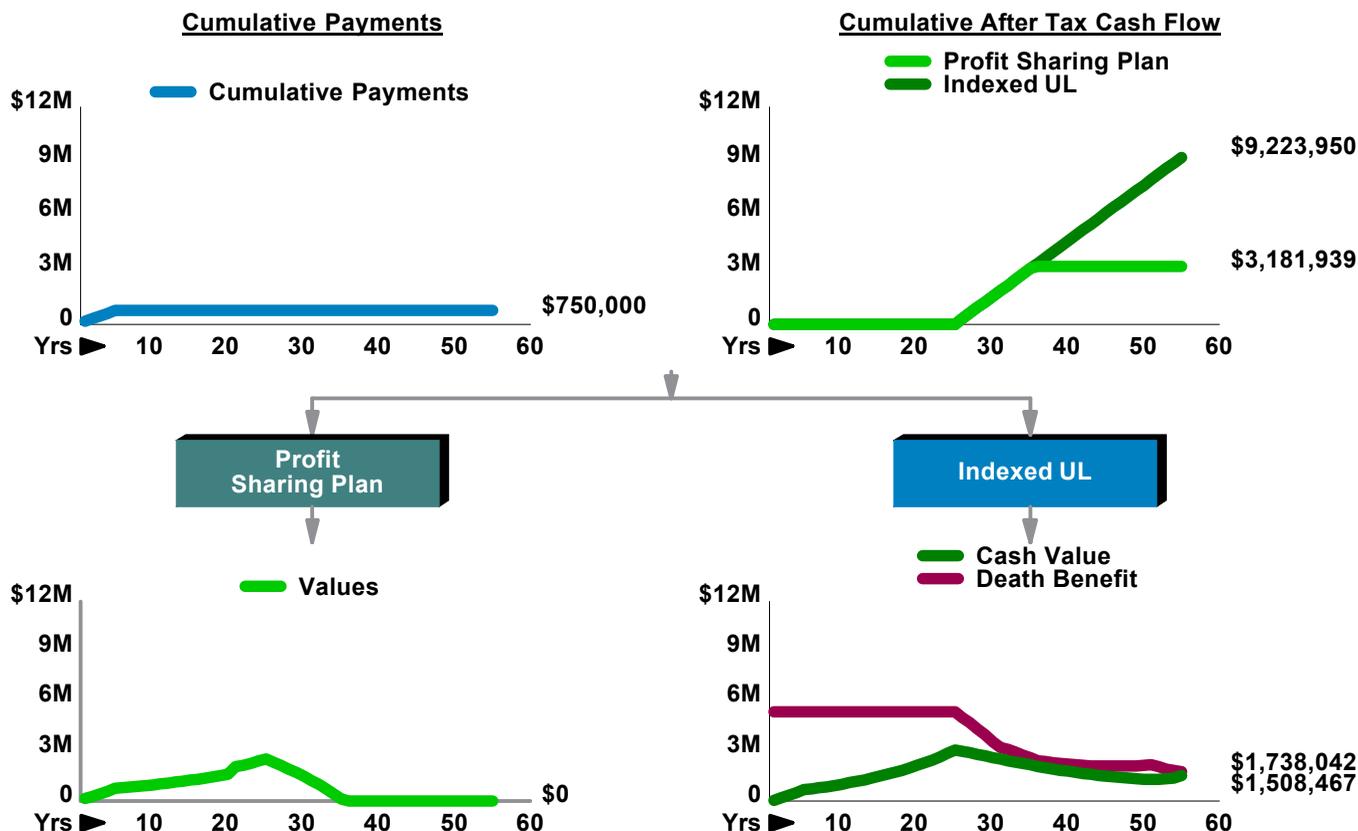
To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a Profit Sharing Plan.

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.

