

# Dual Security Plan

For: Roger Bartlett



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

[Licensed user's name appears here]

## Preface (for Key Members of Limited Liability Companies (LLCs))

### Key Member Life Insurance Coverage for the Benefit of the Limited Liability Company ("LLC") with Subsequent Distribution of the Policy to the Key Member

"Dual Security Plan" involves two sequential benefits for the principals of an LLC:

- 1) Selected members' lives are insured to provide funds for redemption (or cross purchase) of ownership interests at their death. (Some plans also include an additional amount of life insurance to indemnify the LLC for the loss due to the death of a member.)
- 2) At a future date, the policy is transferred to the member by way of a K-1 distribution thereby creating a supplemental retirement asset. If the LLC is taxed as a partnership as most are, the K-1 distribution is tax free to the member (IRC Sec. 731(a)).

#### Features of the coverage for the LLC are:

- a) Discriminatory participation as to the selection of participants;
- b) Income tax free policy death benefits;
- c) No regulatory approval is required.

#### Features of the policy transfer are:

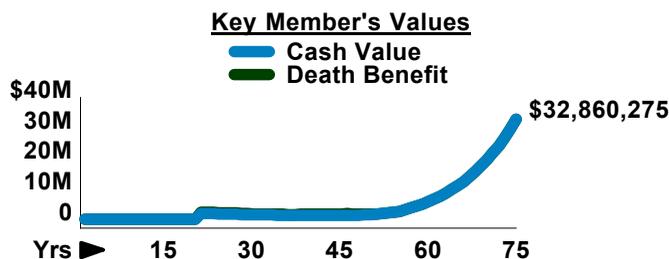
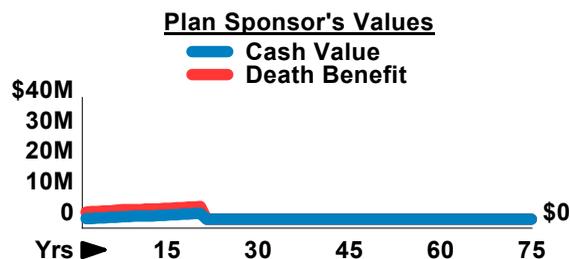
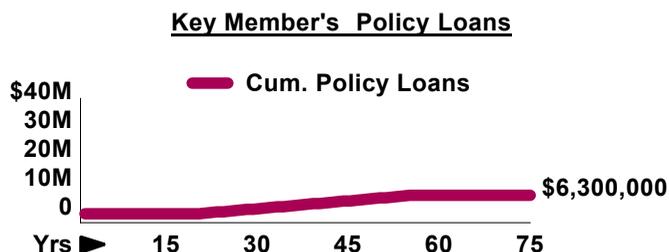
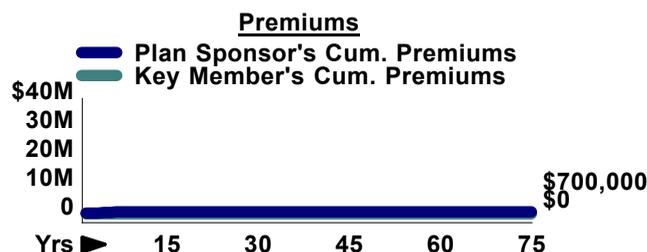
The LLC transfers ownership of the policy to the insured member who, in turn, names personal beneficiaries. This provides the member with:

- a) Policy cash values for use as a supplemental retirement asset;
- b) Income tax free policy death benefits for personal beneficiaries.

#### Conclusion

The "Dual Security Plan" facilitates a nurturing environment that rewards key members while also providing indemnification for the LLC in the event of the untimely death of a covered participant.

Be sure to consult with your own tax advisers before entering into this or any other arrangement involving tax and legal economic considerations.



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.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Illustration of Policy Values Funding the Plan

