

Premium Financing

Preface

The primary benefit of a life insurance premium financing strategy is to obtain a significant amount of life insurance coverage at a reduced cash flow cost, and virtually any cash value life insurance policy can be funded in this manner.

The loan structure, loan interest, fees, collateral requirements, and personal guarantees associated with this technique will be determined by the lender.

A secondary benefit of a premium financing strategy is the opportunity for interest rate arbitrage because the loan interest associated with premium financing may be lower than the policy's non-guaranteed internal rate of return.

There are several risks associated with premium financing, some of which are outlined below:

Lender risk:

- Is the loan a term loan that is due in fewer years than illustrated? If so, the borrower will likely be subject to new loan conditions.
- If the loan is not a term loan, does the lender have the right to demand full satisfaction of the loan at any time? An unlimited right to demand full satisfaction of the loan provides very little security for the borrower.

Collateral risk:

- The lender may limit the form of acceptable collateral requiring only liquid assets be provided.
- Additional collateral may be required based on a change in the loan requirements of the lender.
- The policy cash values shown on pages that follow are not guaranteed and may be higher or lower than illustrated. Additional collateral may be required if the actual policy cash values turn out to be lower than illustrated.
- A personal guarantee may be required.

Interest rate risk:

- In some premium financing transactions, the loan interest is a variable rate which resets annually.
- If the loan interest is a fixed rate, how long is it fixed? Is this an acceptable condition?

Exit strategies:

- With long-lived insureds, repayment of loans associated with premium financing must be considered, and careful planning should be contemplated in advance to insure a source of funds for this purpose. In some cases, the policy death benefit may be sufficient.
- In some cases, the sale of the policy to a third party may provide funds to repay outstanding loans.

Conclusion:

Based on creditworthiness of the borrower, the terms of the lender, and the life insurance company involved, the actual terms of a premium financing arrangement will be different. It is important that the right combination of these three issues be carefully evaluated.

Important note:

In all cases, be sure to consult with your own legal and tax advisers before entering into this or any other arrangement involving tax, legal, and economic considerations. The approval of these 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.

Summary

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]
Summary Page: 1

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Male Age 46
Policy Owner's Income Tax Bracket 45.00%
Indexed UL Interest Rate 7.50%
Initial Policy Death Benefit 10,500,000
Assumed Bank Loan Interest Rate 5.50%

Yr	Male Age	Premium and Loan Summary					Policy Owner	Analysis of the Collateral			
		(1) Policy Premium	(2) Loan from Bank to Policy Owner for Premium	(3) Loan Interest Paid by Policy Owner	(4) Net Policy Loan Proceeds Used to Reduce Loan	(5) Cumulative Loan Due Bank	(6) Net Loan Policy Proceeds Available for Retirement Income	(7) Year End Policy Death Benefit	(8) Year End Net Policy Death Benefit (7) - (5)	(9) Year End Policy Cash Value*	(10) Collateral Required
1	46	490,798	490,798	26,994	0	490,798	0	10,500,000	10,009,202	152,900	372,778
2	47	490,798	490,798	53,988	0	981,596	0	10,926,130	9,944,534	651,730	425,637
3	48	490,798	490,798	80,982	0	1,472,394	0	11,440,367	9,967,973	1,185,567	436,764
4	49	490,798	490,798	107,976	0	1,963,192	0	11,991,985	10,028,793	1,756,785	415,298
5	50	490,798	490,798	134,969	0	2,453,990	0	12,583,413	10,129,423	2,367,813	355,995
6	51	0	0	134,969	0	2,453,990	0	10,000,000	7,546,010	2,527,651	231,592
7	52	0	0	134,969	0	2,453,990	0	10,000,000	7,546,010	2,698,514	76,687
8	53	0	0	134,969	0	2,453,990	0	10,000,000	7,546,010	2,881,397	0
9	54	0	0	134,969	0	2,453,990	0	10,000,000	7,546,010	3,077,429	0
10	55	0	0	134,969	0	2,453,990	0	10,000,000	7,546,010	3,288,090	0
11	56	0	0	0	2,453,990	0	0	7,415,947	7,415,947	911,996	0
12	57	0	0	0	0	0	0	7,278,993	7,278,993	1,006,554	0
13	58	0	0	0	0	0	0	7,134,779	7,134,779	1,119,366	0
14	59	0	0	0	0	0	0	6,982,923	6,982,923	1,252,172	0
15	60	0	0	0	0	0	183,514	6,629,777	6,629,777	1,213,766	0
16	61	0	0	0	0	0	195,014	6,245,805	6,245,805	1,177,262	0
17	62	0	0	0	0	0	206,858	5,829,011	5,829,011	1,124,123	0
18	63	0	0	0	0	0	219,058	5,377,281	5,377,281	1,075,134	0
19	64	0	0	0	0	0	231,624	4,888,377	4,888,377	1,031,671	0
20	65	0	0	0	0	0	244,566	4,359,933	4,359,933	995,420	0
		2,453,990	2,453,990	1,079,754	2,453,990		1,280,634				

20 Year Analysis

*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.

