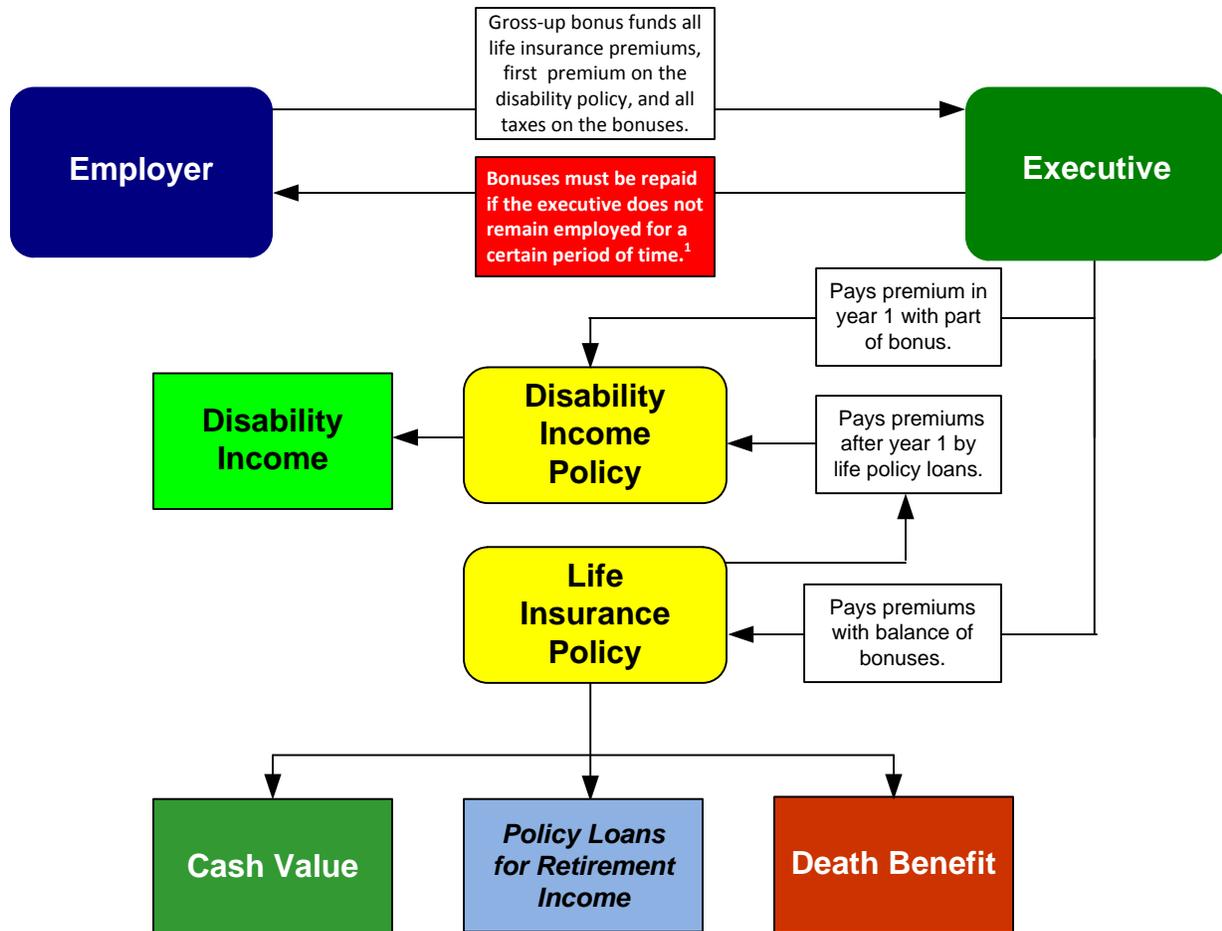


Flow Chart Controlled Executive Bonus Plan for Life Insurance and Disability Income Insurance



¹These plans have a provision called a "Controlled Bonus" in which the covered executive is obligated to repay all, or a portion of, the cumulative bonuses that have been paid should the executive terminate employment within a certain period of time (e.g., 5 years, 10 years, 15 years, etc.) or prior to a certain event occurring such as retirement.

