

Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

For: Robert Sterling



Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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

Insured: Robert Sterling

Preface

In the accompanying pages is an analysis that compares costs and benefits of different life insurance policies.

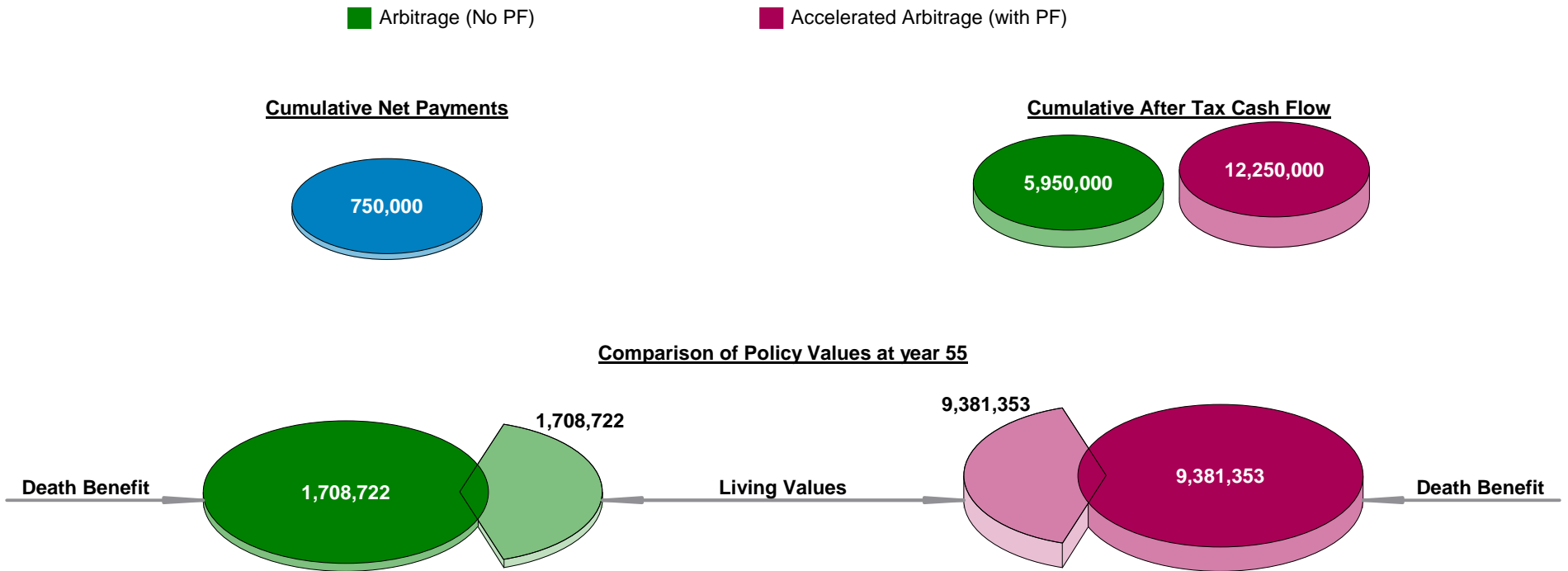
There are two policies included in this analysis, allowing you to easily review how the plans differ in terms of premiums, loan proceeds, cash accumulation, death benefits, and internal rates of return.

A mathematical evaluation is not the only important item to study when purchasing life insurance. Others are:

1. The financial strength of the company;
2. Suitability of the type of plan;

3. Plan provisions and contractual guarantees;
4. Reputation of the agent or broker.

An analysis of these points, along with conclusions drawn from the accompanying reports, should be useful to you as part of the evaluation of your life insurance purchase. Below is a graphic summarizing the results of the accompanying presentation.



This graphic and the other reports in this presentation assume the non-guaranteed values of the life insurance policies under consideration. These non-guaranteed values are hypothetical only. Actual results will vary and be more or less favorable depending upon a number of factors. Please review all carrier illustrations and disclaimers in conjunction with this presentation.

Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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

Insured: Robert Sterling

Comparison of Values

		Indexed Universal Life Interest Rate: 7.00%			Client's Share of Premium Financing Indexed Universal Life Interest Rate: 7.00%			
		Arbitrage (No PF)			Accelerated Arbitrage (with PF)			
Yr	Male Age	(1) Premium Payment	(2) After Tax Policy Loan Proceeds	(3) Year End Cash Value*	(4) Death Benefit	(5) After Tax Policy Loan Proceeds	(6) Year End Cash Value*	(7) Death Benefit
1	45	50,000	0	43,491	1,097,560	0	19,742	4,236,015
2	46	50,000	0	90,037	1,144,106	0	46,667	4,262,940
3	47	50,000	0	139,897	1,193,966	0	81,162	4,297,435
4	48	50,000	0	193,341	1,247,410	0	123,693	4,339,966
5	49	50,000	0	250,610	1,304,679	0	174,546	4,390,819
6	50	50,000	0	311,974	1,366,043	0	234,051	4,450,324
7	51	50,000	0	377,725	1,431,794	0	302,473	4,518,746
8	52	50,000	0	448,190	1,502,259	0	380,353	4,596,626
9	53	50,000	0	523,725	1,577,794	0	468,169	4,684,442
10	54	50,000	0	604,641	1,658,710	0	565,982	4,782,255
11	55	50,000	0	702,468	1,756,537	0	718,999	4,935,272
12	56	50,000	0	807,958	1,862,027	0	888,987	5,105,260
13	57	50,000	0	921,706	1,975,775	0	1,077,019	5,293,292
14	58	50,000	0	1,044,364	2,098,433	0	1,283,993	5,500,266
15	59	50,000	0	1,176,633	2,230,702	0	1,511,377	5,727,650
16	60	0	0	1,268,416	2,322,485	0	1,680,585	5,896,858
17	61	0	0	1,367,211	2,421,280	0	1,864,863	6,081,136
18	62	0	0	1,473,466	2,527,535	0	2,065,096	6,281,369
19	63	0	0	1,587,709	2,641,778	0	2,282,441	6,498,714
20	64	0	0	1,710,524	2,764,593	0	2,518,202	6,734,475
21	65	0	170,000	1,663,674	2,032,109	350,000	2,408,979	3,822,610
22	66	0	170,000	1,616,245	1,992,857	350,000	2,301,220	3,737,782
23	67	0	170,000	1,568,346	1,951,938	350,000	2,195,551	3,650,971
24	68	0	170,000	1,520,116	1,909,326	350,000	2,092,730	3,562,354
25	69	0	170,000	1,471,713	1,864,999	350,000	1,993,604	3,472,136
26	70	0	170,000	1,423,327	1,818,947	350,000	1,899,158	3,380,595
27	71	0	170,000	1,375,470	1,743,217	350,000	1,811,584	3,183,737
28	72	0	170,000	1,328,549	1,662,187	350,000	1,732,699	2,973,588
29	73	0	170,000	1,283,044	1,575,660	350,000	1,664,599	2,749,784
30	74	0	170,000	1,239,434	1,483,355	350,000	1,608,947	2,511,185
		750,000	1,700,000			3,500,000		

*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.

Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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Insured: Robert Sterling

Comparison of Values

		Indexed Universal Life Interest Rate: 7.00%			Client's Share of Premium Financing Indexed Universal Life Interest Rate: 7.00%			
		Arbitrage (No PF)			Accelerated Arbitrage (with PF)			
Yr	Male Age	(1) Premium Payment	(2) After Tax Policy Loan Proceeds	(3) Year End Cash Value*	(4) Death Benefit	(5) After Tax Policy Loan Proceeds	(6) Year End Cash Value*	(7) Death Benefit
31	75	0	170,000	1,197,664	1,384,343	350,000	1,566,108	2,254,998
32	76	0	170,000	1,157,299	1,357,225	350,000	1,534,827	2,271,056
33	77	0	170,000	1,118,589	1,332,607	350,000	1,516,415	2,303,073
34	78	0	170,000	1,081,816	1,310,825	350,000	1,512,334	2,352,705
35	79	0	170,000	1,047,242	1,292,193	350,000	1,523,992	2,421,559
36	80	0	170,000	1,015,045	1,276,941	350,000	1,552,529	2,510,966
37	81	0	170,000	985,309	1,265,199	350,000	1,598,952	2,622,125
38	82	0	170,000	958,150	1,257,139	350,000	1,664,319	2,756,297
39	83	0	170,000	933,651	1,252,895	350,000	1,749,342	2,914,385
40	84	0	170,000	911,572	1,252,264	350,000	1,853,730	3,096,246
41	85	0	170,000	891,279	1,254,638	350,000	1,975,779	3,300,263
42	86	0	170,000	872,737	1,260,033	350,000	2,116,059	3,527,218
43	87	0	170,000	855,362	1,267,897	350,000	2,273,212	3,775,870
44	88	0	170,000	838,307	1,277,402	350,000	2,444,981	4,044,053
45	89	0	170,000	820,583	1,287,576	350,000	2,628,688	4,329,161
46	90	0	170,000	800,913	1,297,147	350,000	2,820,718	4,627,620
47	91	0	170,000	792,554	1,214,593	350,000	3,070,394	4,607,237
48	92	0	170,000	800,993	1,137,768	350,000	3,398,796	4,625,331
49	93	0	170,000	833,582	1,072,745	350,000	3,833,473	4,704,693
50	94	0	170,000	899,517	1,027,106	350,000	4,409,366	4,874,273
51	95	0	170,000	1,009,790	1,009,790	350,000	5,167,849	5,167,849
52	96	0	170,000	1,143,154	1,143,154	350,000	6,032,929	6,032,929
53	97	0	170,000	1,302,179	1,302,179	350,000	7,015,464	7,015,464
54	98	0	170,000	1,489,676	1,489,676	350,000	8,127,298	8,127,298
55	99	0	170,000	1,708,722	1,708,722	350,000	9,381,353	9,381,353
		750,000	5,950,000			12,250,000		