Profit Sharing Plan vs. Indexed Universal Life

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

Insured: Jennifer Hunt

Comparison

Profit Sharing Plan Yield: 7.00%
 Income Tax Rate: 40.00%
 Indexed UL Interest Rate: 7.00%
 Initial Payment: 150,000
 Initial Death Benefit: 5,354,634

		Profit Sharing Plan						Indexed Universal Life				
Yr	Female Age	(1) Tax Deductible Deposits to the Profit Sharing Plan	(2) After Tax Equivalent of Profit Sharing Plan Deposit*	(3) After Tax Withdrawal from the Profit Sharing Plan**	(4) Year End Value of Profit Sharing Plan	(5) Year End Value of Profit Sharing Plan if Distributed	(6) After Tax Death Benefit of Profit Sharing Plan	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Cash Value*** Increase	(10) Year End Cash Value***	(11) Death Benefit
1	40	250,000	150,000	0	263,488	131,744	158,093	150,000	0	12,303	12,303	5,354,634
2	41	250,000	150,000	0	541,191	270,596	324,715	150,000	0	146,425	158,728	5,354,634
3	42	250,000	150,000	0	833,875	416,938	500,325	150,000	0	157,000	315,728	5,354,634
4	43	250,000	150,000	0	1,142,350	571,175	685,410	150,000	0	168,122	483,850	5,354,634
5	44	250,000	150,000	0	1,467,468	733,734	880,481	150,000	0	180,000	663,850	5,354,634
6	45	0	0	0	1,546,638	773,319	927,983	0	0	41,847	705,697	5,354,634
7	46	0	0	0	1,630,079	815,040	978,047	0	0	66,650	772,347	5,354,634
8	47	0	0	0	1,718,022	859,011	1,030,813	0	0	69,897	842,244	5,354,634
9	48	0	0	0	1,810,710	905,355	1,086,426	0	0	73,448	915,692	5,354,634
10	49	0	0	0	1,908,398	954,199	1,145,039	0	0	77,318	993,010	5,354,634
11	50	0	0	0	2,011,356	1,005,678	1,206,814	0	0	100,973	1,093,983	5,354,634
12	51	0	0	0	2,119,869	1,059,935	1,271,921	0	0	83,658	1,177,641	5,354,634
13	52	0	0	0	2,234,236	1,117,118	1,340,542	0	0	90,052	1,267,693	5,354,634
14	53	0	0	0	2,354,774	1,177,387	1,412,864	0	0	96,981	1,364,674	5,354,634
15	54	0	0	0	2,481,814	1,240,907	1,489,088	0	0	104,438	1,469,112	5,354,634
16	55	0	0	0	2,615,708	1,307,854	1,569,425	0	0	112,439	1,581,551	5,354,634
17	56	0	0	0	2,756,826	1,378,413	1,654,096	0	0	121,046	1,702,597	5,354,634
18	57	0	0	0	2,905,557	1,452,779	1,743,334	0	0	130,223	1,832,820	5,354,634
19	58	0	0	0	3,062,312	1,531,156	1,837,387	0	0	140,175	1,972,995	5,354,634
20	59	0	0	0	3,227,524	1,613,762	1,936,514	0	0	150,894	2,123,889	5,354,634
21	60	0	0	0	3,401,649	2,040,989	2,040,989	0	0	162,415	2,286,304	5,354,634
22	61	0	0	0	3,585,168	2,151,101	2,151,101	0	0	174,786	2,461,090	5,354,634
23	62	0	0	0	3,778,588	2,267,153	2,267,153	0	0	188,081	2,649,171	5,354,634
24	63	0	0	0	3,982,443	2,389,466	2,389,466	0	0	202,413	2,851,584	5,354,634
25	64	0	0	0	4,197,296	2,518,378	2,518,378	0	0	217,954	3,069,538	5,354,634
26	65	0	0	307,465	3,883,652	2,330,191	2,330,191	0	307,465	-91,213	2,978,325	5,031,796
27	66	0	0	307,465	3,553,087	2,131,852	2,131,852	0	307,465	-92,450	2,885,875	4,692,816
28	67	0	0	307,465	3,204,688	1,922,813	1,922,813	0	307,465	-93,257	2,792,618	4,336,886
29	68	0	0	307,465	2,837,492	1,702,495	1,702,495	0	307,465	-93,669	2,698,949	3,963,161
30	69	0	0	307,465	2,450,487	1,470,292	1,470,292	0	307,465	-93,591	2,605,358	3,570,749
		1,250,000	750,000	1,537,325				750,000	1,537,325			