	Living Values	Death Benefit
Indexed Universal Life	995,420	4,359,933
Less Loan Repayment Due:	0	0
Plus Cumulative Net Loan Proceeds:	1,280,634	1,280,634
Equals Value to Policy Owner:	2,276,054	5,640,567

Summary

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]
Summary Page: 2

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Male Age 46
Policy Owner's Income Tax Bracket 45.00%
Indexed UL Interest Rate 7.50%
Initial Policy Death Benefit 10,500,000
Assumed Bank Loan Interest Rate 5.50%

Yr	Male Age	Premium and Loan Summary				Policy Owner	Analysis of the Collateral				
		(1) Policy Premium	(2) Loan from Bank to Policy Owner for Premium	(3) Loan Interest Paid by Policy Owner	(4) Net Policy Loan Proceeds Used to Reduce Loan	(5) Cumulative Loan Due Bank	(6) Net Loan Policy Proceeds Available for Retirement Income	(7) Year End Policy Death Benefit	(8) Year End Net Policy Death Benefit (7) - (5)	(9) Year End Policy Cash Value*	(10) Collateral Required
21	66	0	0	0	0	0	257,897	3,789,444	3,789,444	968,201	0
22	67	0	0	0	0	0	271,628	3,174,260	3,174,260	952,464	0
23	68	0	0	0	0	0	285,771	2,511,579	2,511,579	951,103	0
24	69	0	0	0	0	0	300,338	2,434,689	2,434,689	967,619	0
25	70	0	0	0	0	0	315,342	2,496,725	2,496,725	1,001,287	0
26	71	0	0	0	0	0	330,796	2,463,149	2,463,149	1,053,270	0
27	72	0	0	0	0	0	346,714	2,424,680	2,424,680	1,126,413	0
28	73	0	0	0	0	0	363,110	2,380,450	2,380,450	1,224,103	0
29	74	0	0	0	0	0	379,997	2,329,694	2,329,694	1,350,341	0
30	75	0	0	0	0	0	397,391	2,271,774	2,271,774	1,509,842	0
31	76	0	0	0	0	0	415,307	2,291,199	2,291,199	1,472,867	0
32	77	0	0	0	0	0	415,307	2,334,429	2,334,429	1,455,626	0
33	78	0	0	0	0	0	415,307	2,403,919	2,403,919	1,460,297	0
34	79	0	0	0	0	0	415,307	2,502,259	2,502,259	1,489,184	0
35	80	0	0	0	0	0	415,307	2,632,035	2,632,035	1,544,578	0
36	81	0	0	0	0	0	415,307	2,795,972	2,795,972	1,628,892	0
37	82	0	0	0	0	0	415,307	2,997,414	2,997,414	1,745,117	0
38	83	0	0	0	0	0	415,307	3,239,398	3,239,398	1,895,948	0
39	84	0	0	0	0	0	415,307	3,524,590	3,524,590	2,083,706	0
40	85	0	0	0	0	0	415,307	3,855,107	3,855,107	2,310,189	0
		2,453,990	2,453,990	1,079,754	2,453,990		8,682,688				

40 Year Analysis

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	Living Values	Death Benefit
Indexed Universal Life	2,310,189	3,855,107
Less Loan Repayment Due:	0	0
Plus Cumulative Net Loan Proceeds:	8,682,688	8,682,688
Equals Value to Policy Owner:	10,992,877	12,537,795

Summary

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]
Summary Page: 3

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Male Age 46
Policy Owner's Income Tax Bracket 45.00%
Indexed UL Interest Rate 7.50%
Initial Policy Death Benefit 10,500,000
Assumed Bank Loan Interest Rate 5.50%

Yr	Male Age	Premium and Loan Summary					Policy Owner	Analysis of the Collateral			
		(1) Policy Premium	(2) Loan from Bank to Policy Owner for Premium	(3) Loan Interest Paid by Policy Owner	(4) Net Policy Loan Proceeds Used to Reduce Loan	(5) Cumulative Loan Due Bank	(6) Net Loan Policy Proceeds Available for Retirement Income	(7) Year End Policy Death Benefit	(8) Year End Net Policy Death Benefit (7) - (5)	(9) Year End Policy Cash Value*	(10) Collateral Required
41	86	0	0	0	0	0	415,307	4,232,664	4,232,664	2,576,792	0
42	87	0	0	0	0	0	415,307	4,657,930	4,657,930	2,883,903	0
43	88	0	0	0	0	0	415,307	5,131,368	5,131,368	3,231,704	0
44	89	0	0	0	0	0	415,307	5,653,465	5,653,465	3,620,383	0
45	90	0	0	0	0	0	415,307	6,222,739	6,222,739	4,048,239	0
46	91	0	0	0	0	0	415,307	6,429,098	6,429,098	4,567,613	0
47	92	0	0	0	0	0	415,307	6,698,018	6,698,018	5,202,992	0
48	93	0	0	0	0	0	415,307	7,054,561	7,054,561	5,986,158	0
49	94	0	0	0	0	0	415,307	7,531,805	7,531,805	6,958,369	0
50	95	0	0	0	0	0	415,307	8,151,311	8,151,311	8,151,311	0
51	96	0	0	0	0	0	415,307	9,502,095	9,502,095	9,502,095	0
52	97	0	0	0	0	0	415,307	11,026,181	11,026,181	11,026,181	0
53	98	0	0	0	0	0	415,307	12,740,383	12,740,383	12,740,383	0
54	99	0	0	0	0	0	415,307	14,662,977	14,662,977	14,662,977	0
		2,453,990	2,453,990	1,079,754	2,453,990		14,496,986				

54 Year Analysis

*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.