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

		Indexed UL Interest Rate 7.00%	Initial Premium 100,000	Initial Death Benefit 2,200,000	LLC's (Key Member's) Tax Bracket 40.00%				
Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Cash Value* Increase	(4) Year End Cash Value*	(4a) Pre-Tax Equivalent Rate of Return of Cash Value*	(5) Policy Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit	
1	45	100,000	0	87,396	87,396	-12.60	2,287,396	3645.66	
2	46	100,000	0	93,702	181,098	-6.44	2,381,098	567.53	
3	47	100,000	0	100,306	281,404	-3.17	2,481,404	252.94	
4	48	100,000	0	107,772	389,176	-1.09	2,589,176	151.88	
5	49	100,000	0	116,046	505,222	0.58	2,705,222	104.66	
6	50	100,000	0	125,130	630,352	2.35	2,830,352	78.09	
7	51	100,000	0	135,008	765,360	3.72	2,965,360	61.39	
8	52	0	0	46,271	811,631	4.95	3,011,631	50.49	
9	53	0	0	49,725	861,356	5.80	3,061,356	42.86	
10	54	0	0	53,431	914,787	6.42	3,114,787	37.27	
11	55	0	0	57,432	972,219	6.91	3,172,219	33.03	
12	56	0	0	61,738	1,033,957	7.31	3,233,957	29.73	
13	57	0	0	75,856	1,109,813	7.79	3,309,813	27.14	
14	58	0	0	81,784	1,191,597	8.19	3,391,597	25.03	
15	59	0	0	88,272	1,279,869	8.52	3,479,869	23.29	
16	60	0	0	94,959	1,374,828	8.81	3,574,828	21.84	
17	61	0	0	102,335	1,477,163	9.06	3,677,163	20.60	
18	62	0	0	110,465	1,587,628	9.28	3,787,628	19.55	
19	63	0	0	119,357	1,706,985	9.48	3,906,985	18.65	
20	64	0	0	128,792	1,835,777	9.66	4,035,777	17.87	
21	65	0	180,000	-45,140	1,790,637	9.85	2,186,564	11.63	
22	66	0	180,000	-45,510	1,745,127	10.03	2,150,317	11.65	
23	67	0	180,000	-45,833	1,699,294	10.18	2,112,415	11.66	
24	68	0	180,000	-46,061	1,653,233	10.33	2,072,767	11.68	
25	69	0	180,000	-46,173	1,607,060	10.46	2,031,285	11.69	
26	70	0	180,000	-46,158	1,560,902	10.59	1,987,872	11.71	
27	71	0	180,000	-45,579	1,515,323	10.71	1,912,364	11.66	
28	72	0	180,000	-44,643	1,470,680	10.82	1,830,980	11.61	
29	73	0	180,000	-43,269	1,427,411	10.94	1,743,440	11.57	
30	74	0	180,000	-41,357	1,386,054	11.05	1,649,483	11.53	
		700,000	1,800,000						

### 30 Year Summary

Cum. Premium Payments	700,000
Cum. Policy Loan Proceeds	1,800,000
Cash Value	1,386,054
Death Benefit	1,649,483

\*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.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Illustration of Policy Values Funding the Plan

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

Year	Male Age	Indexed UL Interest Rate 7.00%		Initial Premium	Initial Death Benefit	LLC's (Key Member's) Tax Bracket 40.00%				
		(1) Premium Payment	(2) Net Policy Loan Proceeds	100,000	2,200,000	(3) Cash Value* Increase	(4) Year End Cash Value*	(4a) Pre-Tax Equivalent Rate of Return of Cash Value*	(5) Policy Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit
31	75	0	180,000			-38,784	1,347,270	11.15	1,548,888	11.49
32	76	0	180,000			-36,803	1,310,467	11.26	1,526,408	11.59
33	77	0	180,000			-34,481	1,275,986	11.36	1,507,173	11.68
34	78	0	180,000			-31,804	1,244,182	11.45	1,491,598	11.77
35	79	0	180,000			-28,735	1,215,447	11.55	1,480,137	11.85
36	80	0	180,000			-25,277	1,190,170	11.64	1,473,242	11.93
37	81	0	180,000			-21,525	1,168,645	11.73	1,471,269	12.01
38	82	0	180,000			-17,385	1,151,260	11.81	1,474,674	12.09
39	83	0	180,000			-12,875	1,138,385	11.89	1,483,898	12.16
40	84	0	180,000			-8,083	1,130,302	11.97	1,499,291	12.23
41	85	0	180,000			-3,564	1,126,738	12.04	1,520,622	12.30
42	86	0	180,000			1,042	1,127,780	12.11	1,548,044	12.36
43	87	0	180,000			5,429	1,133,209	12.18	1,581,388	12.42
44	88	0	180,000			9,024	1,142,233	12.24	1,619,889	12.48
45	89	0	180,000			11,760	1,153,993	12.30	1,662,714	12.53
46	90	0	180,000			13,142	1,167,135	12.35	1,708,514	12.58
47	91	0	180,000			26,234	1,193,369	12.40	1,654,403	12.58
48	92	0	180,000			44,623	1,237,992	12.46	1,606,275	12.59
49	93	0	180,000			70,496	1,308,488	12.51	1,570,238	12.60
50	94	0	180,000			106,212	1,414,700	12.57	1,554,416	12.62
51	95	0	180,000			153,977	1,568,677	12.64	1,568,677	12.64
52	96	0	180,000			181,423	1,750,100	12.70	1,750,100	12.70
53	97	0	180,000			211,831	1,961,931	12.76	1,961,931	12.76
54	98	0	180,000			245,476	2,207,407	12.82	2,207,407	12.82
55	99	0	180,000			282,660	2,490,067	12.88	2,490,067	12.88
56	100	0	0			514,881	3,004,948	12.93	3,004,948	12.93
57	101	0	0			572,055	3,577,003	12.98	3,577,003	12.98
58	102	0	0			634,619	4,211,622	13.03	4,211,622	13.03
59	103	0	0			703,043	4,914,665	13.08	4,914,665	13.08
60	104	0	0			777,843	5,692,508	13.12	5,692,508	13.12
		700,000	6,300,000							

### 60 Year Summary

Cum. Premium Payments	700,000
Cum. Policy Loan Proceeds	6,300,000
Cash Value	5,692,508
Death Benefit	5,692,508

\*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.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Illustration of Policy Values Funding the Plan