Certain restrictions on an executive's access to the life insurance policy's cash values prior to retirement can be included by way of an Endorsement of Policy Ownership Rights Agreement; however, access to cash values for specific purposes can be granted by the employer (e.g., payment of premiums, repayment of bonuses, education).

Controlled Executive Bonus Plan Using Indexed Universal Life

Values Page: 1

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

Insured: Tom Hamilton

Date: [Current date appears here]

Employer: Acme Ford, LLC
Limited Liability Co

Male Age 40	Employer's Tax Bracket 40.00%	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%	Initial Payment 60,000	Initial Death Benefit 2,600,000
-------------------	-------------------------------------	--------------------------------------	--------------------------------------	------------------------------	---------------------------------------

Year	Employer's Costs		Executive's Costs				Executive's Values		
	(1) Bonus to the Executive	(2) Cost of the Bonus (Net Payment)	(3) Policy Premium	(4) Bonus from Employer	(5) Income Tax on Column (4)	(6) Executive's Net Payment	(7) Disability and Retirement Net Loan Proceeds	(8) Year End Cash Value*	(9) Death Benefit
1	112,000	67,200	60,000	112,000	44,800	-7,200	0	16,645	2,600,000
2	100,000	60,000	60,000	100,000	40,000	0	7,200	65,163	2,592,418
3	100,000	60,000	60,000	100,000	40,000	0	7,200	116,979	2,584,435
4	100,000	60,000	60,000	100,000	40,000	0	7,200	172,340	2,576,028
5	100,000	60,000	60,000	100,000	40,000	0	7,200	231,479	2,567,176
6	100,000	60,000	60,000	100,000	40,000	0	7,200	295,356	2,557,855
7	100,000	60,000	60,000	100,000	40,000	0	7,200	364,457	2,548,040
8	0	0	0	0	0	0	7,200	377,924	2,537,704
9	0	0	0	0	0	0	7,200	392,990	2,526,821
10	0	0	0	0	0	0	7,200	409,780	2,515,361
11	0	0	0	0	0	0	7,200	436,401	2,503,293
12	0	0	0	0	0	0	7,200	461,623	2,490,586
13	0	0	0	0	0	0	7,200	488,846	2,477,206
14	0	0	0	0	0	0	7,200	518,203	2,463,116
15	0	0	0	0	0	0	7,200	549,852	2,448,280
16	0	0	0	0	0	0	7,200	583,920	2,432,657
17	0	0	0	0	0	0	7,200	620,630	2,416,206
18	0	0	0	0	0	0	7,200	660,196	2,398,884
19	0	0	0	0	0	0	7,200	702,855	2,380,643
20	0	0	0	0	0	0	7,200	748,864	2,361,435
	712,000	427,200	420,000	712,000	284,800	-7,200	136,800		

20 Year Summary

*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.

Employer's Cumulative Net Payments	427,200
Executive's Cumulative Net Payments	-7,200
Executive's Cum. A/T Disability and Retirement	136,800
Cash Value	748,864
Executive's Death Benefit	2,361,435

Controlled Executive Bonus Plan Using Indexed Universal Life

Values Page: 2

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

Insured: Tom Hamilton

Date: [Current date appears here]

Employer: Acme Ford, LLC
Limited Liability Co

Male Age 40	Employer's Tax Bracket 40.00%	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%	Initial Payment 60,000	Initial Death Benefit 2,600,000
-------------------	-------------------------------------	--------------------------------------	--------------------------------------	------------------------------	---------------------------------------