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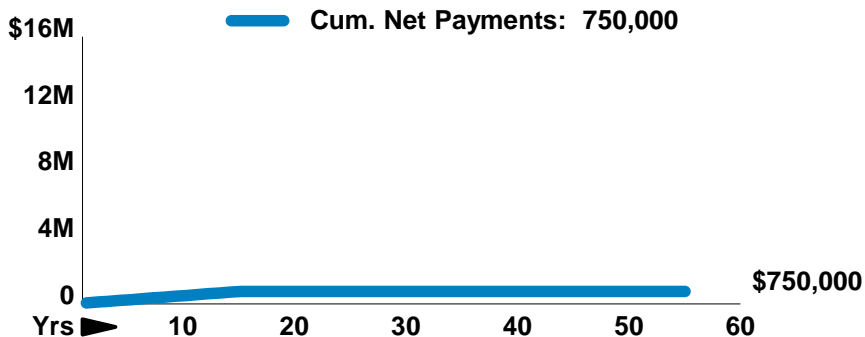
Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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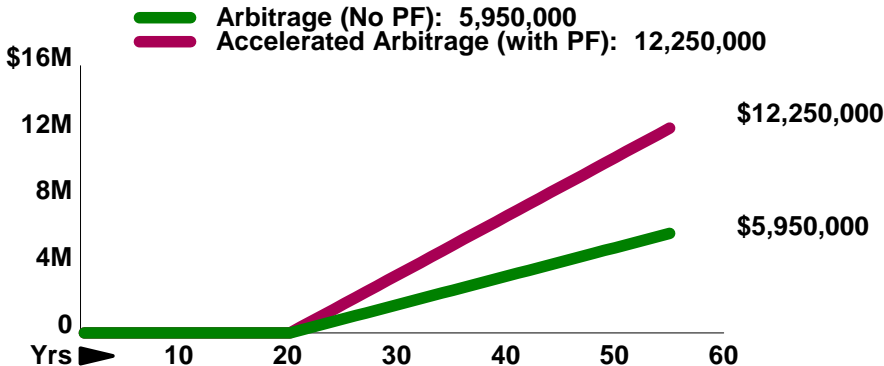
Insured: Robert Sterling

