

# Protecting Retirement Dollars

For: Ron Grove



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

[Licensed user's name appears here]

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## 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 these alternatives:

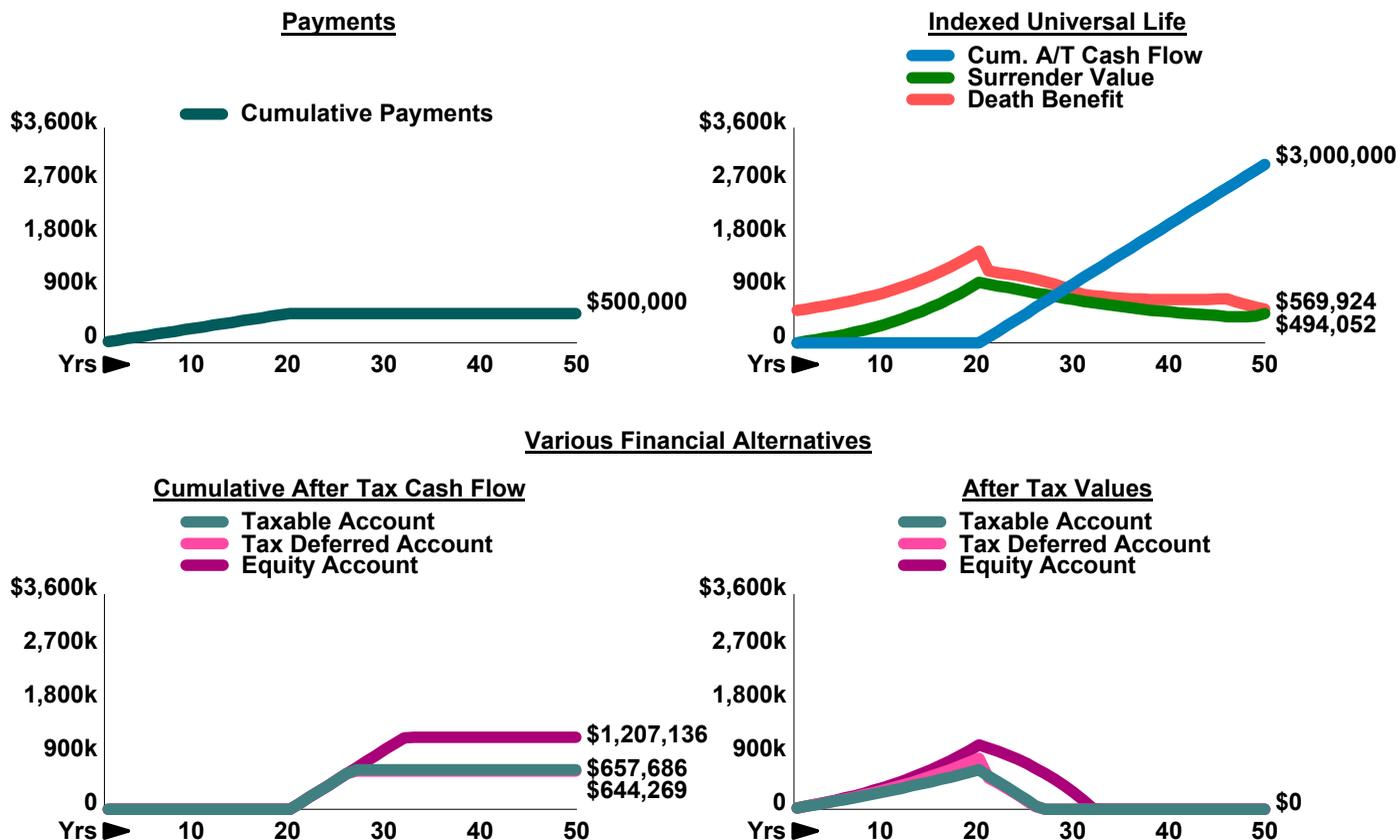
Taxable Account;  
Tax Deferred Account;  
Equity Account.

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. Income tax free death benefits;
2. Probate free death benefits;
3. Accumulating cash values;
4. Income tax deferred growth of cash values;
5. Competitive current interest rate;
6. Tax free access to cash values via policy loans;
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. Various Financial Alternatives

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

Insured: Ron Grove

## Comparison of Values

Taxable Account Yield 7.00%	Tax Deferred Account Yield 7.00%	Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 40.00% for 20 Years 80.00% Thereafter	Indexed UL Interest Rate 7.00%	Initial Death Benefit 527,035
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### After Tax Values of Identical Allocation to Various Financial Alternatives