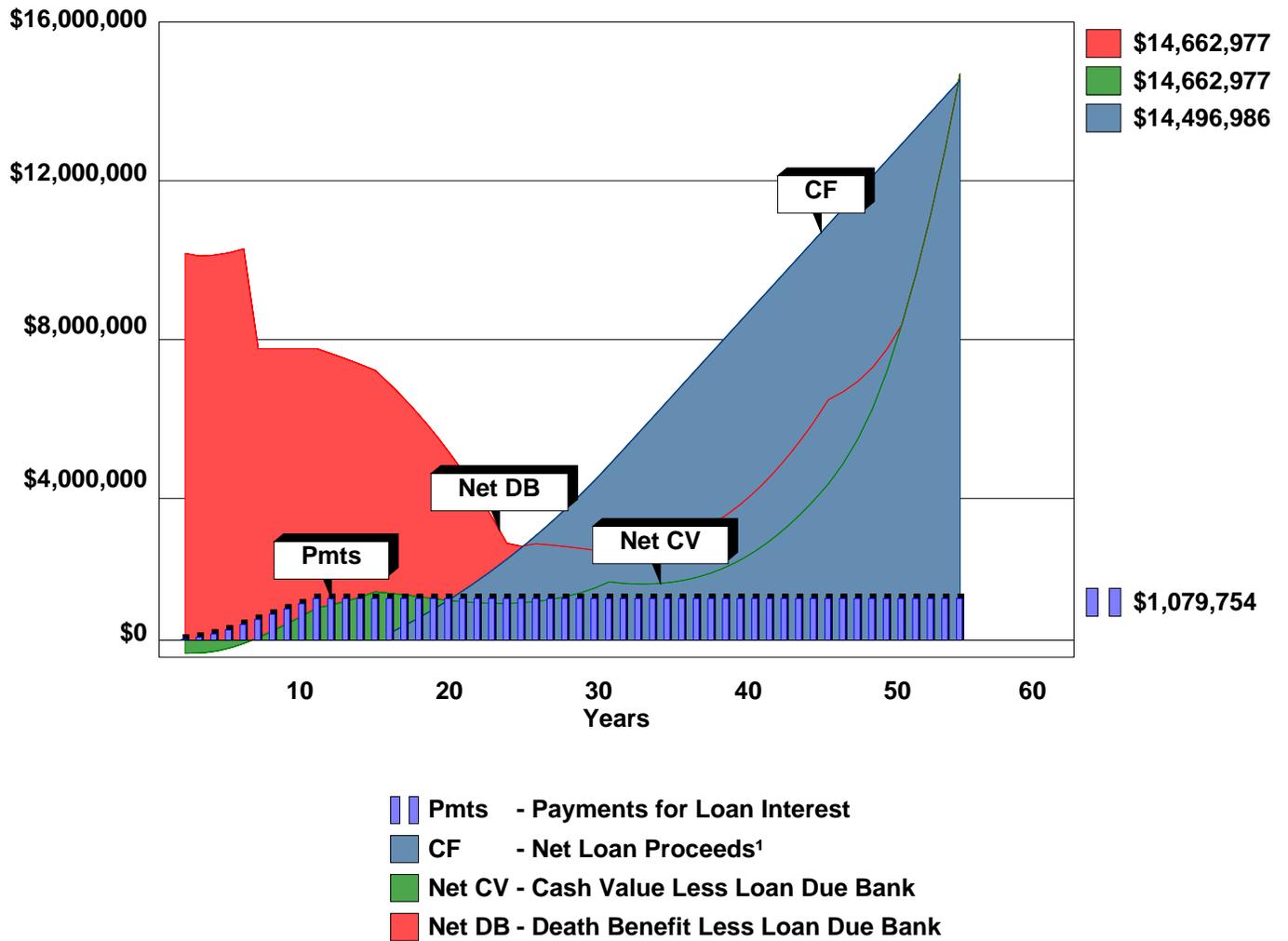
	Living Values	Death Benefit
Indexed Universal Life	14,662,977	14,662,977
Less Loan Repayment Due:	0	0
Plus Cumulative Net Loan Proceeds:	14,496,986	14,496,986
Equals Value to Policy Owner:	29,159,963	29,159,963

Premium Financing Using Indexed Universal Life

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

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Policy Owner's 54 Year Graphic Analysis



¹ For retirement income.