Year	Employer's Costs		Executive's Costs				Executive's Values		
	(1) Bonus to the Executive	(2) Cost of the Bonus (Net Payment)	(3) Policy Premium	(4) Bonus from Employer	(5) Income Tax on Column (4)	(6) Executive's Net Payment	(7) Disability and Retirement Net Loan Proceeds	(8) Year End Cash Value*	(9) Death Benefit
21	0	0	0	0	0	0	7,200	798,471	2,341,210
22	0	0	0	0	0	0	7,200	851,938	2,319,912
23	0	0	0	0	0	0	7,200	909,524	2,297,486
24	0	0	0	0	0	0	7,200	971,538	2,273,871
25	0	0	0	0	0	0	7,200	1,038,317	2,249,005
26	0	0	0	0	0	0	100,000	1,012,545	2,125,102
27	0	0	0	0	0	0	100,000	987,270	1,994,632
28	0	0	0	0	0	0	100,000	962,777	1,857,248
29	0	0	0	0	0	0	100,000	939,413	1,712,582
30	0	0	0	0	0	0	100,000	917,622	1,560,249
31	0	0	0	0	0	0	100,000	897,952	1,399,842
32	0	0	0	0	0	0	100,000	881,085	1,230,934
33	0	0	0	0	0	0	100,000	867,841	1,133,466
34	0	0	0	0	0	0	100,000	858,791	1,092,161
35	0	0	0	0	0	0	100,000	853,379	1,048,315
36	0	0	0	0	0	0	100,000	852,287	1,001,856
37	0	0	0	0	0	0	100,000	855,262	1,015,913
38	0	0	0	0	0	0	100,000	862,771	1,035,310
39	0	0	0	0	0	0	100,000	875,313	1,060,603
40	0	0	0	0	0	0	100,000	893,429	1,092,391
	712,000	427,200	420,000	712,000	284,800	-7,200	1,672,800		

40 Year Summary

*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.

Employer's Cumulative Net Payments	427,200
Executive's Cumulative Net Payments	-7,200
Executive's Cum. A/T Disability and Retirement Cash Value	1,672,800
Executive's Death Benefit	893,429
	1,092,391

Controlled Executive Bonus Plan Using Indexed Universal Life

Values Page: 3

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

Insured: Tom Hamilton

Date: [Current date appears here]

Employer: Acme Ford, LLC
Limited Liability Co

Male Age 40	Employer's Tax Bracket 40.00%	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 7.50%	Initial Payment 60,000	Initial Death Benefit 2,600,000
-------------------	-------------------------------------	--------------------------------------	--------------------------------------	------------------------------	---------------------------------------

Year	Employer's Costs		Executive's Costs				Executive's Values		
	(1) Bonus to the Executive	(2) Cost of the Bonus (Net Payment)	(3) Policy Premium	(4) Bonus from Employer	(5) Income Tax on Column (4)	(6) Executive's Net Payment	(7) Disability and Retirement Net Loan Proceeds	(8) Year End Cash Value*	(9) Death Benefit
41	0	0	0	0	0	0	100,000	917,650	1,131,265
42	0	0	0	0	0	0	100,000	948,508	1,177,821
43	0	0	0	0	0	0	100,000	986,596	1,232,719
44	0	0	0	0	0	0	100,000	1,032,536	1,296,651
45	0	0	0	0	0	0	100,000	1,086,890	1,370,249
46	0	0	0	0	0	0	100,000	1,150,119	1,454,042
47	0	0	0	0	0	0	100,000	1,222,716	1,548,594
48	0	0	0	0	0	0	100,000	1,305,045	1,654,336
49	0	0	0	0	0	0	100,000	1,397,292	1,771,515
50	0	0	0	0	0	0	100,000	1,499,506	1,900,236
51	0	0	0	0	0	0	100,000	1,611,495	2,040,354
52	0	0	0	0	0	0	100,000	1,742,495	2,109,801
53	0	0	0	0	0	0	100,000	1,897,262	2,192,373
54	0	0	0	0	0	0	100,000	2,081,996	2,292,954
55	0	0	0	0	0	0	100,000	2,304,111	2,417,351
56	0	0	0	0	0	0	100,000	2,569,963	2,569,963
57	0	0	0	0	0	0	100,000	2,868,588	2,868,588
58	0	0	0	0	0	0	100,000	3,203,124	3,203,124
59	0	0	0	0	0	0	100,000	3,576,980	3,576,980
60	0	0	0	0	0	0	100,000	3,993,860	3,993,860
	712,000	427,200	420,000	712,000	284,800	-7,200	3,672,800		

60 Year Summary

*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.