### Indexed UL

Yr	Male Age	(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(5c)	(5d)
		Life Insurance Premium	After Tax Cash Flow from Taxable Account	Taxable Account	After Tax Cash Flow from Tax Deferred Account	Tax Deferred Account	After Tax Cash Flow from Equity Account	Equity Account	After Tax Policy Loan Proceeds	Year End Accum Value*	Year End Surrender Value*	Death Benefit
1	45	25,000	0	25,649	0	26,050	0	26,718	0	22,374	7,053	549,409
2	46	25,000	0	51,963	0	53,224	0	55,272	0	46,324	31,219	573,359
3	47	25,000	0	78,960	0	81,599	0	85,789	0	71,974	57,095	599,009
4	48	25,000	0	106,658	0	111,261	0	118,403	0	99,455	84,814	626,490
5	49	25,000	0	135,075	0	142,300	0	153,258	0	128,889	114,490	655,924
6	50	25,000	0	164,229	0	174,811	0	190,509	0	160,408	146,257	687,443
7	51	25,000	0	194,139	0	208,898	0	230,321	0	194,158	182,837	721,193
8	52	25,000	0	224,826	0	244,671	0	272,868	0	230,297	221,807	757,332
9	53	25,000	0	256,309	0	282,248	0	318,339	0	269,000	263,340	796,035
10	54	25,000	0	288,609	0	321,755	0	366,935	0	310,453	307,623	837,488
11	55	25,000	0	321,747	0	363,328	0	418,870	0	359,689	359,689	886,724
12	56	25,000	0	355,745	0	407,111	0	474,375	0	412,769	412,769	939,804
13	57	25,000	0	390,625	0	453,258	0	533,695	0	469,978	469,978	997,013
14	58	25,000	0	426,411	0	501,936	0	597,091	0	531,635	531,635	1,058,670
15	59	25,000	0	463,125	0	553,322	0	664,843	0	598,082	598,082	1,125,117
16	60	25,000	0	500,792	0	607,604	0	737,253	0	669,683	669,683	1,196,718
17	61	25,000	0	539,436	0	664,986	0	814,639	0	746,845	746,845	1,273,880
18	62	25,000	0	579,083	0	725,685	0	897,344	0	829,999	829,999	1,357,034
19	63	25,000	0	619,759	0	789,933	0	985,732	0	919,606	919,606	1,446,641
20	64	25,000	0	661,490	0	857,978	0	1,080,194	0	1,016,168	1,016,168	1,543,203
21	65	0	100,000	560,339	100,000	527,679	100,000	1,029,537	100,000	1,094,352	987,590	1,206,461
22	66	0	100,000	459,396	100,000	433,666	100,000	973,462	100,000	1,177,593	958,731	1,182,474
23	67	0	100,000	358,659	100,000	338,338	100,000	911,576	100,000	1,266,217	929,650	1,157,569
24	68	0	100,000	258,129	100,000	241,675	100,000	843,455	100,000	1,360,586	900,429	1,131,729
25	69	0	100,000	157,804	100,000	143,658	100,000	768,636	100,000	1,460,990	871,063	1,104,821
26	70	0	100,000	57,686	100,000	44,269	100,000	686,623	100,000	1,567,791	841,606	1,076,775
27	71	0	57,686	0	44,269	0	100,000	596,877	100,000	1,681,674	812,418	1,031,036
28	72	0	0	0	0	0	100,000	498,816	100,000	1,803,234	783,753	982,109
29	73	0	0	0	0	0	100,000	391,809	100,000	1,933,076	755,859	929,836
30	74	0	0	0	0	0	100,000	275,174	100,000	2,071,850	729,010	874,040
		500,000	657,686		644,269		1,000,000		1,000,000			

See the accompanying reports for year-by-year details:  
 Details of the Equity Account  
 Tax Deferred Account

Management fees reflected in columns (2b) & (4b):  
 Txbi = 1.50%, EQ = 1.50%

Tax Deferred Account is assessed:  
 Income tax each year. Column (3b) values are after tax.

Note: Tax Deferred Account values do not reflect surrender charges or market rate adjustments, if any.

\*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.

This is an illustration, not a contract.

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## Comparison of Values

Taxable Account Yield 7.00%	Tax Deferred Account Yield 7.00%	Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 40.00% for 20 Years 80.00% Thereafter	Indexed UL Interest Rate 7.00%	Initial Death Benefit 527,035
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		After Tax Values of Identical Allocation to Various Financial Alternatives						Indexed UL				
		(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(5c)	(5d)
		Life Insurance Premium	After Tax Cash Flow from Taxable Account	Taxable Account	After Tax Cash Flow from Tax Deferred Account	Tax Deferred Account	After Tax Cash Flow from Equity Account	Equity Account	After Tax Policy Loan Proceeds	Year End Accum Value*	Year End Surrender Value*	Death Benefit
Yr	Male Age											
31	75	0	0	0	0	0	100,000	148,173	100,000	2,220,033	703,289	814,291
32	76	0	0	0	0	0	100,000	10,007	100,000	2,377,675	678,332	797,216
33	77	0	0	0	0	0	7,136	0	100,000	2,545,371	654,299	781,567
34	78	0	0	0	0	0	0	0	100,000	2,723,757	631,370	767,557
35	79	0	0	0	0	0	0	0	100,000	2,913,470	609,701	755,375
36	80	0	0	0	0	0	0	0	100,000	3,115,153	589,435	745,192
37	81	0	0	0	0	0	0	0	100,000	3,329,381	570,614	737,083
38	82	0	0	0	0	0	0	0	100,000	3,556,744	553,277	731,114
39	83	0	0	0	0	0	0	0	100,000	3,797,883	537,481	727,375
40	84	0	0	0	0	0	0	0	100,000	4,053,255	523,071	725,734
41	85	0	0	0	0	0	0	0	100,000	4,323,075	509,620	725,773
42	86	0	0	0	0	0	0	0	100,000	4,607,920	497,031	727,427
43	87	0	0	0	0	0	0	0	100,000	4,908,138	484,941	730,348
44	88	0	0	0	0	0	0	0	100,000	5,223,961	472,843	734,041
45	89	0	0	0	0	0	0	0	100,000	5,555,592	460,156	737,936
46	90	0	0	0	0	0	0	0	100,000	5,903,136	446,166	741,323
47	91	0	0	0	0	0	0	0	100,000	6,275,363	438,783	689,797
48	92	0	0	0	0	0	0	0	100,000	6,676,423	441,253	641,545
49	93	0	0	0	0	0	0	0	100,000	7,111,526	457,835	600,065
50	94	0	0	0	0	0	0	0	100,000	7,587,190	494,052	569,924

500,000

657,686

644,269

1,207,136

3,000,000

See the accompanying reports for year-by-year details:  
 Details of the Equity Account  
 Tax Deferred Account

Management fees reflected in columns (2b) & (4b):  
 Txbi = 1.50%, EQ = 1.50%

Tax Deferred Account is assessed:  
 Income tax each year. Column (3b) values are after tax.

Note: Tax Deferred Account values do not reflect surrender charges or market rate adjustments, if any.