Policy Loan Analysis

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Policy Loan Analysis Page: 1

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

		Male Age 46	Policy Owner's Income Tax Bracket 45.00%			
Year	Male Age	(1) Total Net Loan Policy Proceeds	(2) Net Loan Policy Proceeds Used to Reduce Loan	(3) Net Loan Policy Proceeds Available for Retirement Income	(4) Year End Policy Cash Value*	(5) Year End Policy Death Benefit
1	46	0	0	0	152,900	10,500,000
2	47	0	0	0	651,730	10,926,130
3	48	0	0	0	1,185,567	11,440,367
4	49	0	0	0	1,756,785	11,991,985
5	50	0	0	0	2,367,813	12,583,413
6	51	0	0	0	2,527,651	10,000,000
7	52	0	0	0	2,698,514	10,000,000
8	53	0	0	0	2,881,397	10,000,000
9	54	0	0	0	3,077,429	10,000,000
10	55	0	0	0	3,288,090	10,000,000
11	56	2,453,990	2,453,990	0	911,996	7,415,947
12	57	0	0	0	1,006,554	7,278,993
13	58	0	0	0	1,119,366	7,134,779
14	59	0	0	0	1,252,172	6,982,923
15	60	183,514	0	183,514	1,213,766	6,629,777
16	61	195,014	0	195,014	1,177,262	6,245,805
17	62	206,858	0	206,858	1,124,123	5,829,011
18	63	219,058	0	219,058	1,075,134	5,377,281
19	64	231,624	0	231,624	1,031,671	4,888,377
20	65	244,566	0	244,566	995,420	4,359,933
		3,734,624	2,453,990	1,280,634		

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Policy Loan Analysis

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Policy Loan Analysis Page: 2

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

		Male Age 46	Policy Owner's Income Tax Bracket 45.00%			
		(1)	(2)	(3)	(4)	(5)
Year	Male Age	Total Net Loan Policy Proceeds	Net Loan Policy Proceeds Used to Reduce Loan	Net Loan Policy Proceeds Available for Retirement Income	Year End Policy Cash Value*	Year End Policy Death Benefit
21	66	257,897	0	257,897	968,201	3,789,444
22	67	271,628	0	271,628	952,464	3,174,260
23	68	285,771	0	285,771	951,103	2,511,579
24	69	300,338	0	300,338	967,619	2,434,689
25	70	315,342	0	315,342	1,001,287	2,496,725
26	71	330,796	0	330,796	1,053,270	2,463,149
27	72	346,714	0	346,714	1,126,413	2,424,680
28	73	363,110	0	363,110	1,224,103	2,380,450
29	74	379,997	0	379,997	1,350,341	2,329,694
30	75	397,391	0	397,391	1,509,842	2,271,774
31	76	415,307	0	415,307	1,472,867	2,291,199
32	77	415,307	0	415,307	1,455,626	2,334,429
33	78	415,307	0	415,307	1,460,297	2,403,919
34	79	415,307	0	415,307	1,489,184	2,502,259
35	80	415,307	0	415,307	1,544,578	2,632,035
36	81	415,307	0	415,307	1,628,892	2,795,972
37	82	415,307	0	415,307	1,745,117	2,997,414
38	83	415,307	0	415,307	1,895,948	3,239,398
39	84	415,307	0	415,307	2,083,706	3,524,590
40	85	415,307	0	415,307	2,310,189	3,855,107
		11,136,678	2,453,990	8,682,688		

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Policy Loan Analysis

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Policy Loan Analysis Page: 3

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

		Male Age 46	Policy Owner's Income Tax Bracket 45.00%			
Year	Male Age	(1) Total Net Loan Policy Proceeds	(2) Net Loan Policy Proceeds Used to Reduce Loan	(3) Net Loan Policy Proceeds Available for Retirement Income	(4) Year End Policy Cash Value*	(5) Year End Policy Death Benefit
41	86	415,307	0	415,307	2,576,792	4,232,664
42	87	415,307	0	415,307	2,883,903	4,657,930
43	88	415,307	0	415,307	3,231,704	5,131,368
44	89	415,307	0	415,307	3,620,383	5,653,465
45	90	415,307	0	415,307	4,048,239	6,222,739
46	91	415,307	0	415,307	4,567,613	6,429,098
47	92	415,307	0	415,307	5,202,992	6,698,018
48	93	415,307	0	415,307	5,986,158	7,054,561
49	94	415,307	0	415,307	6,958,369	7,531,805
50	95	415,307	0	415,307	8,151,311	8,151,311
51	96	415,307	0	415,307	9,502,095	9,502,095
52	97	415,307	0	415,307	11,026,181	11,026,181
53	98	415,307	0	415,307	12,740,383	12,740,383
54	99	415,307	0	415,307	14,662,977	14,662,977
		16,950,976	2,453,990	14,496,986		

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Rate of Return Analysis

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]
Rate of Return Page: 1

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Male Age 46 Indexed UL Interest Rate 7.50% Initial Policy Death Benefit 10,500,000
Assumed Bank Loan Interest Rate 5.50% Policy Owner's Income Tax Bracket 45.00% Loan Interest Payment Method Paid for 10 Years