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

		Indexed UL Interest Rate 7.00%	Initial Premium 100,000	Initial Death Benefit 2,200,000	LLC's (Key Member's) Tax Bracket 40.00%				
Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Cash Value*	(4) Year End Cash Value*	(4a) Pre-Tax Equivalent Rate of Return of Cash Value*	(5) Policy Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit	
61	105	0	0	859,575	6,552,083	13.16	6,552,083	13.16	
62	106	0	0	948,842	7,500,925	13.20	7,500,925	13.20	
63	107	0	0	1,046,298	8,547,223	13.24	8,547,223	13.24	
64	108	0	0	1,152,654	9,699,877	13.27	9,699,877	13.27	
65	109	0	0	1,268,677	10,968,554	13.31	10,968,554	13.31	
66	110	0	0	1,395,202	12,363,756	13.34	12,363,756	13.34	
67	111	0	0	1,533,133	13,896,889	13.37	13,896,889	13.37	
68	112	0	0	1,683,446	15,580,335	13.40	15,580,335	13.40	
69	113	0	0	1,847,207	17,427,542	13.43	17,427,542	13.43	
70	114	0	0	2,025,560	19,453,102	13.45	19,453,102	13.45	
71	115	0	0	2,219,755	21,672,857	13.48	21,672,857	13.48	
72	116	0	0	2,431,139	24,103,996	13.50	24,103,996	13.50	
73	117	0	0	2,661,174	26,765,170	13.53	26,765,170	13.53	
74	118	0	0	2,911,444	29,676,614	13.55	29,676,614	13.55	
75	119	0	0	3,183,661	32,860,275	13.57	32,860,275	13.57	

700,000

6,300,000

### 75 Year Summary

Cum. Premium Payments	700,000
Cum. Policy Loan Proceeds	6,300,000
Cash Value	32,860,275
Death Benefit	32,860,275

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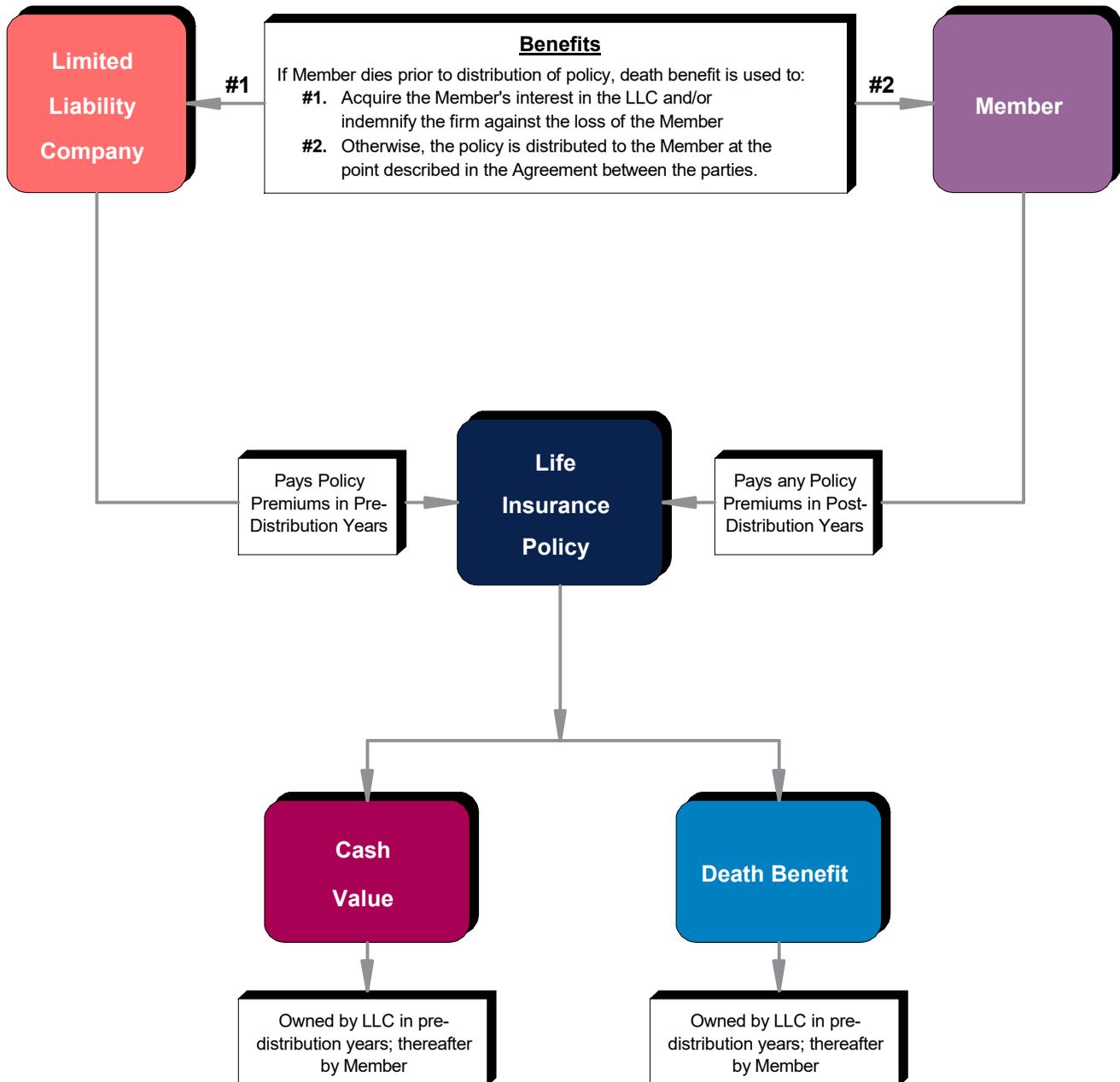
# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Who Pays What - Who Receives What