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# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

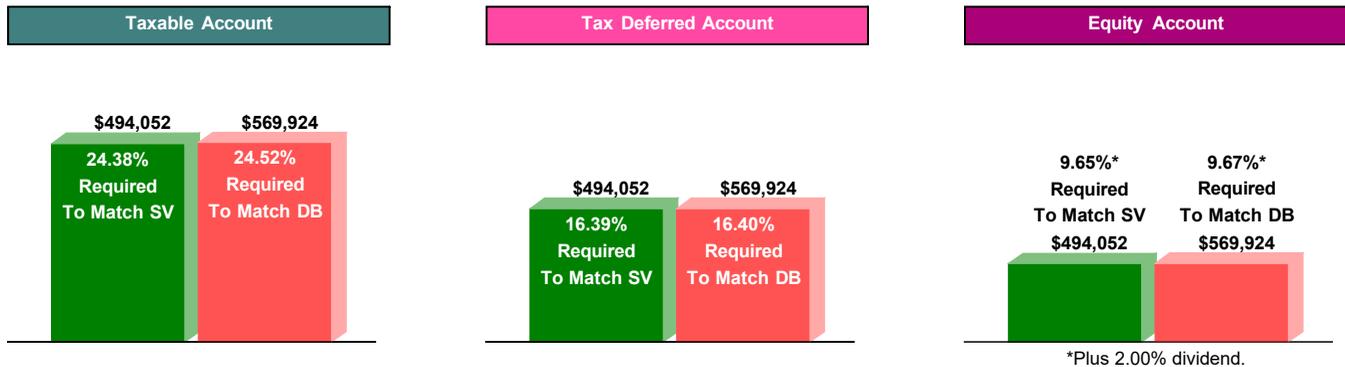
## Matching Values

Taxable Account Yield	Tax Deferred Account Yield	Equity Account Growth	Equity Account Dividend	Dividend Tax Rate	Income Tax Rate	Indexed UL Interest Rate	Initial Death Benefit
7.00%	7.00%	7.00%	2.00%	25.00%	40.00% for 20 Years 80.00% Thereafter	7.00%	527,035

### Yield/Growth Required by Various Investments in Addition to the Dividend Illustrated for the Equity Account to Match Indexed UL Policy Values over 50 years

Investment	Yield/Growth	Indexed UL
Taxable Account	24.38%	Surrender Value \$494,052
Taxable Account	24.52%	Death Benefit \$569,924
Tax Deferred Account	16.39%	Surrender Value \$494,052
Tax Deferred Account	16.40%	Death Benefit \$569,924
Equity Account	9.65%*	Surrender Value \$494,052
Equity Account	9.67%*	Death Benefit \$569,924

\*Plus 2.00% dividend.



### Income Tax Considerations

1. Taxable Account: Interest is taxed as earned.
2. Tax Deferred Account: Interest is tax deferred.  
(Values assume tax is assessed in year shown only)
3. Equity Account: Capital gains tax calculations are taxed based on a ratio of asset value to remaining cost basis in any given year.
4. Indexed Universal Life:
  - a. Death Benefit including 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.

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# Indexed Universal Life vs. Various Financial Alternatives

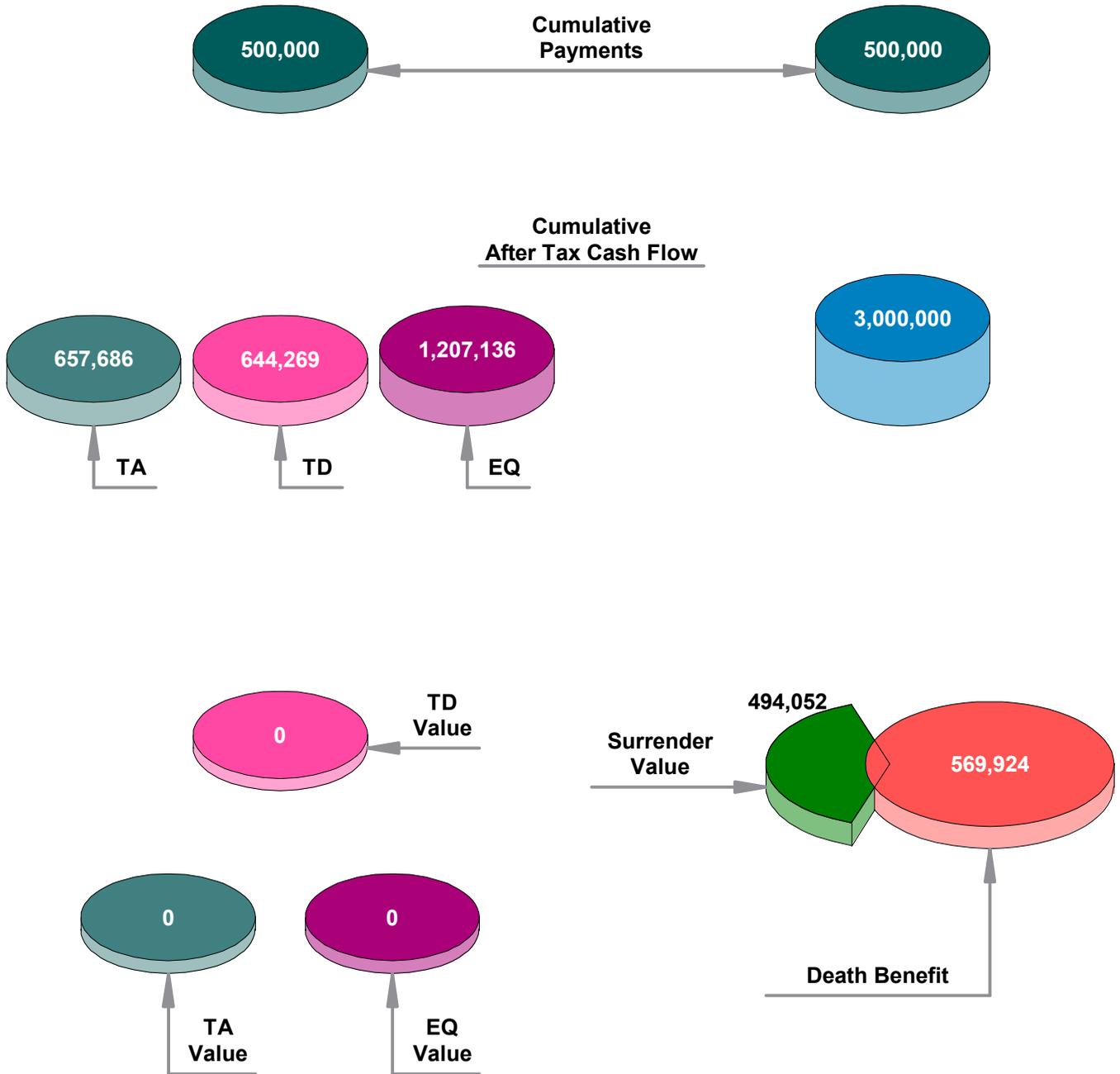
Presented By: [Licensed user's name appears here]