55 Year Analysis

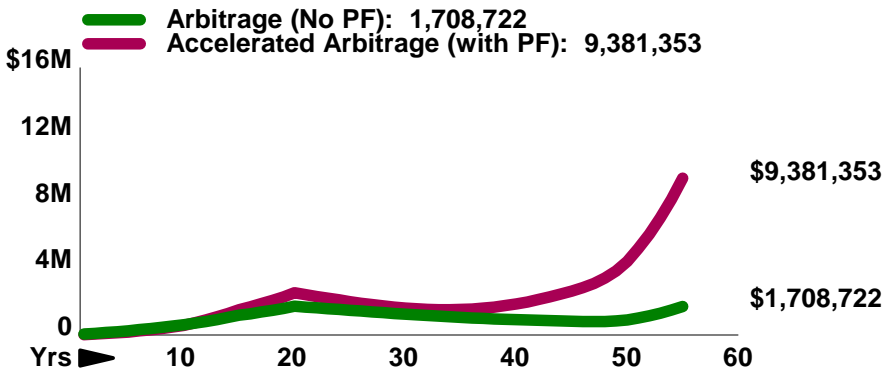
Cumulative Net Payments



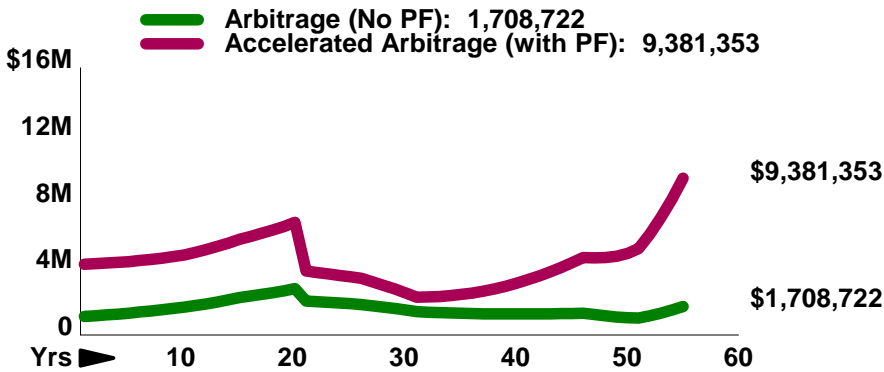
Cumulative After Tax Loan Proceeds



Policy Surrender Value



Policy Death Benefit



Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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Pre-Tax Equivalent Rates of Return Required on Premium to Match Policy Values

Income Tax Rate 40.00%		Indexed Universal Life Interest Rate: 7.00%			Client's Share of Premium Financing Indexed Universal Life Interest Rate: 7.00%			
Yr	Male Age	(1) Premium Payment	Arbitrage (No PF)			Accelerated Arbitrage (with PF)		
			(2) After Tax Policy Loan Proceeds	(3) Year End Cash Value*	(4) Death Benefit	(5) After Tax Policy Loan Proceeds	(6) Year End Cash Value*	(7) Death Benefit
1	45	50,000	0	-13.02	3491.87	0	-60.52	13953.38
2	46	50,000	0	-6.80	551.60	0	-41.22	1291.18
3	47	50,000	0	-3.45	246.64	0	-27.71	505.65
4	48	50,000	0	-1.35	148.24	0	-18.32	289.43
5	49	50,000	0	0.14	102.15	0	-11.75	195.42
6	50	50,000	0	1.87	76.18	0	-7.05	144.47
7	51	50,000	0	3.18	59.85	0	-3.65	113.08
8	52	50,000	0	4.20	48.81	0	-1.12	92.04
9	53	50,000	0	5.03	40.96	0	1.32	77.10
10	54	50,000	0	5.71	35.15	0	3.74	66.02
11	55	50,000	0	6.71	30.90	0	7.34	57.77
12	56	50,000	0	7.50	27.61	0	9.86	51.30
13	57	50,000	0	8.13	25.01	0	11.66	46.12
14	58	50,000	0	8.65	22.92	0	12.96	41.90
15	59	50,000	0	9.08	21.23	0	13.91	38.42
16	60	0	0	9.47	19.89	0	14.36	35.46
17	61	0	0	9.78	18.78	0	14.70	32.98
18	62	0	0	10.04	17.86	0	14.95	30.87
19	63	0	0	10.26	17.09	0	15.14	29.06
20	64	0	0	10.45	16.44	0	15.28	27.51
21	65	0	170,000	10.62	12.76	350,000	15.46	20.26
22	66	0	170,000	10.77	12.70	350,000	15.65	19.89
23	67	0	170,000	10.92	12.66	350,000	15.84	19.59
24	68	0	170,000	11.05	12.63	350,000	16.04	19.35
25	69	0	170,000	11.18	12.61	350,000	16.23	19.16
26	70	0	170,000	11.30	12.60	350,000	16.43	19.01
27	71	0	170,000	11.42	12.52	350,000	16.63	18.76
28	72	0	170,000	11.54	12.44	350,000	16.83	18.54
29	73	0	170,000	11.65	12.38	350,000	17.02	18.36
30	74	0	170,000	11.77	12.32	350,000	17.22	18.20
		750,000	1,700,000			3,500,000		

*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.

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Pre-Tax Equivalent Rates of Return Required on Premium to Match Policy Values