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company



When the policy is distributed to the member as a K-1 distribution, no gain or loss need be recognized by the LLC on a distribution of property (a life insurance policy is legally considered property) to a member (IRC Sec. 731(b)). Likewise, no gain or loss need be recognized by the Member receiving the policy, regardless of whether the value of the policy is higher or lower than the adjusted basis in the member's interest in the LLC. (IRC Sec. 731(a)). The basis of property (the policy in this case) distributed by the LLC to a member, other than in liquidation of the member's interest, is its adjusted basis to the LLC immediately before the distribution (which is the sum of the premiums paid by the LLC less any withdrawals made by the LLC prior to the distribution (IRS Rev. Proc. 2005-25)). (If multiple members are insured, the tax consequences of each distributed policy should be the same.)

## Details of the Tax Consequences When the Policy is Distributed to the Key Member

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

Form of Transaction  
(Key Member Coverage with  
Deferred K-1 Distribution  
of Policy to Key Member)

Policy Distribution to  
Key Member is Illustrated  
at Beginning of Year  
21

### **K-1 Distribution Details:**

Year the K-1 Distribution is illustrated: Beginning of year 21

Cash value of policy when distributed: \$1,835,777

LLC's cumulative premiums prior to distribution: \$700,000

Member's cumulative premiums prior to distribution: \$0

### **Tax Consequences of the K-1 Distribution:**

*(The following taxation remarks apply whether one member or multiple members are insured\*.)*

When the policy is distributed, no gain or loss need be recognized by the Limited Liability Company ("LLC") on a distribution of property (a life insurance policy is legally considered property) to a member (IRC Sec. 731(b)). Likewise, no gain or loss need be recognized by the member receiving the policy, regardless of whether the value of the policy is higher or lower than the member's adjusted basis in the member's interest in the LLC (IRC Sec. 731(a)).

The member's basis in the policy distributed by the LLC to the member is its adjusted basis to the LLC immediately before the distribution (which is the sum of the premiums paid by the LLC less any withdrawals made by the LLC prior to the distribution (IRS Rev. Proc. 2005-25)). The distributee member's basis in the property cannot exceed the adjusted basis of the member's interest in the LLC reduced by any money distributed in the same transaction (IRC Sec. 732(a)). (If multiple members are insured, the tax consequences of each distributed policy should be the same.)

For this case, the member's illustrated basis in the policy at the point of distribution is \$700,000.

Any premium payments, increase in policy values, or policy activity (loans, withdrawals, etc.) in the year of distribution are presumed to occur after the distribution takes place.

\*Because the LLC is taxed as a Partnership, it has significant flexibility in how it accounts for assets, and the taxation of policy distributions should be able to be arranged in this manner. (Some states do not allow LLCs with only one member.)

\*LLC accounting is complex and should only be done by a qualified professional. Be sure to consult with your own legal and tax advisers before entering into this or any other arrangement involving legal, tax, and economic considerations.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

		Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)		Policy Distribution to Key Member is Illustrated at Beginning of Year 21		Indexed UL Interest Rate 7.00%			
Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payments	(3) Policy Cash Value* Increase	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit to Acquire Member's LLC Interest	(6) Portion of Policy Death Benefit to Indemnify the LLC	(7) Total Policy Death Benefit Required (5) + (6)**	(8) Total Policy Death Benefit Provided
1	45	100,000	100,000	87,396	87,396	2,287,396	0	2,287,396	2,287,396
2	46	100,000	200,000	93,702	181,098	2,381,098	0	2,381,098	2,381,098
3	47	100,000	300,000	100,306	281,404	2,481,404	0	2,481,404	2,481,404
4	48	100,000	400,000	107,772	389,176	2,589,176	0	2,589,176	2,589,176
5	49	100,000	500,000	116,046	505,222	2,705,222	0	2,705,222	2,705,222
6	50	100,000	600,000	125,130	630,352	2,830,352	0	2,830,352	2,830,352
7	51	100,000	700,000	135,008	765,360	2,965,360	0	2,965,360	2,965,360
8	52	0	700,000	46,271	811,631	3,011,631	0	3,011,631	3,011,631
9	53	0	700,000	49,725	861,356	3,061,356	0	3,061,356	3,061,356
10	54	0	700,000	53,431	914,787	3,114,787	0	3,114,787	3,114,787
11	55	0	700,000	57,432	972,219	3,172,219	0	3,172,219	3,172,219
12	56	0	700,000	61,738	1,033,957	3,233,957	0	3,233,957	3,233,957
13	57	0	700,000	75,856	1,109,813	3,309,813	0	3,309,813	3,309,813
14	58	0	700,000	81,784	1,191,597	3,391,597	0	3,391,597	3,391,597
15	59	0	700,000	88,272	1,279,869	3,479,869	0	3,479,869	3,479,869
16	60	0	700,000	94,959	1,374,828	3,574,828	0	3,574,828	3,574,828
17	61	0	700,000	102,335	1,477,163	3,677,163	0	3,677,163	3,677,163
18	62	0	700,000	110,465	1,587,628	3,787,628	0	3,787,628	3,787,628
19	63	0	700,000	119,357	1,706,985	3,906,985	0	3,906,985	3,906,985
20	64	0	700,000	128,792	1,835,777	4,035,777	0	4,035,777	4,035,777
21	65	0	700,000	0	0	0	0	0	0
22	66	0	700,000	0	0	0	0	0	0
23	67	0	700,000	0	0	0	0	0	0
24	68	0	700,000	0	0	0	0	0	0
25	69	0	700,000	0	0	0	0	0	0
26	70	0	700,000	0	0	0	0	0	0
27	71	0	700,000	0	0	0	0	0	0
28	72	0	700,000	0	0	0	0	0	0
29	73	0	700,000	0	0	0	0	0	0
30	74	0	700,000	0	0	0	0	0	0