Insured: Ron Grove

## A Look at Year 50

### Various Financial Alternatives

### Indexed Universal Life



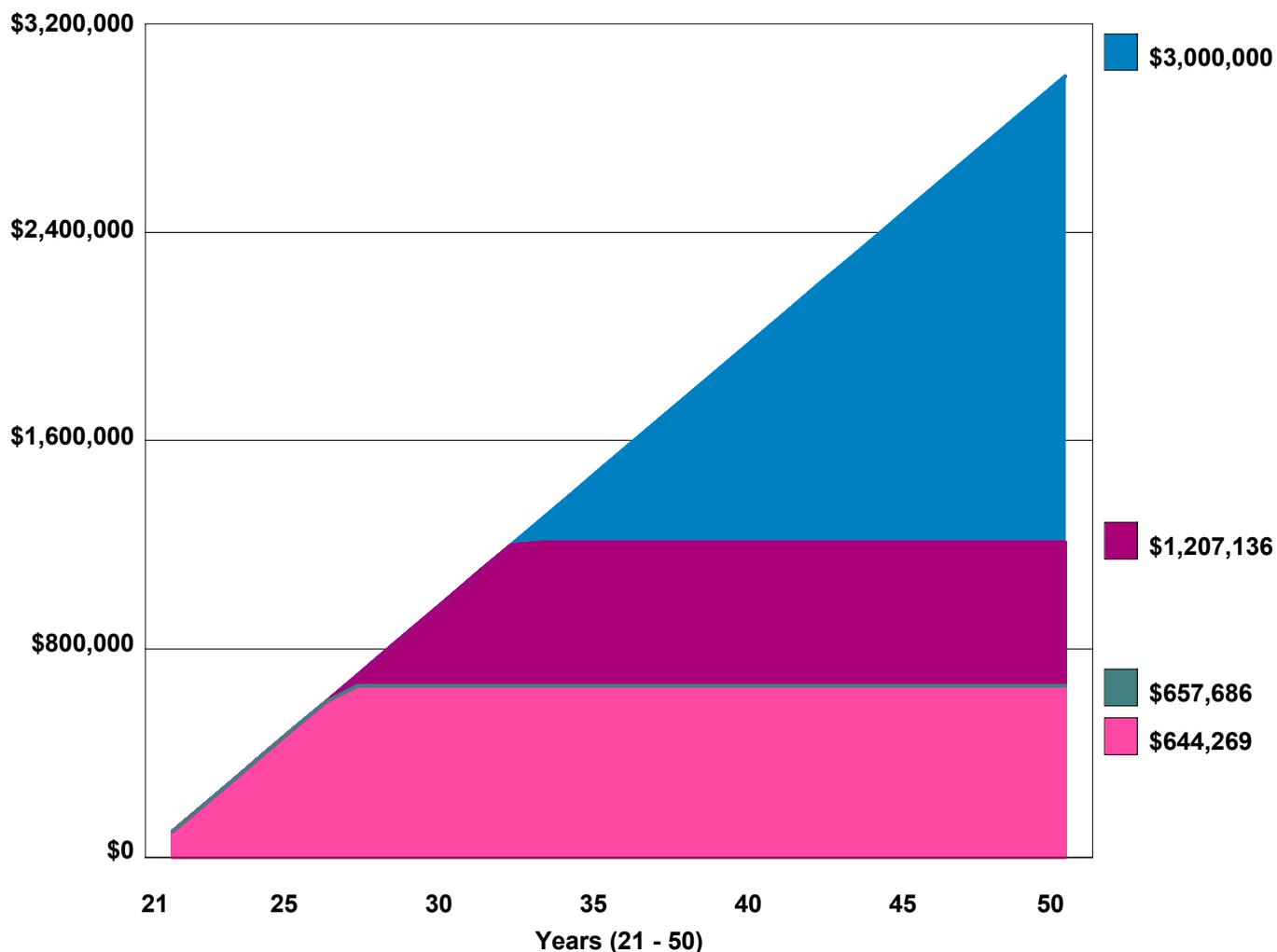
TA - Taxable Account  
TD - Tax Deferred Account  
EQ - Equity Account

# Indexed Universal Life vs. Various Financial Alternatives

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## Cash Flow Comparison of Years 21 - 50