Yr	Male Age	Cash Flow Required from Policy Owner				Policy Owner's Year End Cash Value			Policy Owner's Year End Death Benefit		
		(1) Portion of Loan Interest Paid by Policy Owner	(2) Net Loan Policy Proceeds Available for Retirement Income	(3) Combined Cash Flow Required from Policy Owner	(4) Cumulative Cash Flow Required from Policy Owner	(5) Net Policy Cash Value*	(6) Pre-Tax** Rate of Return of Net Policy Cash Value	(7) Net Rate of Return of Net Policy Cash Value	(8) Net Policy Death Benefit*	(9) Pre-Tax** Rate of Return of Net Policy Death Benefit	(10) Net Rate of Return of Net Policy Death Benefit
1	46	26,994	0	26,994	26,994	0	-100.00%	-100.00%	10,009,202	67,235.20%	36,979.36%
2	47	53,988	0	53,988	80,982	0	-100.00%	-100.00%	9,944,534	3,130.86%	1,721.97%
3	48	80,982	0	80,982	161,964	0	-100.00%	-100.00%	9,967,973	988.98%	543.94%
4	49	107,976	0	107,976	269,940	0	-100.00%	-100.00%	10,028,793	506.20%	278.41%
5	50	134,969	0	134,969	404,909	0	-100.00%	-100.00%	10,129,423	317.25%	174.49%
6	51	134,969	0	134,969	539,878	73,661	-115.87%	-63.73%	7,546,010	195.31%	107.42%
7	52	134,969	0	134,969	674,847	244,524	-56.85%	-31.27%	7,546,010	144.82%	79.65%
8	53	134,969	0	134,969	809,816	427,407	-31.91%	-17.55%	7,546,010	112.31%	61.77%
9	54	134,969	0	134,969	944,785	623,439	-18.46%	-10.15%	7,546,010	89.99%	49.49%
10	55	134,969	0	134,969	1,079,754	834,100	-10.25%	-5.64%	7,546,010	73.91%	40.65%
11	56	0	0	0	1,079,754	911,996	-5.47%	-3.01%	7,415,947	62.12%	34.17%
12	57	0	0	0	1,079,754	1,006,554	-1.93%	-1.06%	7,278,993	53.16%	29.24%
13	58	0	0	0	1,079,754	1,119,366	0.86%	0.47%	7,134,779	46.17%	25.39%
14	59	0	0	0	1,079,754	1,252,172	3.13%	1.72%	6,982,923	40.58%	22.32%
15	60	0	183,514	-183,514	896,240	1,213,766	4.96%	2.73%	6,629,777	36.10%	19.85%
16	61	0	195,014	-195,014	701,226	1,177,262	6.52%	3.59%	6,245,805	32.44%	17.84%
17	62	0	206,858	-206,858	494,368	1,124,123	7.71%	4.24%	5,829,011	29.39%	16.17%
18	63	0	219,058	-219,058	275,310	1,075,134	8.83%	4.86%	5,377,281	26.82%	14.75%
19	64	0	231,624	-231,624	43,686	1,031,671	9.89%	5.44%	4,888,377	24.61%	13.53%
20	65	0	244,566	-244,566	-200,880	995,420	10.90%	6.00%	4,359,933	22.68%	12.47%
		1,079,754	1,280,634	-200,880							

* After deducting the cumulative loan due to the bank.

** Including a factor for a 45.00% income tax bracket.

Rate of Return Analysis

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]
Rate of Return Page: 2

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Male Age 46 Indexed UL Interest Rate 7.50% Initial Policy Death Benefit 10,500,000
Assumed Bank Loan Interest Rate 5.50% Policy Owner's Income Tax Bracket 45.00% Loan Interest Payment Method Paid for 10 Years