700,000

\*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.

\*\*Key Member Coverage is terminated at the beginning of year 21 when the policy is transferred to the Key Member.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Plan Sponsor's Summary of Costs and Benefits

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

		Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)		Policy Distribution to Key Member is Illustrated at Beginning of Year 21		Indexed UL Interest Rate 7.00%			
Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payments	(3) Policy Cash Value* Increase	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit to Acquire Member's LLC Interest	(6) Portion of Policy Death Benefit to Indemnify the LLC	(7) Total Policy Death Benefit Required (5) + (6)**	(8) Total Policy Death Benefit Provided
31	75	0	700,000	0	0	0	0	0	0
32	76	0	700,000	0	0	0	0	0	0
33	77	0	700,000	0	0	0	0	0	0
34	78	0	700,000	0	0	0	0	0	0
35	79	0	700,000	0	0	0	0	0	0
36	80	0	700,000	0	0	0	0	0	0
37	81	0	700,000	0	0	0	0	0	0
38	82	0	700,000	0	0	0	0	0	0
39	83	0	700,000	0	0	0	0	0	0
40	84	0	700,000	0	0	0	0	0	0
41	85	0	700,000	0	0	0	0	0	0
42	86	0	700,000	0	0	0	0	0	0
43	87	0	700,000	0	0	0	0	0	0
44	88	0	700,000	0	0	0	0	0	0
45	89	0	700,000	0	0	0	0	0	0
46	90	0	700,000	0	0	0	0	0	0
47	91	0	700,000	0	0	0	0	0	0
48	92	0	700,000	0	0	0	0	0	0
49	93	0	700,000	0	0	0	0	0	0
50	94	0	700,000	0	0	0	0	0	0
51	95	0	700,000	0	0	0	0	0	0
52	96	0	700,000	0	0	0	0	0	0
53	97	0	700,000	0	0	0	0	0	0
54	98	0	700,000	0	0	0	0	0	0
55	99	0	700,000	0	0	0	0	0	0
56	100	0	700,000	0	0	0	0	0	0
57	101	0	700,000	0	0	0	0	0	0
58	102	0	700,000	0	0	0	0	0	0
59	103	0	700,000	0	0	0	0	0	0
60	104	0	700,000	0	0	0	0	0	0

700,000

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Limited Liability Company

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Year	Male Age	(1) Premium Payment	(2) Cumulative Premium Payments	(3) Policy Cash Value* Increase	(4) Policy Cash Value*	(5) Portion of Policy Death Benefit to Acquire Member's LLC Interest	(6) Portion of Policy Death Benefit to Indemnify the LLC	(7) Total Policy Death Benefit Required (5) + (6)**	(8) Total Policy Death Benefit Provided
61	105	0	700,000	0	0	0	0	0	0
62	106	0	700,000	0	0	0	0	0	0
63	107	0	700,000	0	0	0	0	0	0
64	108	0	700,000	0	0	0	0	0	0
65	109	0	700,000	0	0	0	0	0	0
66	110	0	700,000	0	0	0	0	0	0
67	111	0	700,000	0	0	0	0	0	0
68	112	0	700,000	0	0	0	0	0	0
69	113	0	700,000	0	0	0	0	0	0
70	114	0	700,000	0	0	0	0	0	0
71	115	0	700,000	0	0	0	0	0	0
72	116	0	700,000	0	0	0	0	0	0
73	117	0	700,000	0	0	0	0	0	0
74	118	0	700,000	0	0	0	0	0	0
75	119	0	700,000	0	0	0	0	0	0

700,000

\*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.