At Year 50

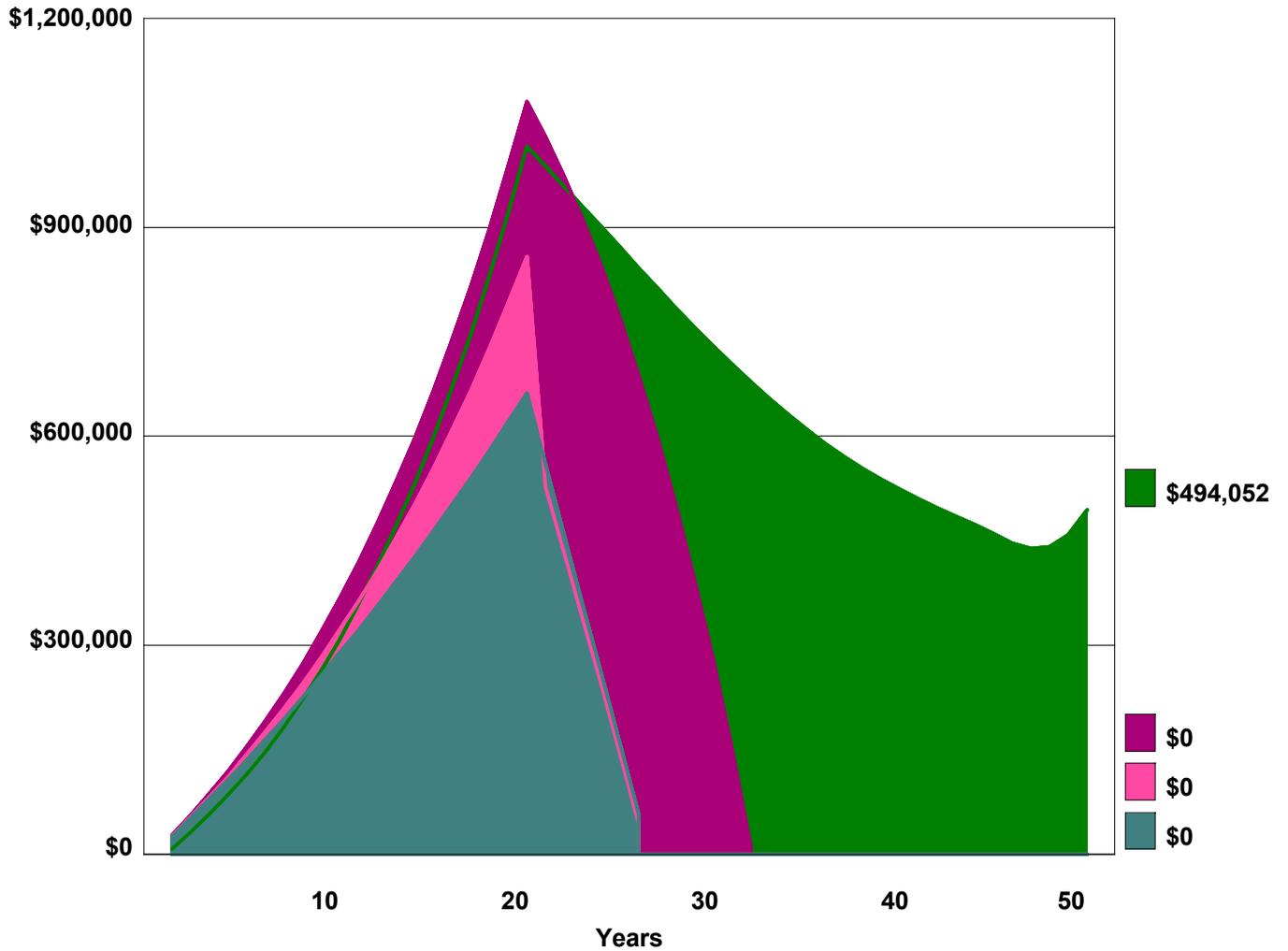
Cumulative After Tax Cash Flow from Taxable Account	\$657,686
Cumulative After Tax Cash Flow from Tax Deferred Account	\$644,269
Cumulative After Tax Cash Flow from An Equity Account	\$1,207,136
Cumulative After Tax Policy Loan Proceeds from Indexed UL	\$3,000,000

# Indexed Universal Life vs. Various Financial Alternatives

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Insured: Ron Grove

## 50 Year Comparison of Values



At Year 50

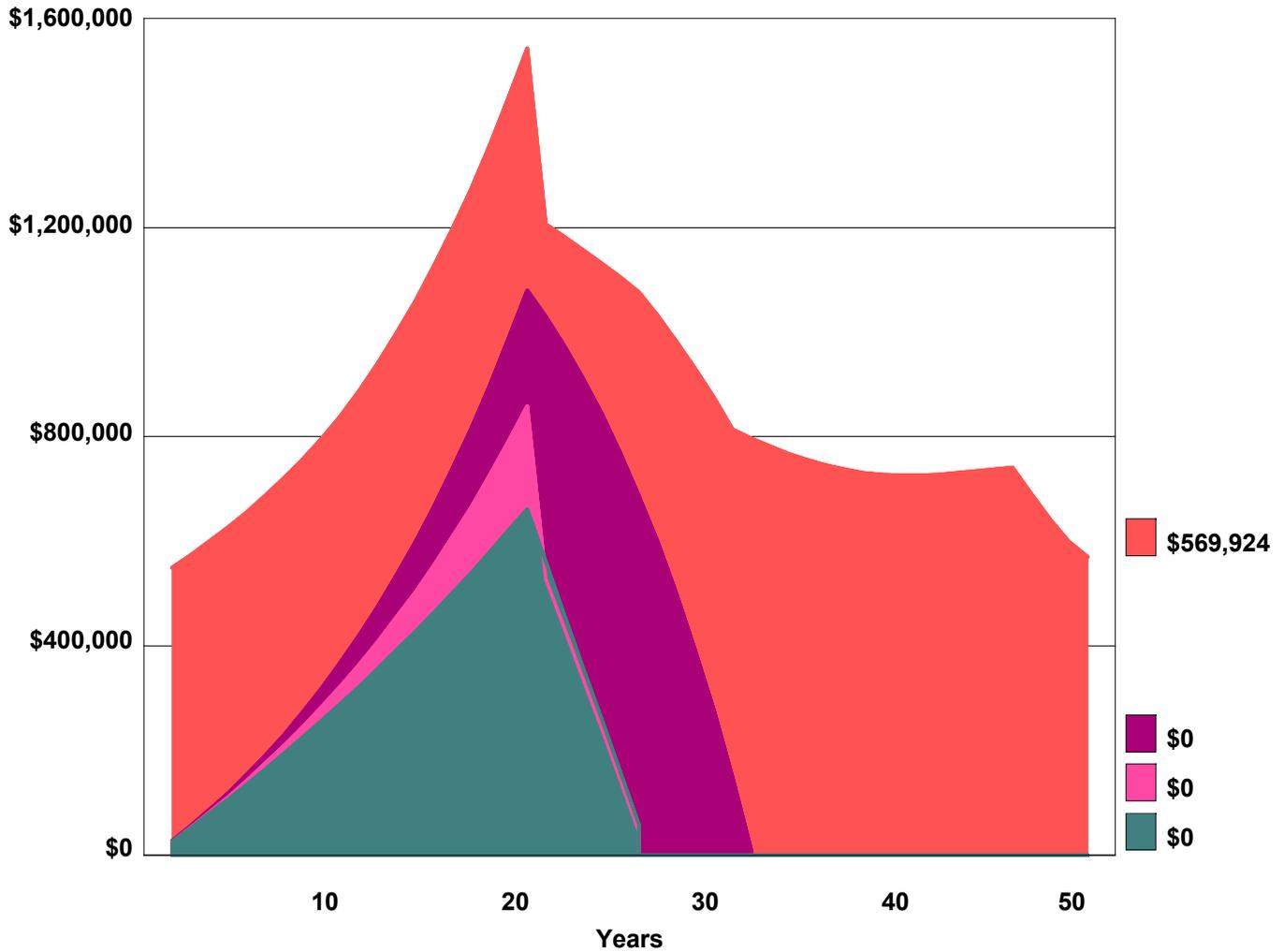
After Tax Values of Taxable Account	\$0
After Tax Values of Tax Deferred Account	\$0
After Tax Values of An Equity Account	\$0
Surrender Value of Indexed UL	\$494,052