Income Tax Rate 40.00%		Indexed Universal Life Interest Rate: 7.00%			Client's Share of Premium Financing Indexed Universal Life Interest Rate: 7.00%			
Yr	Male Age	(1) Premium Payment	Arbitrage (No PF)			Accelerated Arbitrage (with PF)		
			(2) After Tax Policy Loan Proceeds	(3) Year End Cash Value*	(4) Death Benefit	(5) After Tax Policy Loan Proceeds	(6) Year End Cash Value*	(7) Death Benefit
31	75	0	170,000	11.88	12.27	350,000	17.40	18.07
32	76	0	170,000	11.99	12.36	350,000	17.58	18.20
33	77	0	170,000	12.10	12.46	350,000	17.74	18.33
34	78	0	170,000	12.20	12.55	350,000	17.90	18.44
35	79	0	170,000	12.30	12.64	350,000	18.04	18.55
36	80	0	170,000	12.40	12.72	350,000	18.17	18.65
37	81	0	170,000	12.49	12.81	350,000	18.30	18.74
38	82	0	170,000	12.58	12.88	350,000	18.41	18.83
39	83	0	170,000	12.66	12.96	350,000	18.51	18.90
40	84	0	170,000	12.74	13.03	350,000	18.61	18.97
41	85	0	170,000	12.81	13.09	350,000	18.69	19.03
42	86	0	170,000	12.88	13.16	350,000	18.76	19.08
43	87	0	170,000	12.95	13.21	350,000	18.83	19.13
44	88	0	170,000	13.01	13.26	350,000	18.88	19.17
45	89	0	170,000	13.06	13.31	350,000	18.93	19.20
46	90	0	170,000	13.11	13.35	350,000	18.97	19.23
47	91	0	170,000	13.17	13.35	350,000	19.02	19.21
48	92	0	170,000	13.22	13.36	350,000	19.06	19.19
49	93	0	170,000	13.28	13.37	350,000	19.10	19.19
50	94	0	170,000	13.34	13.38	350,000	19.15	19.19
51	95	0	170,000	13.41	13.41	350,000	19.20	19.20
52	96	0	170,000	13.47	13.47	350,000	19.24	19.24
53	97	0	170,000	13.54	13.54	350,000	19.28	19.28
54	98	0	170,000	13.60	13.60	350,000	19.32	19.32
55	99	0	170,000	13.66	13.66	350,000	19.35	19.35
		750,000	5,950,000			12,250,000		

*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.

Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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

Insured: Robert Sterling

Net Rates of Return Required on Premium to Match Policy Values

		Income Tax Rate 40.00%	Indexed Universal Life Interest Rate: 7.00%			Client's Share of Premium Financing Indexed Universal Life Interest Rate: 7.00%		
		(1)	Arbitrage (No PF)			Accelerated Arbitrage (with PF)		
Yr	Male Age	Premium Payment	(2) After Tax Policy Loan Proceeds	(3) Year End Cash Value*	(4) Death Benefit	(5) After Tax Policy Loan Proceeds	(6) Year End Cash Value*	(7) Death Benefit
1	45	50,000	0	-13.02	2095.12	0	-60.52	8372.03
2	46	50,000	0	-6.80	330.96	0	-41.22	774.71
3	47	50,000	0	-3.45	147.98	0	-27.71	303.39
4	48	50,000	0	-1.35	88.94	0	-18.32	173.66
5	49	50,000	0	0.08	61.29	0	-11.75	117.25
6	50	50,000	0	1.12	45.71	0	-7.05	86.68
7	51	50,000	0	1.91	35.91	0	-3.65	67.85
8	52	50,000	0	2.52	29.29	0	-1.12	55.23
9	53	50,000	0	3.02	24.57	0	0.79	46.26
10	54	50,000	0	3.43	21.09	0	2.24	39.61
11	55	50,000	0	4.03	18.54	0	4.41	34.66
12	56	50,000	0	4.50	16.56	0	5.92	30.78
13	57	50,000	0	4.88	15.00	0	6.99	27.67
14	58	50,000	0	5.19	13.75	0	7.77	25.14
15	59	50,000	0	5.45	12.74	0	8.35	23.05
16	60	0	0	5.68	11.93	0	8.62	21.28
17	61	0	0	5.87	11.27	0	8.82	19.79
18	62	0	0	6.03	10.72	0	8.97	18.52
19	63	0	0	6.16	10.26	0	9.08	17.44
20	64	0	0	6.27	9.87	0	9.17	16.51
21	65	0	170,000	6.37	7.66	350,000	9.28	12.16
22	66	0	170,000	6.46	7.62	350,000	9.39	11.93
23	67	0	170,000	6.55	7.60	350,000	9.50	11.75
24	68	0	170,000	6.63	7.58	350,000	9.62	11.61
25	69	0	170,000	6.71	7.57	350,000	9.74	11.50
26	70	0	170,000	6.78	7.56	350,000	9.86	11.41
27	71	0	170,000	6.85	7.51	350,000	9.98	11.25
28	72	0	170,000	6.92	7.46	350,000	10.10	11.12
29	73	0	170,000	6.99	7.43	350,000	10.21	11.01
30	74	0	170,000	7.06	7.39	350,000	10.33	10.92
		750,000	1,700,000			3,500,000		

*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.

Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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Net Rates of Return Required on Premium to Match Policy Values

		Income Tax Rate 40.00%	Indexed Universal Life Interest Rate: 7.00%			Client's Share of Premium Financing Indexed Universal Life Interest Rate: 7.00%		
		(1)	Arbitrage (No PF)			Accelerated Arbitrage (with PF)		
Yr	Male Age	Premium Payment	(2) After Tax Policy Loan Proceeds	(3) Year End Cash Value*	(4) Death Benefit	(5) After Tax Policy Loan Proceeds	(6) Year End Cash Value*	(7) Death Benefit
31	75	0	170,000	7.13	7.36	350,000	10.44	10.84
32	76	0	170,000	7.20	7.42	350,000	10.55	10.92
33	77	0	170,000	7.26	7.48	350,000	10.65	11.00
34	78	0	170,000	7.32	7.53	350,000	10.74	11.07
35	79	0	170,000	7.38	7.58	350,000	10.82	11.13
36	80	0	170,000	7.44	7.63	350,000	10.90	11.19
37	81	0	170,000	7.49	7.68	350,000	10.98	11.25
38	82	0	170,000	7.55	7.73	350,000	11.05	11.30
39	83	0	170,000	7.60	7.77	350,000	11.11	11.34
40	84	0	170,000	7.64	7.82	350,000	11.16	11.38
41	85	0	170,000	7.69	7.86	350,000	11.21	11.42
42	86	0	170,000	7.73	7.89	350,000	11.26	11.45
43	87	0	170,000	7.77	7.93	350,000	11.30	11.48
44	88	0	170,000	7.81	7.96	350,000	11.33	11.50
45	89	0	170,000	7.84	7.99	350,000	11.36	11.52
46	90	0	170,000	7.87	8.01	350,000	11.38	11.54
47	91	0	170,000	7.90	8.01	350,000	11.41	11.52
48	92	0	170,000	7.93	8.01	350,000	11.43	11.52
49	93	0	170,000	7.97	8.02	350,000	11.46	11.51
50	94	0	170,000	8.00	8.03	350,000	11.49	11.51
51	95	0	170,000	8.05	8.05	350,000	11.52	11.52
52	96	0	170,000	8.08	8.08	350,000	11.55	11.55
53	97	0	170,000	8.12	8.12	350,000	11.57	11.57
54	98	0	170,000	8.16	8.16	350,000	11.59	11.59
55	99	0	170,000	8.19	8.19	350,000	11.61	11.61
		750,000	5,950,000			12,250,000		

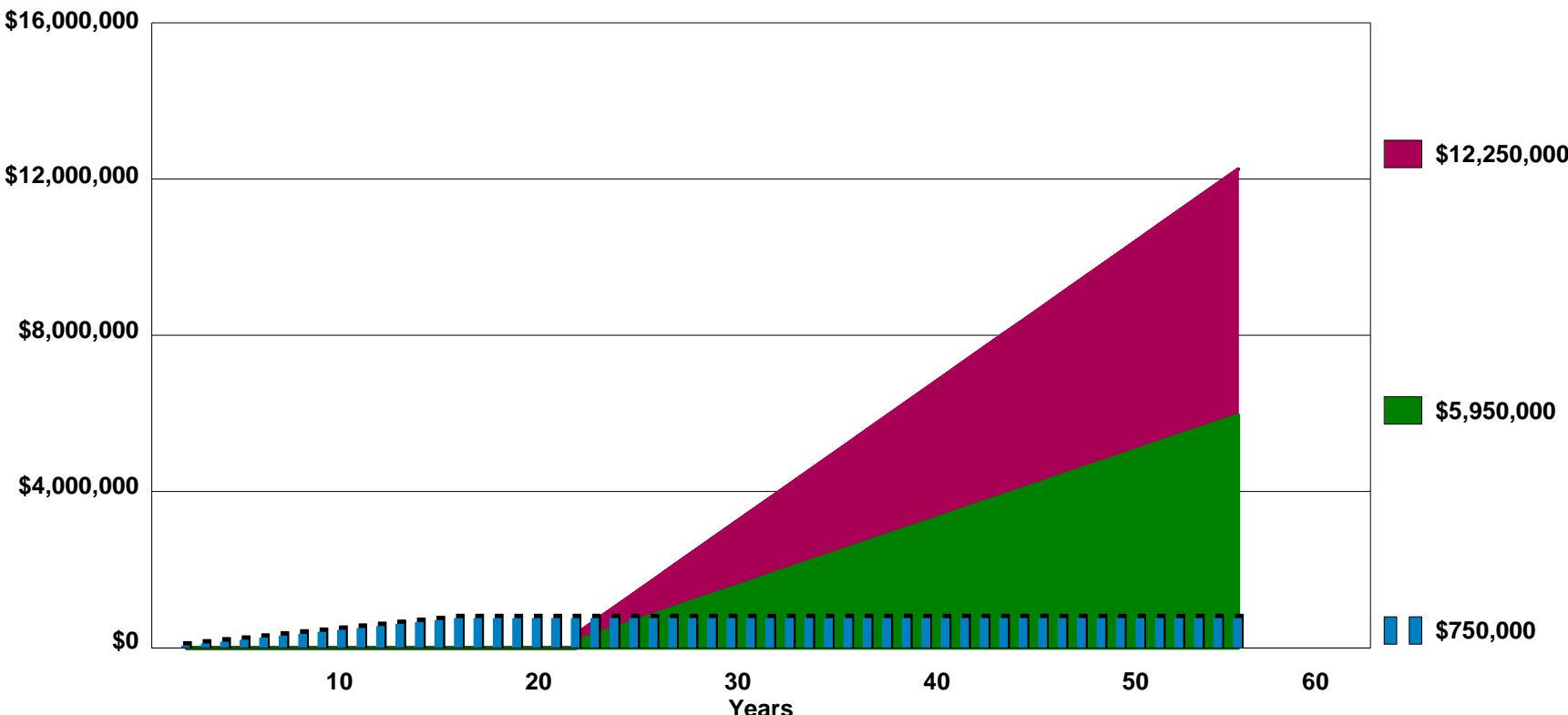
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Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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Insured: Robert Sterling