\*\*Key Member Coverage is terminated at the beginning of year 21 when the policy is transferred to the Key Member.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Key Member's Summary of Costs and Benefits

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)      Policy Distribution to Key Member is Illustrated at Beginning of Year 21      LLC's (Key Member's) Tax Bracket 40.00%      Indexed UL Interest Rate 7.00%

Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Policy Cash Value* Increase	(4) Policy Cash Value*	(5) Policy Death Benefit
1	45	0	0	0	0	0
2	46	0	0	0	0	0
3	47	0	0	0	0	0
4	48	0	0	0	0	0
5	49	0	0	0	0	0
6	50	0	0	0	0	0
7	51	0	0	0	0	0
8	52	0	0	0	0	0
9	53	0	0	0	0	0
10	54	0	0	0	0	0
11	55	0	0	0	0	0
12	56	0	0	0	0	0
13	57	0	0	0	0	0
14	58	0	0	0	0	0
15	59	0	0	0	0	0
16	60	0	0	0	0	0
17	61	0	0	0	0	0
18	62	0	0	0	0	0
19	63	0	0	0	0	0
20	64	0	0	0	0	0
21	65	0	180,000	-45,140	1,790,637	2,186,564
22	66	0	180,000	-45,510	1,745,127	2,150,317
23	67	0	180,000	-45,833	1,699,294	2,112,415
24	68	0	180,000	-46,061	1,653,233	2,072,767
25	69	0	180,000	-46,173	1,607,060	2,031,285
26	70	0	180,000	-46,158	1,560,902	1,987,872
27	71	0	180,000	-45,579	1,515,323	1,912,364
28	72	0	180,000	-44,643	1,470,680	1,830,980
29	73	0	180,000	-43,269	1,427,411	1,743,440
30	74	0	180,000	-41,357	1,386,054	1,649,483
		0	1,800,000			

\*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.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Key Member's Summary of Costs and Benefits

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)      Policy Distribution to Key Member is Illustrated at Beginning of Year 21      LLC's (Key Member's) Tax Bracket 40.00%      Indexed UL Interest Rate 7.00%

Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Policy Cash Value* Increase	(4) Policy Cash Value*	(5) Policy Death Benefit
31	75	0	180,000	-38,784	1,347,270	1,548,888
32	76	0	180,000	-36,803	1,310,467	1,526,408
33	77	0	180,000	-34,481	1,275,986	1,507,173
34	78	0	180,000	-31,804	1,244,182	1,491,598
35	79	0	180,000	-28,735	1,215,447	1,480,137
36	80	0	180,000	-25,277	1,190,170	1,473,242
37	81	0	180,000	-21,525	1,168,645	1,471,269
38	82	0	180,000	-17,385	1,151,260	1,474,674
39	83	0	180,000	-12,875	1,138,385	1,483,898
40	84	0	180,000	-8,083	1,130,302	1,499,291
41	85	0	180,000	-3,564	1,126,738	1,520,622
42	86	0	180,000	1,042	1,127,780	1,548,044
43	87	0	180,000	5,429	1,133,209	1,581,388
44	88	0	180,000	9,024	1,142,233	1,619,889
45	89	0	180,000	11,760	1,153,993	1,662,714
46	90	0	180,000	13,142	1,167,135	1,708,514
47	91	0	180,000	26,234	1,193,369	1,654,403
48	92	0	180,000	44,623	1,237,992	1,606,275
49	93	0	180,000	70,496	1,308,488	1,570,238
50	94	0	180,000	106,212	1,414,700	1,554,416
51	95	0	180,000	153,977	1,568,677	1,568,677
52	96	0	180,000	181,423	1,750,100	1,750,100
53	97	0	180,000	211,831	1,961,931	1,961,931
54	98	0	180,000	245,476	2,207,407	2,207,407
55	99	0	180,000	282,660	2,490,067	2,490,067
56	100	0	0	514,881	3,004,948	3,004,948
57	101	0	0	572,055	3,577,003	3,577,003
58	102	0	0	634,619	4,211,622	4,211,622
59	103	0	0	703,043	4,914,665	4,914,665
60	104	0	0	777,843	5,692,508	5,692,508
		0	6,300,000			

\*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.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

## Key Member's Summary of Costs and Benefits

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

Form of Transaction (Key Member Coverage with Deferred K-1 Distribution of Policy to Key Member)      Policy Distribution to Key Member is Illustrated at Beginning of Year 21      LLC's (Key Member's) Tax Bracket 40.00%      Indexed UL Interest Rate 7.00%

Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Policy Cash Value* Increase	(4) Policy Cash Value*	(5) Policy Death Benefit
61	105	0	0	859,575	6,552,083	6,552,083
62	106	0	0	948,842	7,500,925	7,500,925
63	107	0	0	1,046,298	8,547,223	8,547,223
64	108	0	0	1,152,654	9,699,877	9,699,877
65	109	0	0	1,268,677	10,968,554	10,968,554
66	110	0	0	1,395,202	12,363,756	12,363,756
67	111	0	0	1,533,133	13,896,889	13,896,889
68	112	0	0	1,683,446	15,580,335	15,580,335
69	113	0	0	1,847,207	17,427,542	17,427,542
70	114	0	0	2,025,560	19,453,102	19,453,102
71	115	0	0	2,219,755	21,672,857	21,672,857
72	116	0	0	2,431,139	24,103,996	24,103,996
73	117	0	0	2,661,174	26,765,170	26,765,170
74	118	0	0	2,911,444	29,676,614	29,676,614
75	119	0	0	3,183,661	32,860,275	32,860,275

0      6,300,000

\*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.