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## 50 Year Comparison of Death Benefit



**At Year 50**

Death Benefit of Taxable Account	\$0
Death Benefit of Tax Deferred Account	\$0
Death Benefit of An Equity Account	\$0
Death Benefit of Indexed UL	\$569,924

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## Tax Deferred Account Details

Tax Deferred Account Yield 7.00%  
 Income Tax Rate 40.00% for 20 Years 80.00% Thereafter  
 Initial Payment 25,000

		Tax Deferred Account				
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 7.00%	(4) Tax Deferred Ending Balance	(5) After Tax Values
1	45	25,000	0	1,750	26,750	26,050
2	46	25,000	0	3,623	55,373	53,224
3	47	25,000	0	5,626	85,999	81,599
4	48	25,000	0	7,770	118,769	111,261
5	49	25,000	0	10,064	153,833	142,300
6	50	25,000	0	12,518	191,351	174,811
7	51	25,000	0	15,145	231,496	208,898
8	52	25,000	0	17,955	274,451	244,671
9	53	25,000	0	20,962	320,413	282,248
10	54	25,000	0	24,179	369,592	321,755
11	55	25,000	0	27,621	422,213	363,328
12	56	25,000	0	31,305	478,518	407,111
13	57	25,000	0	35,246	538,764	453,258
14	58	25,000	0	39,463	603,227	501,936
15	59	25,000	0	43,976	672,203	553,322
16	60	25,000	0	48,804	746,007	607,604
17	61	25,000	0	53,970	824,977	664,986
18	62	25,000	0	59,498	909,475	725,685
19	63	25,000	0	65,413	999,888	789,933
20	64	25,000	0	71,742	1,096,630	857,978
21	65	0	100,000	41,764	638,394	527,679
22	66	0	100,000	29,938	457,617	433,666
23	67	0	100,000	23,357	357,023	338,338
24	68	0	100,000	16,684	255,022	241,675
25	69	0	100,000	9,917	151,592	143,658
26	70	0	100,000	3,056	46,714	44,269
27	71	0	44,269	0	0	0
28	72	0	0	0	0	0
29	73	0	0	0	0	0
30	74	0	0	0	0	0
		500,000	644,269			

Tax Deferred Account values are not guaranteed and may be higher or lower than illustrated.

### 30 Year Summary

	Tax Deferred Account
After Tax Payments	500,000
After Tax Cash Flow	644,269
Living Values	0
Death Benefit	0

Note: Tax Deferred Account values do not reflect surrender charges or market rate adjustments, if any.

Tax Deferred Account is assessed: Income tax each year. Column (5) values are after tax.

Withdrawals are taxable until gain is exhausted. Due to this, any withdrawals reflected in Column (2) have been grossed up so the after tax net is equal to the amount shown.

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## Tax Deferred Account Details

Tax Deferred Account Yield 7.00%  
 Income Tax Rate 40.00% for 20 Years 80.00% Thereafter  
 Initial Payment 25,000

		Tax Deferred Account				
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 7.00%	(4) Tax Deferred Ending Balance	(5) After Tax Values
31	75	0	0	0	0	0
32	76	0	0	0	0	0
33	77	0	0	0	0	0
34	78	0	0	0	0	0
35	79	0	0	0	0	0
36	80	0	0	0	0	0
37	81	0	0	0	0	0
38	82	0	0	0	0	0
39	83	0	0	0	0	0
40	84	0	0	0	0	0
41	85	0	0	0	0	0
42	86	0	0	0	0	0
43	87	0	0	0	0	0
44	88	0	0	0	0	0
45	89	0	0	0	0	0
46	90	0	0	0	0	0
47	91	0	0	0	0	0
48	92	0	0	0	0	0
49	93	0	0	0	0	0
50	94	0	0	0	0	0
		500,000	644,269			

Tax Deferred Account values are not guaranteed and may be higher or lower than illustrated.

### 50 Year Summary

	Tax Deferred Account
After Tax Payments	500,000
After Tax Cash Flow	644,269
Living Values	0
Death Benefit	0

Note: Tax Deferred Account values do not reflect surrender charges or market rate adjustments, if any.

Tax Deferred Account is assessed: Income tax each year. Column (5) values are after tax.

Withdrawals are taxable until gain is exhausted. Due to this, any withdrawals reflected in Column (2) have been grossed up so the after tax net is equal to the amount shown.