55 Year Summary Analysis of Cumulative After Tax Loan Proceeds



At Year 55

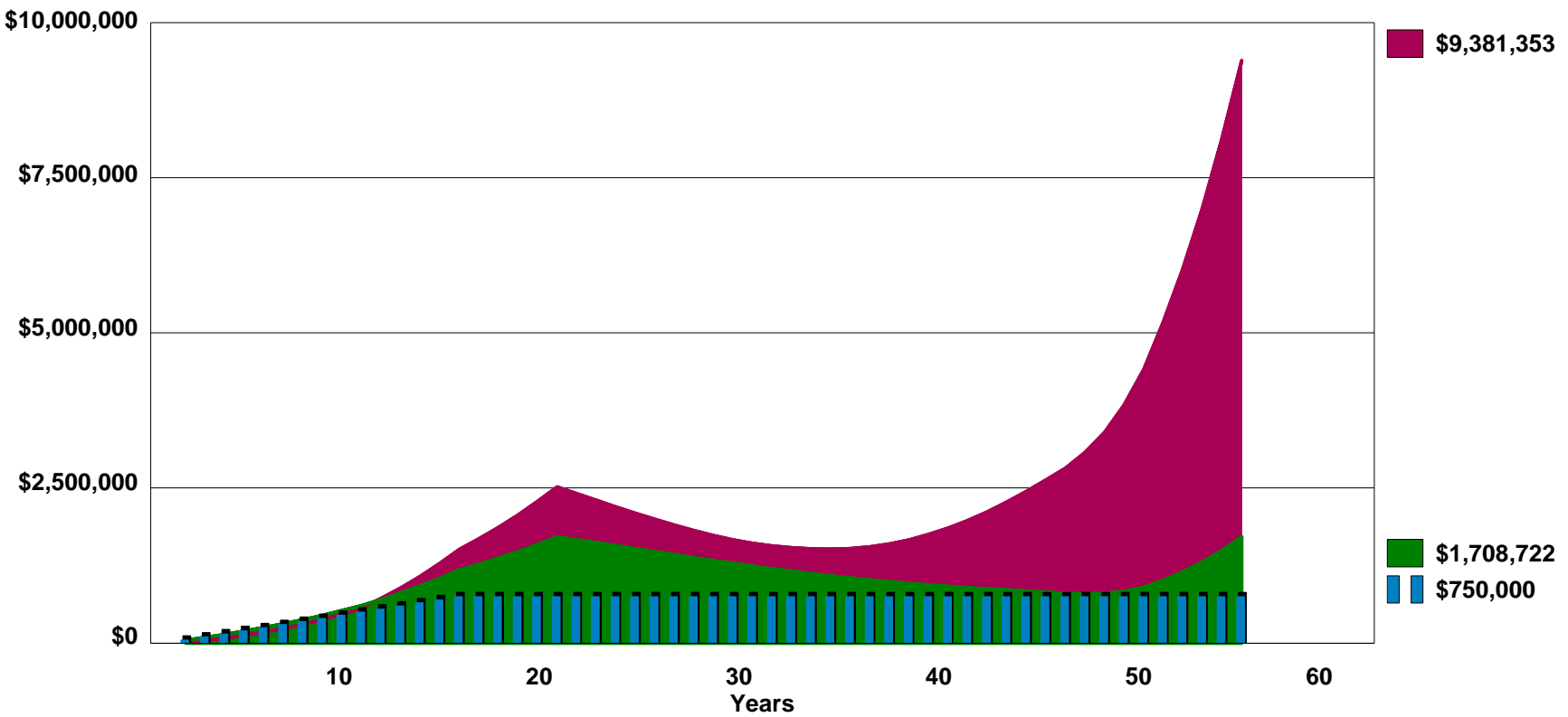
Cumulative Premium Payment	\$750,000
Arbitrage (No PF)	\$5,950,000
Accelerated Arbitrage (with PF)	\$12,250,000

Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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

Insured: Robert Sterling

55 Year Summary Analysis of Cash Values



At Year 55

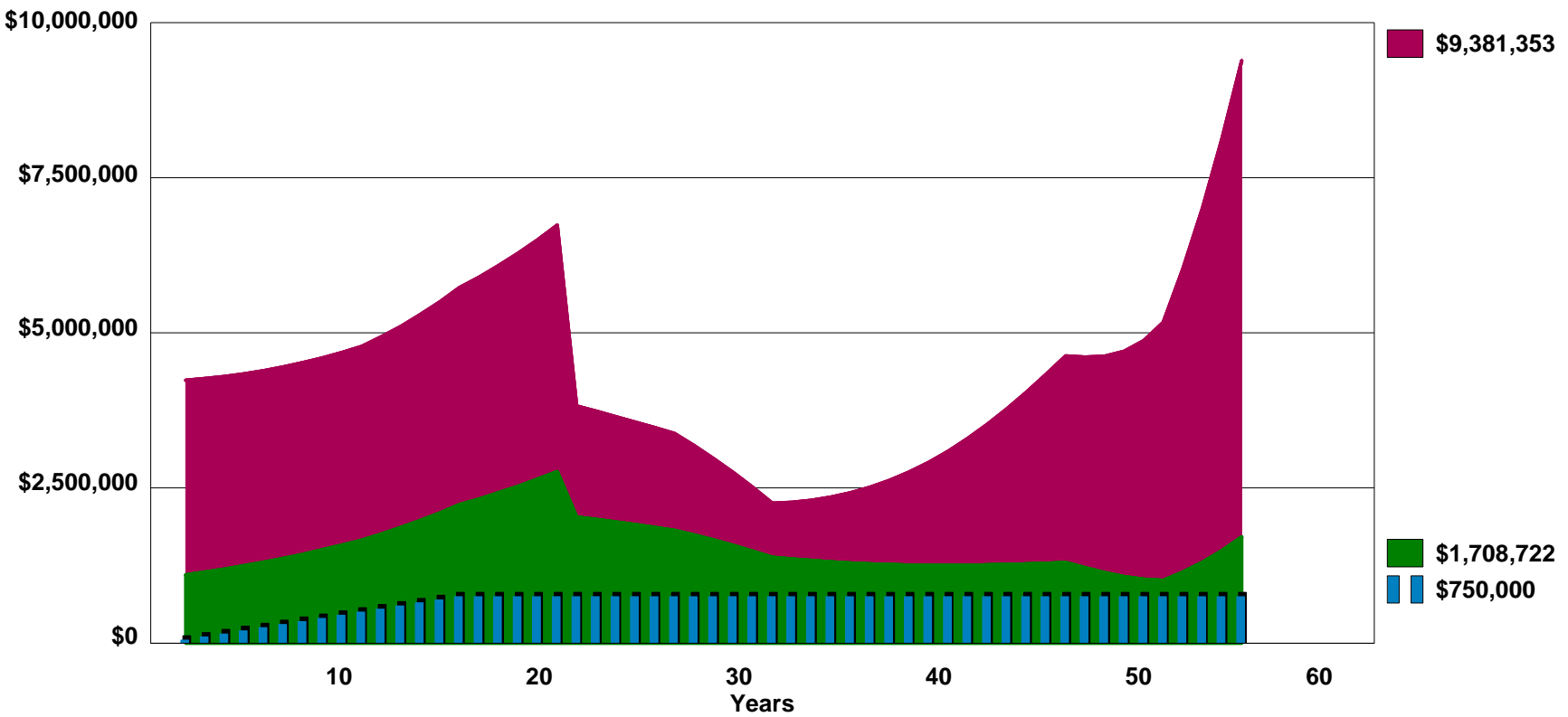
- Cumulative Premium Payment \$750,000
- Arbitrage (No PF) \$1,708,722
- Accelerated Arbitrage (with PF) \$9,381,353

Retirement Strategies: Arbitrage vs. Accelerated Arbitrage

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

Insured: Robert Sterling

55 Year Summary Analysis of Death Benefits



At Year 55

- Cumulative Premium Payment \$750,000
- Arbitrage (No PF) \$1,708,722
- Accelerated Arbitrage (with PF) \$9,381,353