Yr	Male Age	Cash Flow Required from Policy Owner				Policy Owner's Year End Cash Value			Policy Owner's Year End Death Benefit		
		(1) Portion of Loan Interest Paid by Policy Owner	(2) Net Loan Policy Proceeds Available for Retirement Income	(3) Combined Cash Flow Required from Policy Owner	(4) Cumulative Cash Flow Required from Policy Owner	(5) Net Policy Cash Value*	(6) Pre-Tax** Rate of Return of Net Policy Cash Value	(7) Net Rate of Return of Net Policy Cash Value	(8) Net Policy Death Benefit*	(9) Pre-Tax** Rate of Return of Net Policy Death Benefit	(10) Net Rate of Return of Net Policy Death Benefit
21	66	0	257,897	-257,897	-458,777	968,201	11.87%	6.53%	3,789,444	20.96%	11.53%
22	67	0	271,628	-271,628	-730,405	952,464	12.79%	7.03%	3,174,260	19.41%	10.68%
23	68	0	285,771	-285,771	-1,016,176	951,103	13.66%	7.51%	2,511,579	17.98%	9.89%
24	69	0	300,338	-300,338	-1,316,514	967,619	14.48%	7.96%	2,434,689	17.99%	9.89%
25	70	0	315,342	-315,342	-1,631,856	1,001,287	15.24%	8.38%	2,496,725	18.28%	10.06%
26	71	0	330,796	-330,796	-1,962,652	1,053,270	15.94%	8.77%	2,463,149	18.40%	10.12%
27	72	0	346,714	-346,714	-2,309,366	1,126,413	16.58%	9.12%	2,424,680	18.53%	10.19%
28	73	0	363,110	-363,110	-2,672,476	1,224,103	17.16%	9.44%	2,380,450	18.66%	10.26%
29	74	0	379,997	-379,997	-3,052,473	1,350,341	17.70%	9.73%	2,329,694	18.79%	10.33%
30	75	0	397,391	-397,391	-3,449,864	1,509,842	18.19%	10.00%	2,271,774	18.91%	10.40%
31	76	0	415,307	-415,307	-3,865,171	1,472,867	18.43%	10.13%	2,291,199	19.11%	10.51%
32	77	0	415,307	-415,307	-4,280,478	1,455,626	18.65%	10.26%	2,334,429	19.29%	10.61%
33	78	0	415,307	-415,307	-4,695,785	1,460,297	18.86%	10.38%	2,403,919	19.46%	10.70%
34	79	0	415,307	-415,307	-5,111,092	1,489,184	19.06%	10.48%	2,502,259	19.62%	10.79%
35	80	0	415,307	-415,307	-5,526,399	1,544,578	19.24%	10.58%	2,632,035	19.76%	10.87%
36	81	0	415,307	-415,307	-5,941,706	1,628,892	19.41%	10.68%	2,795,972	19.90%	10.95%
37	82	0	415,307	-415,307	-6,357,013	1,745,117	19.57%	10.76%	2,997,414	20.03%	11.01%
38	83	0	415,307	-415,307	-6,772,320	1,895,948	19.71%	10.84%	3,239,398	20.14%	11.08%
39	84	0	415,307	-415,307	-7,187,627	2,083,706	19.84%	10.91%	3,524,590	20.24%	11.13%
40	85	0	415,307	-415,307	-7,602,934	2,310,189	19.96%	10.98%	3,855,107	20.34%	11.19%
		1,079,754	8,682,688	-7,602,934							

* After deducting the cumulative loan due to the bank.

** Including a factor for a 45.00% income tax bracket.

Rate of Return Analysis

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]
Rate of Return Page: 3

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Male Age 46 Indexed UL Interest Rate 7.50% Initial Policy Death Benefit 10,500,000
Assumed Bank Loan Interest Rate 5.50% Policy Owner's Income Tax Bracket 45.00% Loan Interest Payment Method Paid for 10 Years

Yr	Male Age	Cash Flow Required from Policy Owner				Policy Owner's Year End Cash Value			Policy Owner's Year End Death Benefit		
		(1) Portion of Loan Interest Paid by Policy Owner	(2) Net Loan Policy Proceeds Available for Retirement Income	(3) Combined Cash Flow Required from Policy Owner	(4) Cumulative Cash Flow Required from Policy Owner	(5) Net Policy Cash Value*	(6) Pre-Tax** Rate of Return of Net Policy Cash Value	(7) Net Rate of Return of Net Policy Cash Value	(8) Net Policy Death Benefit*	(9) Pre-Tax** Rate of Return of Net Policy Death Benefit	(10) Net Rate of Return of Net Policy Death Benefit
41	86	0	415,307	-415,307	-8,018,241	2,576,792	20.07%	11.04%	4,232,664	20.42%	11.23%
42	87	0	415,307	-415,307	-8,433,548	2,883,903	20.16%	11.09%	4,657,930	20.50%	11.27%
43	88	0	415,307	-415,307	-8,848,855	3,231,704	20.25%	11.14%	5,131,368	20.56%	11.31%
44	89	0	415,307	-415,307	-9,264,162	3,620,383	20.32%	11.18%	5,653,465	20.62%	11.34%
45	90	0	415,307	-415,307	-9,679,469	4,048,239	20.39%	11.21%	6,222,739	20.67%	11.37%
46	91	0	415,307	-415,307	-10,094,776	4,567,613	20.45%	11.25%	6,429,098	20.66%	11.36%
47	92	0	415,307	-415,307	-10,510,083	5,202,992	20.51%	11.28%	6,698,018	20.66%	11.36%
48	93	0	415,307	-415,307	-10,925,390	5,986,158	20.57%	11.32%	7,054,561	20.67%	11.37%
49	94	0	415,307	-415,307	-11,340,697	6,958,369	20.63%	11.35%	7,531,805	20.68%	11.37%
50	95	0	415,307	-415,307	-11,756,004	8,151,311	20.70%	11.38%	8,151,311	20.70%	11.38%
51	96	0	415,307	-415,307	-12,171,311	9,502,095	20.75%	11.41%	9,502,095	20.75%	11.41%
52	97	0	415,307	-415,307	-12,586,618	11,026,181	20.80%	11.44%	11,026,181	20.80%	11.44%
53	98	0	415,307	-415,307	-13,001,925	12,740,383	20.84%	11.46%	12,740,383	20.84%	11.46%
54	99	0	415,307	-415,307	-13,417,232	14,662,977	20.88%	11.49%	14,662,977	20.88%	11.49%

1,079,754 14,496,986 -13,417,232

* After deducting the cumulative loan due to the bank.