Management fees reflected in column (4): 1.50%

*Equal to Column (7)

**Profit Sharing Plan 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.

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

30 Year Summary

	Profit Sharing Plan	Indexed UL
After Tax Payments	750,000	750,000
After Tax Cash Flow	1,537,325	1,537,325
Living Values	1,470,292	2,605,358
Death Benefit	1,470,292	3,570,749

Profit Sharing Plan vs. Indexed Universal Life

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

Insured: Jennifer Hunt

Comparison

Profit Sharing Plan Yield 7.00% Income Tax Rate 40.00% Indexed UL Interest Rate 7.00% Initial Payment 150,000 Initial Death Benefit 5,354,634

		Profit Sharing Plan						Indexed Universal Life				
Yr	Female Age	(1) Tax Deductible Deposits to the Profit Sharing Plan	(2) After Tax Equivalent of Profit Sharing Plan Deposit*	(3) After Tax Withdrawal from the Profit Sharing Plan**	(4) Year End Value of Profit Sharing Plan	(5) Year End Value of Profit Sharing Plan if Distributed	(6) After Tax Death Benefit of Profit Sharing Plan	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Cash Value*** Increase	(10) Year End Cash Value***	(11) Death Benefit
31	70	0	0	307,465	2,042,602	1,225,561	1,225,561	0	307,465	-92,546	2,512,812	3,219,122
32	71	0	0	307,465	1,612,712	967,627	967,627	0	307,465	-90,256	2,422,556	3,079,200
33	72	0	0	307,465	1,159,630	695,778	695,778	0	307,465	-89,252	2,333,304	2,929,078
34	73	0	0	307,465	682,104	409,262	409,262	0	307,465	-87,936	2,245,368	2,767,833
35	74	0	0	307,465	178,815	107,289	107,289	0	307,465	-85,813	2,159,555	2,594,968
36	75	0	0	107,289	0	0	0	0	307,465	-82,689	2,076,866	2,410,034
37	76	0	0	0	0	0	0	0	307,465	-80,584	1,996,282	2,353,029
38	77	0	0	0	0	0	0	0	307,465	-78,024	1,918,258	2,300,092
39	78	0	0	0	0	0	0	0	307,465	-74,990	1,843,268	2,251,791
40	79	0	0	0	0	0	0	0	307,465	-71,458	1,771,810	2,208,720
41	80	0	0	0	0	0	0	0	307,465	-67,441	1,704,369	2,171,464
42	81	0	0	0	0	0	0	0	307,465	-63,383	1,640,986	2,140,149
43	82	0	0	0	0	0	0	0	307,465	-59,017	1,581,969	2,115,178
44	83	0	0	0	0	0	0	0	307,465	-54,418	1,527,551	2,096,886
45	84	0	0	0	0	0	0	0	307,465	-49,692	1,477,859	2,085,499
46	85	0	0	0	0	0	0	0	307,465	-45,051	1,432,808	2,081,026
47	86	0	0	0	0	0	0	0	307,465	-39,820	1,392,988	2,084,185
48	87	0	0	0	0	0	0	0	307,465	-34,670	1,358,318	2,095,001
49	88	0	0	0	0	0	0	0	307,465	-29,792	1,328,526	2,113,300
50	89	0	0	0	0	0	0	0	307,465	-25,339	1,303,187	2,138,753
51	90	0	0	0	0	0	0	0	307,465	-21,466	1,281,721	2,170,876
52	91	0	0	0	0	0	0	0	307,465	1,280	1,283,001	2,040,293
53	92	0	0	0	0	0	0	0	307,465	31,431	1,314,432	1,919,503
54	93	0	0	0	0	0	0	0	307,465	71,117	1,385,549	1,815,663
55	94	0	0	0	0	0	0	0	307,465	122,918	1,508,467	1,738,042