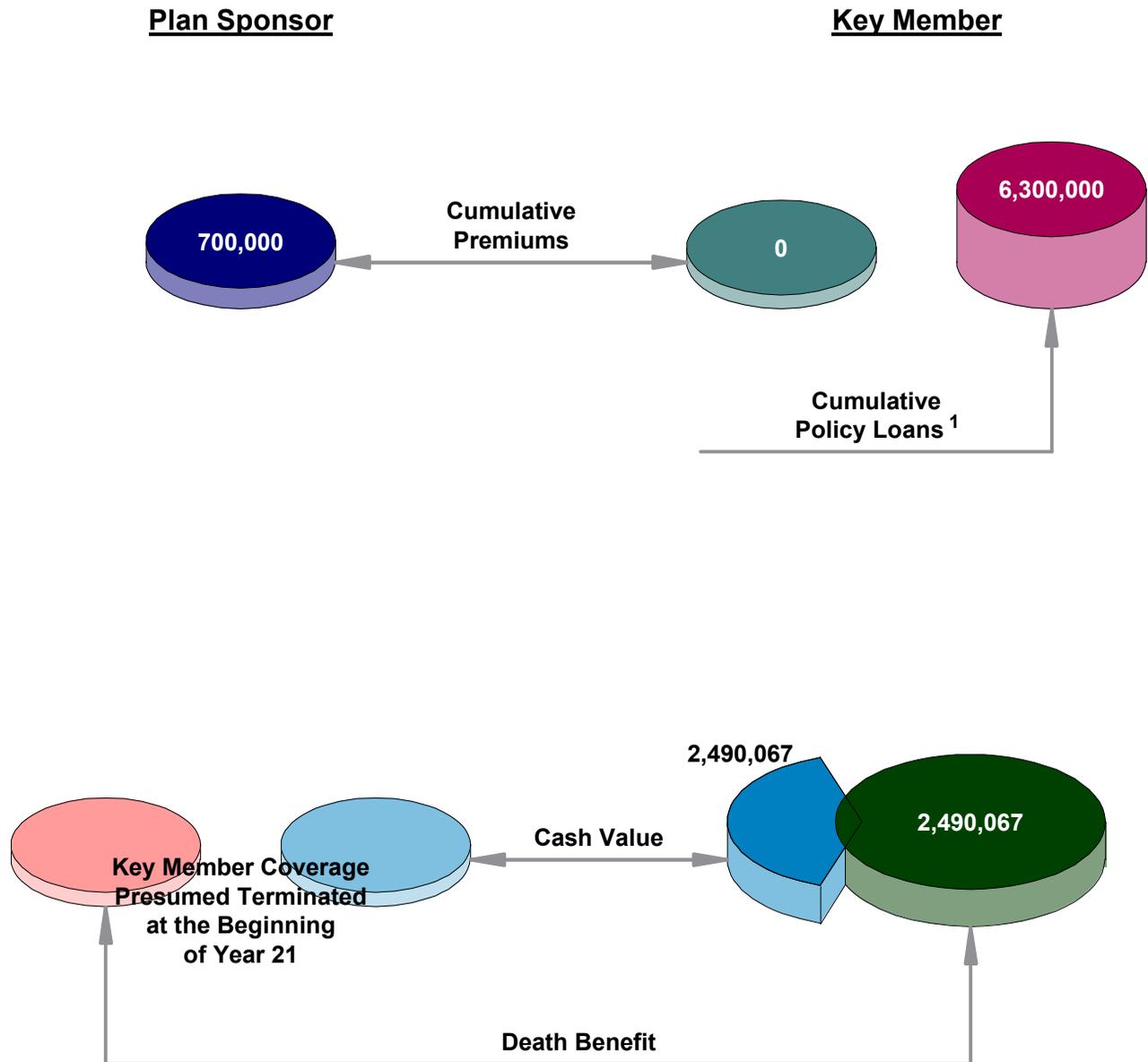
# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

A Look at Year 55

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company



<sup>1</sup>For Retirement Income.