** Including a factor for a 45.00% income tax bracket.

Analysis of Bank Loan

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Analysis of Bank Loan Page: 1

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

		Male Age 46	Policy Owner's Income Tax Bracket 45.00%	Assumed Bank Loan Interest Rate 5.50%	Loan Interest Payment Method Paid for 10 Years		
		(1)	(2)	(3)	(4)	(5)	(6)
Year	Male Age	Portion of Policy Premium Paid by Loan	Net Loan Policy Proceeds Used to Reduce Loan	Loan Balance Subject to Interest	Loan Interest	Loan Interest Paid by Policy Owner	Cumulative Loan Due Bank (3)+(4)-(5)
1	46	490,798	0	490,798	26,994	26,994	490,798
2	47	490,798	0	981,596	53,988	53,988	981,596
3	48	490,798	0	1,472,394	80,982	80,982	1,472,394
4	49	490,798	0	1,963,192	107,976	107,976	1,963,192
5	50	490,798	0	2,453,990	134,969	134,969	2,453,990
6	51	0	0	2,453,990	134,969	134,969	2,453,990
7	52	0	0	2,453,990	134,969	134,969	2,453,990
8	53	0	0	2,453,990	134,969	134,969	2,453,990
9	54	0	0	2,453,990	134,969	134,969	2,453,990
10	55	0	0	2,453,990	134,969	134,969	2,453,990
11	56	0	2,453,990	0	0	0	0
12	57	0	0	0	0	0	0
13	58	0	0	0	0	0	0
14	59	0	0	0	0	0	0
15	60	0	0	0	0	0	0
16	61	0	0	0	0	0	0
17	62	0	0	0	0	0	0
18	63	0	0	0	0	0	0
19	64	0	0	0	0	0	0
20	65	0	0	0	0	0	0
		2,453,990	2,453,990			1,079,754	1,079,754

Analysis of Bank Loan

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Analysis of Bank Loan Page: 2

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

		Male Age 46	Policy Owner's Income Tax Bracket 45.00%	Assumed Bank Loan Interest Rate 5.50%	Loan Interest Payment Method Paid for 10 Years		
		(1)	(2)	(3)	(4)	(5)	(6)
Year	Male Age	Portion of Policy Premium Paid by Loan	Net Loan Policy Proceeds Used to Reduce Loan	Loan Balance Subject to Interest	Loan Interest	Loan Interest Paid by Policy Owner	Cumulative Loan Due Bank (3)+(4)-(5)
21	66	0	0	0	0	0	0
22	67	0	0	0	0	0	0
23	68	0	0	0	0	0	0
24	69	0	0	0	0	0	0
25	70	0	0	0	0	0	0
26	71	0	0	0	0	0	0
27	72	0	0	0	0	0	0
28	73	0	0	0	0	0	0
29	74	0	0	0	0	0	0
30	75	0	0	0	0	0	0
31	76	0	0	0	0	0	0
32	77	0	0	0	0	0	0
33	78	0	0	0	0	0	0
34	79	0	0	0	0	0	0
35	80	0	0	0	0	0	0
36	81	0	0	0	0	0	0
37	82	0	0	0	0	0	0
38	83	0	0	0	0	0	0
39	84	0	0	0	0	0	0
40	85	0	0	0	0	0	0
		2,453,990	2,453,990			1,079,754	1,079,754

Analysis of Bank Loan

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Analysis of Bank Loan Page: 3

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

		Male Age 46	Policy Owner's Income Tax Bracket 45.00%	Assumed Bank Loan Interest Rate 5.50%	Loan Interest Payment Method Paid for 10 Years		
		(1)	(2)	(3)	(4)	(5)	(6)
Year	Male Age	Portion of Policy Premium Paid by Loan	Net Loan Policy Proceeds Used to Reduce Loan	Loan Balance Subject to Interest	Loan Interest	Loan Interest Paid by Policy Owner	Cumulative Loan Due Bank (3)+(4)-(5)
41	86	0	0	0	0	0	0
42	87	0	0	0	0	0	0
43	88	0	0	0	0	0	0
44	89	0	0	0	0	0	0
45	90	0	0	0	0	0	0
46	91	0	0	0	0	0	0
47	92	0	0	0	0	0	0
48	93	0	0	0	0	0	0
49	94	0	0	0	0	0	0
50	95	0	0	0	0	0	0
51	96	0	0	0	0	0	0
52	97	0	0	0	0	0	0
53	98	0	0	0	0	0	0
54	99	0	0	0	0	0	0
		2,453,990	2,453,990			1,079,754	1,079,754

Illustration of Policy Values Funding The Plan

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: [Current date appears here]
Values Page: 1