1,250,000 750,000 3,181,939

750,000 9,223,950

Management fees reflected in column (4): 1.50%

*Equal to Column (7)

**Profit Sharing Plan 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.

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

55 Year Summary

	Profit Sharing Plan	Indexed UL
After Tax Payments	750,000	750,000
After Tax Cash Flow	3,181,939	9,223,950
Living Values	0	1,508,467
Death Benefit	0	1,738,042

Profit Sharing Plan vs. Indexed Universal Life

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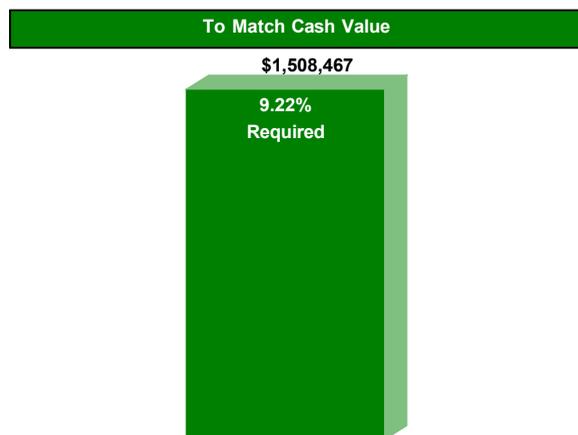
Insured: Jennifer Hunt

Matching Values at Age 94 (Year 55)

Female	Profit	Income	Indexed UL	Initial	Initial
Age	Sharing Plan	Tax Rate	Interest Rate	Payment	Death Benefit
40	Yield	40.00%	7.00%	150,000	5,354,634
	7.00%				

Gross Interest Rate Required on Profit Sharing Plan to Match Indexed Universal Life Policy Values over 55 Years.

	Gross Interest Rate Required
To Match Cash Value of: \$1,508,467	9.22%
To match Death Benefit of: \$1,738,042	9.24%



Income Tax Considerations

1. Profit Sharing Plan: Interest is tax deferred.
2. Indexed Universal Life:
 - a. Death Benefit including available cash value component is income tax free.
 - b. Loans are income tax free as long as the policy is kept in force.
 - c. Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
 - d. Cash values shown assume most favorable combination of b and/or c.

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

Taxation of Cash Flow

With tax deductible retirement plans, withdrawals (partial surrenders) are taxable. Due to this, cash flow illustrated from the tax deductible retirement plan in this presentation is the after tax result of withdrawals of a higher amount.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are income-tax free up to cost basis and taxable thereafter. Policy loans are income-tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: 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 issue.

Cash Flow Analysis In Year 26

Below is an analysis of tax calculations on cash flow in the first year that cash flow from the Profit Sharing Plan and Indexed Universal Life is illustrated.

Profit Sharing Plan

\$512,442 total withdrawal @ 40.00% tax which nets \$307,465

Indexed Universal Life

There are no tax calculations required for the life insurance policy since policy loans are not taxable