# Indexed Universal Life vs. Various Financial Alternatives

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Insured: Ron Grove

## Tax Deferred Account

Tax Deferred Account Yield 7.00%  
 Income Tax Rate 40.00% for 20 Years, 80.00% Thereafter  
 Initial Payment 25,000

		Tax Deferred Account									
Year	Male Age	(1) Beginning of Year Value of Account	(2) Annual Deposit to the Account	(3) Beginning of Year Cost Basis	(4) Beginning of Year Before Tax Withdrawal	(5) Gain in Contract Withdrawn	(6) Taxable Portion of Withdrawal Column (5)	(7) After Tax Value of Column (6)	(8) Tax Free Portion of Withdrawal (4) - (5)	(9) Ending Balance	(10) After Tax Cash Flow (7) + (8)
1	45	0	25,000	25,000	0	0	0	0	0	26,750	0
2	46	26,750	25,000	50,000	0	0	0	0	0	55,373	0
3	47	55,373	25,000	75,000	0	0	0	0	0	85,999	0
4	48	85,999	25,000	100,000	0	0	0	0	0	118,769	0
5	49	118,769	25,000	125,000	0	0	0	0	0	153,833	0
6	50	153,833	25,000	150,000	0	0	0	0	0	191,351	0
7	51	191,351	25,000	175,000	0	0	0	0	0	231,496	0
8	52	231,496	25,000	200,000	0	0	0	0	0	274,451	0
9	53	274,451	25,000	225,000	0	0	0	0	0	320,413	0
10	54	320,413	25,000	250,000	0	0	0	0	0	369,592	0
11	55	369,592	25,000	275,000	0	0	0	0	0	422,213	0
12	56	422,213	25,000	300,000	0	0	0	0	0	478,518	0
13	57	478,518	25,000	325,000	0	0	0	0	0	538,764	0
14	58	538,764	25,000	350,000	0	0	0	0	0	603,227	0
15	59	603,227	25,000	375,000	0	0	0	0	0	672,203	0
16	60	672,203	25,000	400,000	0	0	0	0	0	746,007	0
17	61	746,007	25,000	425,000	0	0	0	0	0	824,977	0
18	62	824,977	25,000	450,000	0	0	0	0	0	909,475	0
19	63	909,475	25,000	475,000	0	0	0	0	0	999,888	0
20	64	999,888	25,000	500,000	0	0	0	0	0	1,096,630	0
21	65	1,096,630	0	500,000	500,000	500,000	500,000	100,000	0	638,394	100,000
22	66	638,394	0	500,000	210,715	138,394	138,394	27,679	72,321	457,617	100,000
23	67	457,617	0	427,679	123,951	29,938	29,938	5,988	94,012	357,023	100,000
24	68	357,023	0	333,666	118,685	23,357	23,357	4,671	95,329	255,022	100,000
25	69	255,022	0	238,338	113,347	16,684	16,684	3,337	96,663	151,592	100,000
26	70	151,592	0	141,675	107,934	9,917	9,917	1,983	98,017	46,714	100,000
27	71	46,714	0	43,658	46,714	3,056	3,056	611	43,658	0	44,269
28	72	0	0	0	0	0	0	0	0	0	0
29	73	0	0	0	0	0	0	0	0	0	0
30	74	0	0	0	0	0	0	0	0	0	0
			500,000		1,221,346		721,346	144,269	500,000		644,269

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## Tax Deferred Account

Tax Deferred Account Yield 7.00%  
 Income Tax Rate 40.00% for 20 Years, 80.00% Thereafter  
 Initial Payment 25,000

		Tax Deferred Account											
Year	Male Age	(1) Beginning of Year Value of Account	(2) Annual Deposit to the Account	(3) Beginning of Year Cost Basis	(4) Beginning of Year Before Tax Withdrawal	(5) Gain in Contract Withdrawn	(6) Taxable Portion of Withdrawal Column (5)	(7) After Tax Value of Column (6)	(8) Tax Free Portion of Withdrawal (4) - (5)	(9) Ending Balance	(10) After Tax Cash Flow (7) + (8)		
31	75	0	0	0	0	0	0	0	0	0	0		
32	76	0	0	0	0	0	0	0	0	0	0		
33	77	0	0	0	0	0	0	0	0	0	0		
34	78	0	0	0	0	0	0	0	0	0	0		
35	79	0	0	0	0	0	0	0	0	0	0		
36	80	0	0	0	0	0	0	0	0	0	0		
37	81	0	0	0	0	0	0	0	0	0	0		
38	82	0	0	0	0	0	0	0	0	0	0		
39	83	0	0	0	0	0	0	0	0	0	0		
40	84	0	0	0	0	0	0	0	0	0	0		
41	85	0	0	0	0	0	0	0	0	0	0		
42	86	0	0	0	0	0	0	0	0	0	0		
43	87	0	0	0	0	0	0	0	0	0	0		
44	88	0	0	0	0	0	0	0	0	0	0		
45	89	0	0	0	0	0	0	0	0	0	0		
46	90	0	0	0	0	0	0	0	0	0	0		
47	91	0	0	0	0	0	0	0	0	0	0		
48	92	0	0	0	0	0	0	0	0	0	0		
49	93	0	0	0	0	0	0	0	0	0	0		
50	94	0	0	0	0	0	0	0	0	0	0		
		500,000		1,221,346		721,346		144,269		500,000		644,269	