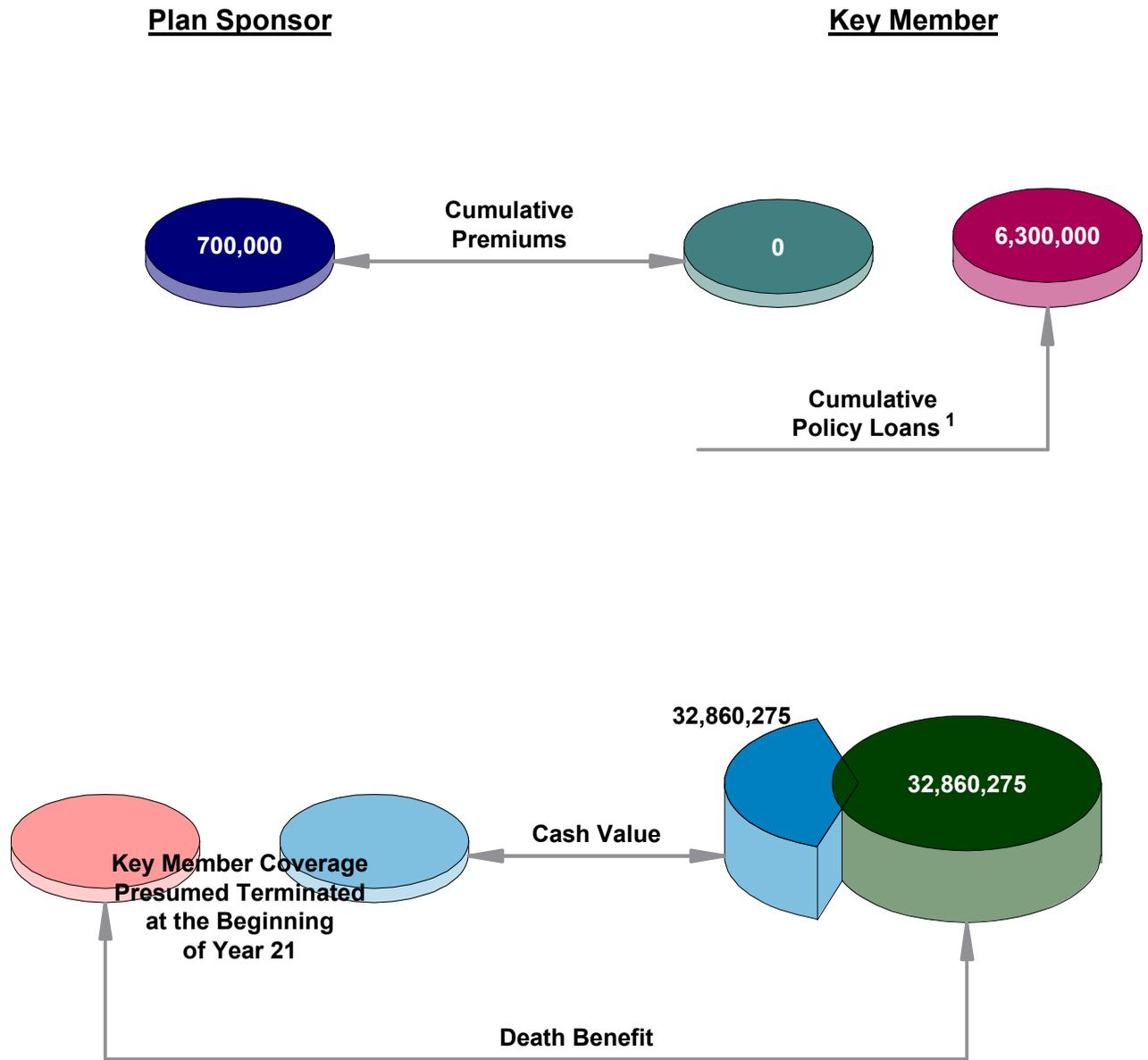
# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

A Look at Year 75

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company



<sup>1</sup>For Retirement Income.

# Dual Security Plan Using Indexed Universal Life

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

Insured: Roger Bartlett

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

## Benefit Summary

Indexed UL Interest Rate 7.00%	Initial Death Benefit 2,200,000	<u>Policy Owner</u> Business Until Transferred to Member in Year 21	<u>Policy Premiums Prior to Transfer</u> Paid by Business \$100,000 for 1st 7 Yrs	Paid by Member \$0
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<b>Benefits for Roger Bartlett</b>	<b>See Report Entitled</b>
Policy illustrated transferred to the Member at the beginning of year 21.	Member's Summary of Costs and Benefits
Member's out-of-pocket cost for tax on the transfer in year 21: \$0	Member's Cost Analysis
Member's illustrated cash value at end of year 21: \$1,790,637	Member's Summary of Costs and Benefits
Member's illustrated annual retirement cash flow* for 35 years: \$180,000	Member's Summary of Costs and Benefits
Member's illustrated death benefit for family at end of year 21: \$2,186,564	Member's Summary of Costs and Benefits

\*Cash flow is received **income tax free** according to current tax rules assuming it involves withdrawals to basis and/or loans. Withdrawals that exceed cost basis are taxed.

<b>Benefits for McLean Auto Group, LLC</b>	<b>See Report Entitled</b>
Cash value of life insurance policy owned by the business just prior to transfer of the policy: \$1,835,777	Plan Sponsor's Summary of Costs and Benefits
Lowest illustrated life insurance death benefit to indemnify the business prior to the transfer of the policy: \$2,287,396	Plan Sponsor's Summary of Costs and Benefits
Illustrated tax savings for the business upon transfer of the policy: \$0	Details of the Tax Consequences
Providing the benefits for the Member helps retain a valuable participant in the continuing success of the business.	
Should the Member fail to complete the terms of the agreement associated with the plan, the transfer of the policy is forfeited, and all policy values remain an asset of the business.	

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.

## Supplemental Report

Plan Sponsor: McLean Auto Group, LLC  
Limited Liability Company

### **Important Note**

This material 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.