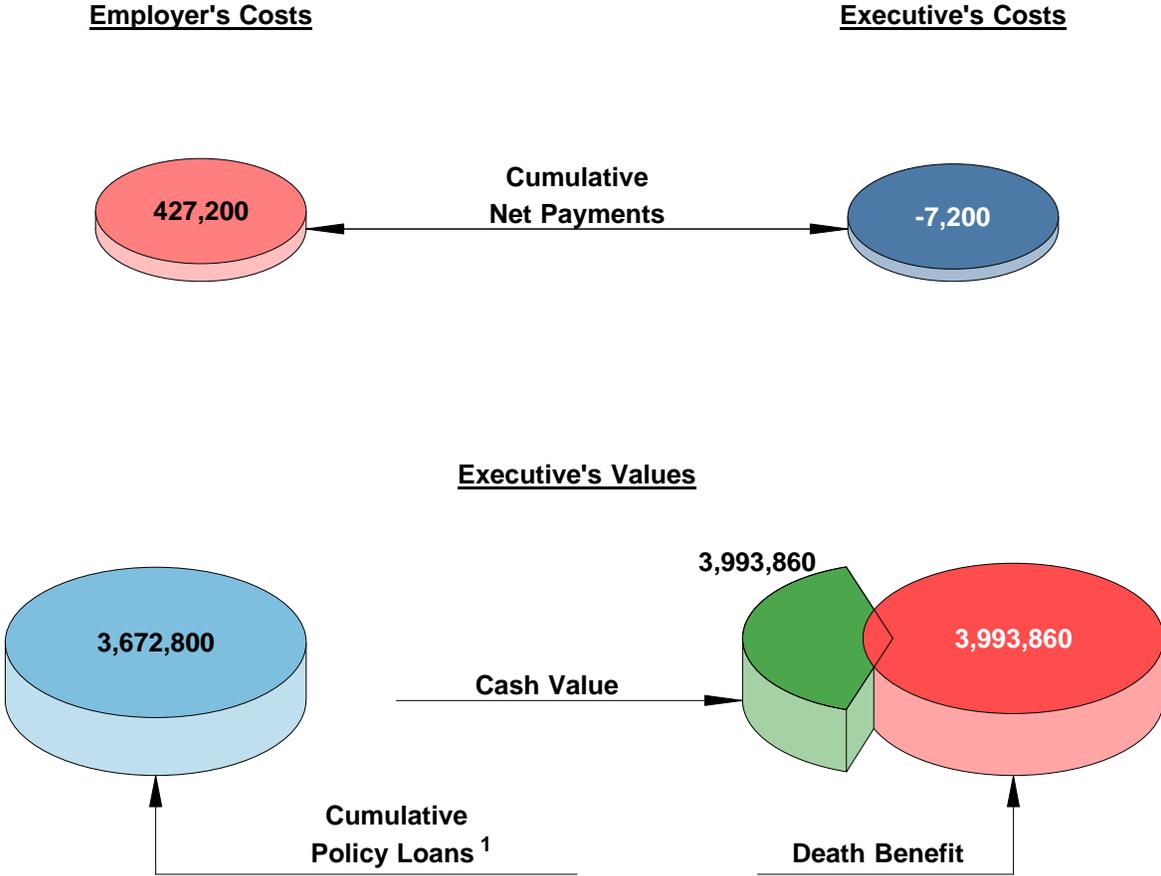
Employer's Cumulative Net Payments	427,200
Executive's Cumulative Net Payments	-7,200
Executive's Cum. A/T Disability and Retirement	3,672,800
Cash Value	3,993,860
Executive's Death Benefit	3,993,860

Controlled Executive Bonus Plan Using Indexed Universal Life

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

Insured: Tom Hamilton
Employer: Acme Ford, LLC
Limited Liability Co

60th Year Summary Analysis



¹ For Disability and Retirement.