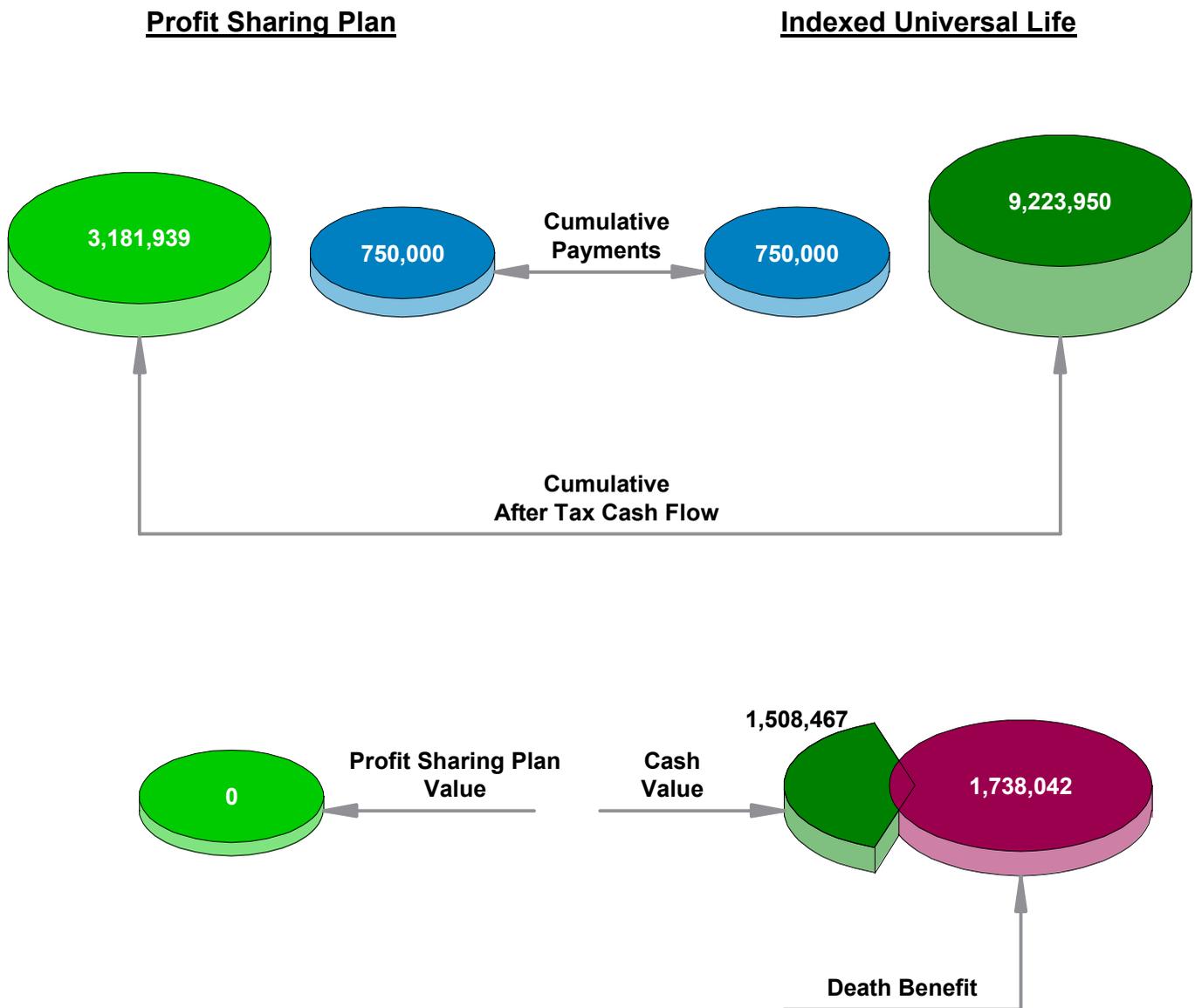
On the profit sharing plan, withdrawal(s) made prior to age 59½ are assessed an additional 10.00% tax.
On the life insurance policy, withdrawals up to cost basis (not in violation of IRC Section 7702) are income tax free.