Insured: Robert Sullivan
Borrower and Policy Owner: Robert Sullivan
Lender: To be determined

Male Age 46	Policy Owner's Income Tax Bracket 45.00%	Indexed UL Interest Rate 7.50%	Initial Premium 490,798	Initial Policy Death Benefit 10,500,000		
Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Cash Value Increase*	(4) Year End Cash Value*	(5) Year End Death Benefit
1	46	490,798	0	152,900	152,900	10,500,000
2	47	490,798	0	498,830	651,730	10,926,130
3	48	490,798	0	533,837	1,185,567	11,440,367
4	49	490,798	0	571,218	1,756,785	11,991,985
5	50	490,798	0	611,028	2,367,813	12,583,413
6	51	0	0	159,838	2,527,651	10,000,000
7	52	0	0	170,863	2,698,514	10,000,000
8	53	0	0	182,883	2,881,397	10,000,000
9	54	0	0	196,032	3,077,429	10,000,000
10	55	0	0	210,661	3,288,090	10,000,000
11	56	0	2,453,990	-2,376,094	911,996	7,415,947
12	57	0	0	94,558	1,006,554	7,278,993
13	58	0	0	112,812	1,119,366	7,134,779
14	59	0	0	132,806	1,252,172	6,982,923
15	60	0	183,514	-38,406	1,213,766	6,629,777
16	61	0	195,014	-36,504	1,177,262	6,245,805
17	62	0	206,858	-53,139	1,124,123	5,829,011
18	63	0	219,058	-48,989	1,075,134	5,377,281
19	64	0	231,624	-43,463	1,031,671	4,888,377
20	65	0	244,566	-36,251	995,420	4,359,933
		2,453,990	3,734,624			

*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.

Illustration of Policy Values Funding The Plan

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Values Page: 2

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

Male Age 46	Policy Owner's Income Tax Bracket 45.00%	Indexed UL Interest Rate 7.50%	Initial Premium 490,798	Initial Policy Death Benefit 10,500,000		
Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Cash Value Increase*	(4) Year End Cash Value*	(5) Year End Death Benefit
21	66	0	257,897	-27,219	968,201	3,789,444
22	67	0	271,628	-15,737	952,464	3,174,260
23	68	0	285,771	-1,361	951,103	2,511,579
24	69	0	300,338	16,516	967,619	2,434,689
25	70	0	315,342	33,668	1,001,287	2,496,725
26	71	0	330,796	51,983	1,053,270	2,463,149
27	72	0	346,714	73,143	1,126,413	2,424,680
28	73	0	363,110	97,690	1,224,103	2,380,450
29	74	0	379,997	126,238	1,350,341	2,329,694
30	75	0	397,391	159,501	1,509,842	2,271,774
31	76	0	415,307	-36,975	1,472,867	2,291,199
32	77	0	415,307	-17,241	1,455,626	2,334,429
33	78	0	415,307	4,671	1,460,297	2,403,919
34	79	0	415,307	28,887	1,489,184	2,502,259
35	80	0	415,307	55,394	1,544,578	2,632,035
36	81	0	415,307	84,314	1,628,892	2,795,972
37	82	0	415,307	116,225	1,745,117	2,997,414
38	83	0	415,307	150,831	1,895,948	3,239,398
39	84	0	415,307	187,758	2,083,706	3,524,590
40	85	0	415,307	226,483	2,310,189	3,855,107
		2,453,990	11,136,678			

*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.

Illustration of Policy Values Funding The Plan

Premium Financing Using Indexed Universal Life

Presented By: [Licensed user's name appears here]
 Date: [Current date appears here]
 Values Page: 3

Insured: Robert Sullivan
 Borrower and Policy Owner: Robert Sullivan
 Lender: To be determined

Male Age 46	Policy Owner's Income Tax Bracket 45.00%	Indexed UL Interest Rate 7.50%	Initial Premium 490,798	Initial Policy Death Benefit 10,500,000		
Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Cash Value Increase*	(4) Year End Cash Value*	(5) Year End Death Benefit
41	86	0	415,307	266,603	2,576,792	4,232,664
42	87	0	415,307	307,111	2,883,903	4,657,930
43	88	0	415,307	347,801	3,231,704	5,131,368
44	89	0	415,307	388,679	3,620,383	5,653,465
45	90	0	415,307	427,856	4,048,239	6,222,739
46	91	0	415,307	519,374	4,567,613	6,429,098
47	92	0	415,307	635,379	5,202,992	6,698,018
48	93	0	415,307	783,166	5,986,158	7,054,561
49	94	0	415,307	972,211	6,958,369	7,531,805
50	95	0	415,307	1,192,942	8,151,311	8,151,311
51	96	0	415,307	1,350,784	9,502,095	9,502,095
52	97	0	415,307	1,524,086	11,026,181	11,026,181
53	98	0	415,307	1,714,202	12,740,383	12,740,383
54	99	0	415,307	1,922,594	14,662,977	14,662,977
		2,453,990	16,950,976			

*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.