Executive's Repayment Obligations

Controlled Executive Bonus Plan Using Indexed Universal Life

Executive's Repayment Report Page: 1
Date: [Current date appears here]

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

Insured: Tom Hamilton
Employer: Acme Ford, LLC
Limited Liability Co

Male Age 40
Indexed UL Interest Rate 7.50%
Initial Death Benefit 2,600,000

Year	Male Age	(1) Bonus Paid to the Executive	(2) Cumulative Bonus Paid to the Executive	(3) % of Bonus Due if Executive Terminates	(4) Amount of Repayment Due by Executive	(5) Executive's Policy Cash Value*	(6) Executive's Net Gain/Loss** (5) - (4)	(7) Executive's Policy Death Benefit †
1	40	112,000	112,000	100.00%	112,000	16,645	-95,355	2,600,000
2	41	100,000	212,000	90.00%	190,800	65,163	-125,637	2,592,418
3	42	100,000	312,000	80.00%	249,600	116,979	-132,621	2,584,435
4	43	100,000	412,000	70.00%	288,400	172,340	-116,060	2,576,028
5	44	100,000	512,000	60.00%	307,200	231,479	-75,721	2,567,176
6	45	100,000	612,000	50.00%	306,000	295,356	-10,644	2,557,855
7	46	100,000	712,000	25.00%	178,000	364,457	186,457	2,548,040
8	47	0	712,000	0.00%	0	377,924	377,924	2,537,704
9	48	0	712,000	0.00%	0	392,990	392,990	2,526,821
10	49	0	712,000	0.00%	0	409,780	409,780	2,515,361
11	50	0	712,000	0.00%	0	436,401	436,401	2,503,293
12	51	0	712,000	0.00%	0	461,623	461,623	2,490,586
13	52	0	712,000	0.00%	0	488,846	488,846	2,477,206
14	53	0	712,000	0.00%	0	518,203	518,203	2,463,116
15	54	0	712,000	0.00%	0	549,852	549,852	2,448,280
16	55	0	712,000	0.00%	0	583,920	583,920	2,432,657
17	56	0	712,000	0.00%	0	620,630	620,630	2,416,206
18	57	0	712,000	0.00%	0	660,196	660,196	2,398,884
19	58	0	712,000	0.00%	0	702,855	702,855	2,380,643
20	59	0	712,000	0.00%	0	748,864	748,864	2,361,435
		712,000						

*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.

** Negatives in Column (6) are in excess of the policy cash value.

† Assumes the executive's death waives the repayment obligation.

Executive's Repayment Obligations

Controlled Executive Bonus Plan Using Indexed Universal Life

Executive's Repayment Report Page: 2
Date: [Current date appears here]

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

Insured: Tom Hamilton
Employer: Acme Ford, LLC
Limited Liability Co

		Male Age 40	Indexed UL Interest Rate 7.50%	Initial Death Benefit 2,600,000				
Year	Male Age	(1) Bonus Paid to the Executive	(2) Cumulative Bonus Paid to the Executive	(3) % of Bonus Due if Executive Terminates	(4) Amount of Repayment Due by Executive	(5) Executive's Policy Cash Value*	(6) Executive's Net Gain/Loss** (5) - (4)	(7) Executive's Policy Death Benefit †
21	60	0	712,000	0.00%	0	798,471	798,471	2,341,210
22	61	0	712,000	0.00%	0	851,938	851,938	2,319,912
23	62	0	712,000	0.00%	0	909,524	909,524	2,297,486
24	63	0	712,000	0.00%	0	971,538	971,538	2,273,871
25	64	0	712,000	0.00%	0	1,038,317	1,038,317	2,249,005
26	65	0	712,000	0.00%	0	1,012,545	1,012,545	2,125,102
27	66	0	712,000	0.00%	0	987,270	987,270	1,994,632
28	67	0	712,000	0.00%	0	962,777	962,777	1,857,248
29	68	0	712,000	0.00%	0	939,413	939,413	1,712,582
30	69	0	712,000	0.00%	0	917,622	917,622	1,560,249
31	70	0	712,000	0.00%	0	897,952	897,952	1,399,842
32	71	0	712,000	0.00%	0	881,085	881,085	1,230,934
33	72	0	712,000	0.00%	0	867,841	867,841	1,133,466
34	73	0	712,000	0.00%	0	858,791	858,791	1,092,161
35	74	0	712,000	0.00%	0	853,379	853,379	1,048,315
36	75	0	712,000	0.00%	0	852,287	852,287	1,001,856
37	76	0	712,000	0.00%	0	855,262	855,262	1,015,913
38	77	0	712,000	0.00%	0	862,771	862,771	1,035,310
39	78	0	712,000	0.00%	0	875,313	875,313	1,060,603
40	79	0	712,000	0.00%	0	893,429	893,429	1,092,391
			712,000					

*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.