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A Look at Year 55

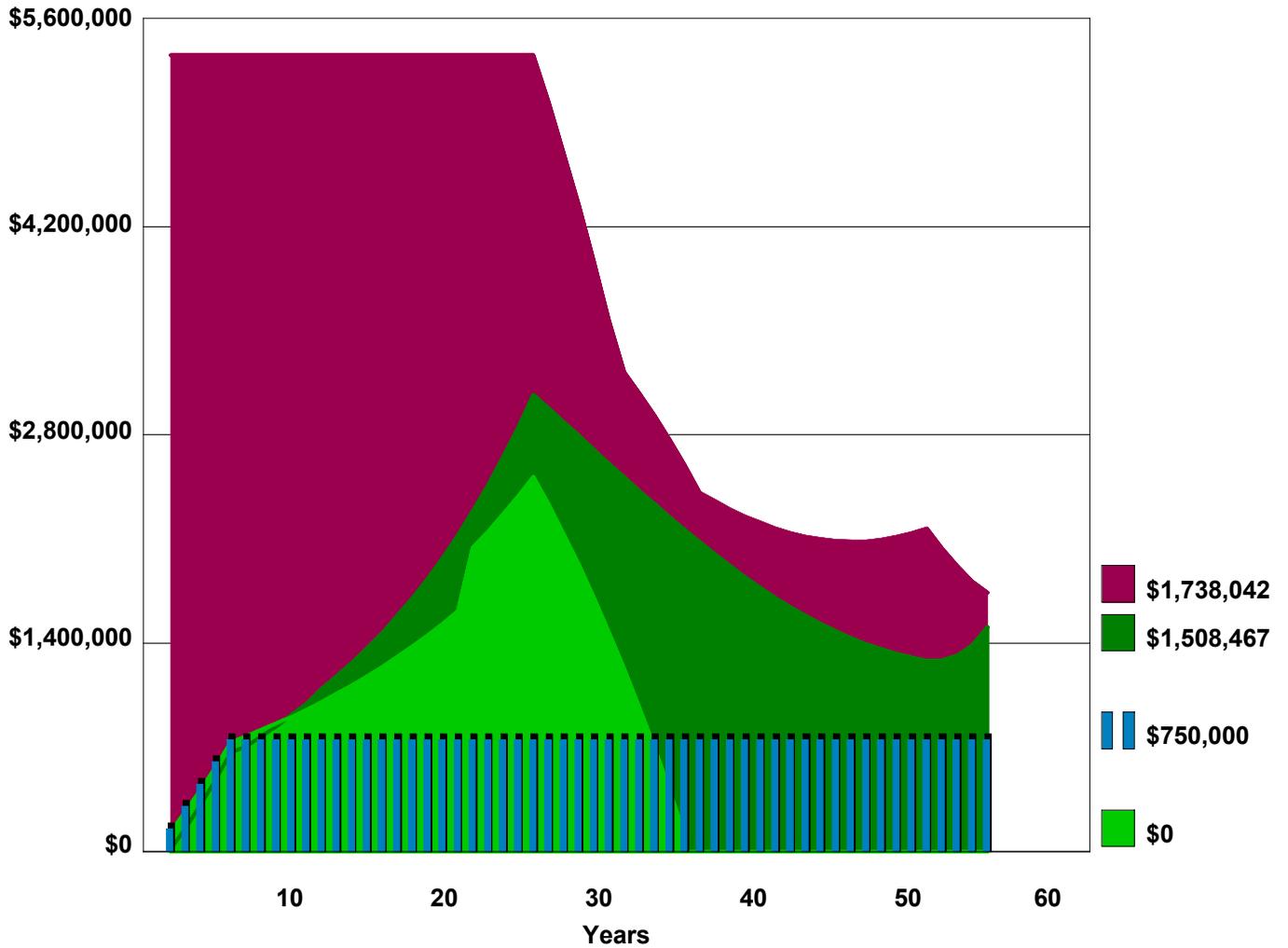


Profit Sharing Plan vs. Indexed Universal Life

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Insured: Jennifer Hunt

55 Year Analysis



At Year 55

Cumulative Payments	\$750,000
Profit Sharing Plan Values	\$0
Cash Value of Indexed UL	\$1,508,467
Death Benefit of Indexed UL	\$1,738,042