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## Equity Account Details

		Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 40.00% in yrs 1-20 80.00% thereafter	Composite Capital Gains Tax Rate* 29.50% in yrs 1-20 41.50% thereafter				
Year	Male Age	(1) Beginning of Year Account Value	(2) + Annual Deposit	(3) - Sale of Equities	(4) + Capital Growth	(5) + After Tax Reinvested Dividends	(6)** Net Year End Value of Account	(7) After Tax Dividend Cash Flow	(8) + After Tax Cash Flow from Equity Sales	(9) = Combined After Tax Cash Flow
1	45	0	25,000	0	1,750	375	26,718	0	0	0
2	46	26,718	25,000	0	3,620	776	55,272	0	0	0
3	47	55,272	25,000	0	5,619	1,204	85,789	0	0	0
4	48	85,789	25,000	0	7,755	1,662	118,403	0	0	0
5	49	118,403	25,000	0	10,038	2,151	153,258	0	0	0
6	50	153,258	25,000	0	12,478	2,674	190,509	0	0	0
7	51	190,509	25,000	0	15,086	3,233	230,321	0	0	0
8	52	230,321	25,000	0	17,872	3,830	272,868	0	0	0
9	53	272,868	25,000	0	20,851	4,468	318,339	0	0	0
10	54	318,339	25,000	0	24,034	5,150	366,935	0	0	0
11	55	366,935	25,000	0	27,435	5,879	418,870	0	0	0
12	56	418,870	25,000	0	31,071	6,658	474,375	0	0	0
13	57	474,375	25,000	0	34,956	7,491	533,695	0	0	0
14	58	533,695	25,000	0	39,109	8,380	597,091	0	0	0
15	59	597,091	25,000	0	43,546	9,331	664,843	0	0	0
16	60	664,843	25,000	0	48,289	10,348	737,253	0	0	0
17	61	737,253	25,000	0	53,358	11,434	814,639	0	0	0
18	62	814,639	25,000	0	58,775	12,595	897,344	0	0	0
19	63	897,344	25,000	0	64,564	13,835	985,732	0	0	0
20	64	985,732	25,000	0	70,751	15,161	1,080,194	0	0	0
21	65	1,080,194	0	103,358	68,379	0	1,029,537	14,652	85,348	100,000
22	66	1,029,537	0	105,905	64,654	0	973,462	13,854	86,146	100,000
23	67	973,462	0	108,548	60,544	0	911,576	12,974	87,026	100,000
24	68	911,576	0	111,297	56,020	0	843,455	12,004	87,996	100,000
25	69	843,455	0	114,164	51,050	0	768,636	10,939	89,061	100,000
26	70	768,636	0	117,160	45,603	0	686,623	9,772	90,228	100,000
27	71	686,623	0	120,299	39,643	0	596,877	8,495	91,505	100,000
28	72	596,877	0	123,595	33,130	0	498,816	7,099	92,901	100,000
29	73	498,816	0	127,063	26,023	0	391,809	5,576	94,424	100,000
30	74	391,809	0	130,721	18,276	0	275,174	3,916	96,084	100,000
			500,000	1,162,110	1,054,279	126,635		99,281	900,719	1,000,000

\*The composite capital gains tax rate includes 30.00% short-term gains subject to ordinary income tax and 70.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%

Income Tax: 40.00% in yrs 1-20; 80.00% thereafter

\*\*Column (6) is reduced by a 1.50% management fee.

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

# Indexed Universal Life vs. Various Financial Alternatives

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

Insured: Ron Grove

## Equity Account Details

		Equity Account Growth 7.00%	Equity Account Dividend 2.00%	Dividend Tax Rate 25.00%	Income Tax Rate 40.00% in yrs 1-20 80.00% thereafter	Composite Capital Gains Tax Rate* 29.50% in yrs 1-20 41.50% thereafter					
Year	Male Age	(1) Beginning of Year Account Value	(2) Annual Deposit	(3) Sale of Equities	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6)** Net Year End Value of Account	(7) After Tax Dividend Cash Flow	(8) After Tax Cash Flow from Equity Sales	(9) Combined After Tax Cash Flow	
31	75	275,174	0	134,586	9,841	0	148,173	2,109	97,891	100,000	
32	76	148,173	0	138,679	665	0	10,007	142	99,858	100,000	
33	77	10,007	0	10,007	0	0	0	0	7,136	7,136	
34	78	0	0	0	0	0	0	0	0	0	
35	79	0	0	0	0	0	0	0	0	0	
36	80	0	0	0	0	0	0	0	0	0	
37	81	0	0	0	0	0	0	0	0	0	
38	82	0	0	0	0	0	0	0	0	0	
39	83	0	0	0	0	0	0	0	0	0	
40	84	0	0	0	0	0	0	0	0	0	
41	85	0	0	0	0	0	0	0	0	0	
42	86	0	0	0	0	0	0	0	0	0	
43	87	0	0	0	0	0	0	0	0	0	
44	88	0	0	0	0	0	0	0	0	0	
45	89	0	0	0	0	0	0	0	0	0	
46	90	0	0	0	0	0	0	0	0	0	
47	91	0	0	0	0	0	0	0	0	0	
48	92	0	0	0	0	0	0	0	0	0	
49	93	0	0	0	0	0	0	0	0	0	
50	94	0	0	0	0	0	0	0	0	0	
			500,000	1,445,382	1,064,785	126,635		101,532	1,105,604	1,207,136	

\*The composite capital gains tax rate includes 30.00% short-term gains subject to ordinary income tax and 70.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 25.00%  
Income Tax: 40.00% in yrs 1-20; 80.00% thereafter

\*\*Column (6) is reduced by a 1.50% management fee.

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

## Tax Calculations

The tax deferred investment illustrated in the accompanying material reflects after tax values. Since withdrawals are taxable until any gain is exhausted, account values are illustrated on an after tax basis.

With equity accounts, dividends are taxed and the after tax balance is either reinvested or used for scheduled cash flow. Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

A cash value life insurance policy (that is not designed as a modified endowment contract\*) is taxed on a first-in-first-out basis which means that withdrawals (also known as partial surrenders) have different taxation. Withdrawals up to cost basis are income-tax free; subsequent withdrawals are taxable. However, contractual loan provision in the policy allow you to access additional cash flow from the policy cash value which is income-tax free so long as the policy stays in force. This feature avoids the problem of taxable withdrawals in excess of cost basis. Interest on such loans can be added to the outstanding loan, and with most life insurance policies, the loan balance is credited with interest earnings at (or near) the level of the loan interest charged resulting in a wash (or near wash) of the loan interest. If the policy is kept in force until death, the policy death benefit, including any internal deferred gain, is income-tax free.

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.

\*With a life insurance policy that is characterized as a modified endowment contract ("MEC"), both withdrawals and loans are taxed on a gain first basis. In almost all circumstances, it is advisable to avoid purchasing a MEC, and the basic illustration that is provided to you from the issuing life insurance company should indicate if it is a MEC.

Legal and tax information is for general use only and may not be applicable to specific circumstances. Clients should consult their own legal, tax and accounting advisors to assist in the evaluation of any potential transaction or strategy.