** Negatives in Column (6) are in excess of the policy cash value.

† Assumes the executive's death waives the repayment obligation.

Executive's Repayment Obligations

Controlled Executive Bonus Plan Using Indexed Universal Life

Executive's Repayment Report Page: 3
Date: [Current date appears here]

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

Insured: Tom Hamilton
Employer: Acme Ford, LLC
Limited Liability Co

		Male Age 40	Indexed UL Interest Rate 7.50%	Initial Death Benefit 2,600,000				
Year	Male Age	(1) Bonus Paid to the Executive	(2) Cumulative Bonus Paid to the Executive	(3) % of Bonus Due if Executive Terminates	(4) Amount of Repayment Due by Executive	(5) Executive's Policy Cash Value*	(6) Executive's Net Gain/Loss** (5) - (4)	(7) Executive's Policy Death Benefit †
41	80	0	712,000	0.00%	0	917,650	917,650	1,131,265
42	81	0	712,000	0.00%	0	948,508	948,508	1,177,821
43	82	0	712,000	0.00%	0	986,596	986,596	1,232,719
44	83	0	712,000	0.00%	0	1,032,536	1,032,536	1,296,651
45	84	0	712,000	0.00%	0	1,086,890	1,086,890	1,370,249
46	85	0	712,000	0.00%	0	1,150,119	1,150,119	1,454,042
47	86	0	712,000	0.00%	0	1,222,716	1,222,716	1,548,594
48	87	0	712,000	0.00%	0	1,305,045	1,305,045	1,654,336
49	88	0	712,000	0.00%	0	1,397,292	1,397,292	1,771,515
50	89	0	712,000	0.00%	0	1,499,506	1,499,506	1,900,236
51	90	0	712,000	0.00%	0	1,611,495	1,611,495	2,040,354
52	91	0	712,000	0.00%	0	1,742,495	1,742,495	2,109,801
53	92	0	712,000	0.00%	0	1,897,262	1,897,262	2,192,373
54	93	0	712,000	0.00%	0	2,081,996	2,081,996	2,292,954
55	94	0	712,000	0.00%	0	2,304,111	2,304,111	2,417,351
56	95	0	712,000	0.00%	0	2,569,963	2,569,963	2,569,963
57	96	0	712,000	0.00%	0	2,868,588	2,868,588	2,868,588
58	97	0	712,000	0.00%	0	3,203,124	3,203,124	3,203,124
59	98	0	712,000	0.00%	0	3,576,980	3,576,980	3,576,980
60	99	0	712,000	0.00%	0	3,993,860	3,993,860	3,993,860
			712,000					

*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.

** Negatives in Column (6) are in excess of the policy cash value.

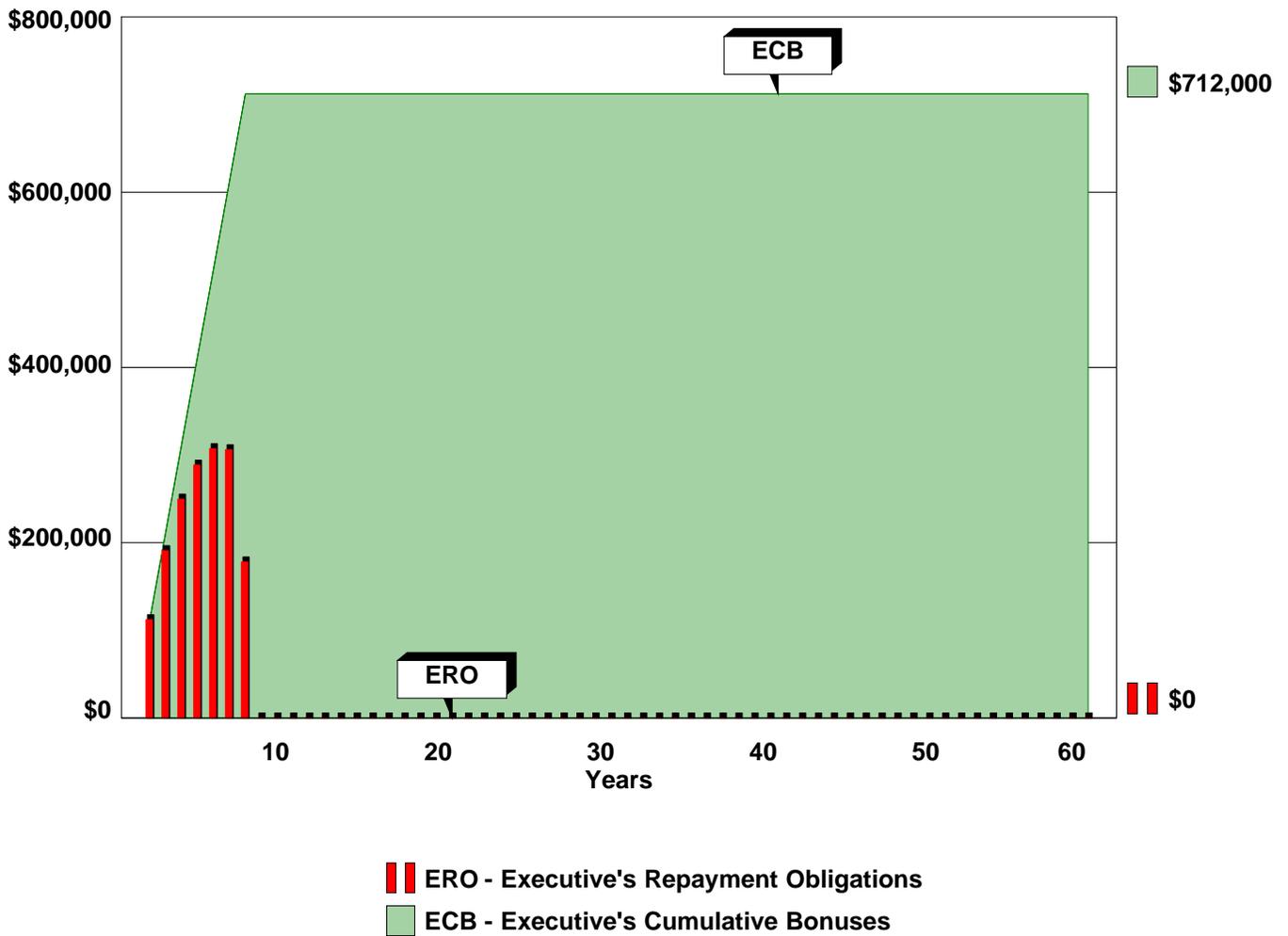
† Assumes the executive's death waives the repayment obligation.

Controlled Executive Bonus Plan Using Indexed Universal Life

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

Insured: Tom Hamilton
Employer: Acme Ford, LLC
Limited Liability Co

Executive's 60 Year Graphic Analysis



Controlled Executive Bonus Plan

Repayment of the Bonus

Background:

A Controlled Executive Bonus Plan is a fringe benefit in which an executive is paid a recurring taxable bonus which is used to purchase a life insurance policy with an emphasis on maximizing cash value accumulation. Subject to the terms of a separate Employment Agreement, the executive is required to repay the bonus under certain circumstances such as voluntary termination of employment by the executive prior to a certain date or event described in the Agreement or termination by the employer for cause.

Question:

Can the executive deduct the repayment if it occurs?

Comments:

The executive may be able to deduct the repayment under IRC Sec. 1341 (computation of tax where taxpayer restores an amount held under a claim of right). If the executive's bonus repayment is not deductible, and a policy loan is used to provide all or part of the funds for the bonus repayment, there is meaningful tax leverage available as tax free cash flow will have been accessed from the policy's tax deferred assets as the source of funds for repayment.

The employer must recognize any amount repaid as income under IRC Sec. 61.

Important Note: This information is for educational purposes only. In all cases, the approval of a client's legal and tax 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.

IRS Circular 230 Disclosure: Any tax advice contained in this document (including any attachments or enclosures) was not intended, or written to be used, and cannot be used by you or any other person or entity for the purpose of avoiding penalties under the Internal Revenue Code.