

Indexed Universal Life vs. a 401(k)

For: Tom Graves



Presented By: _____

[Licensed user's name appears here]

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.

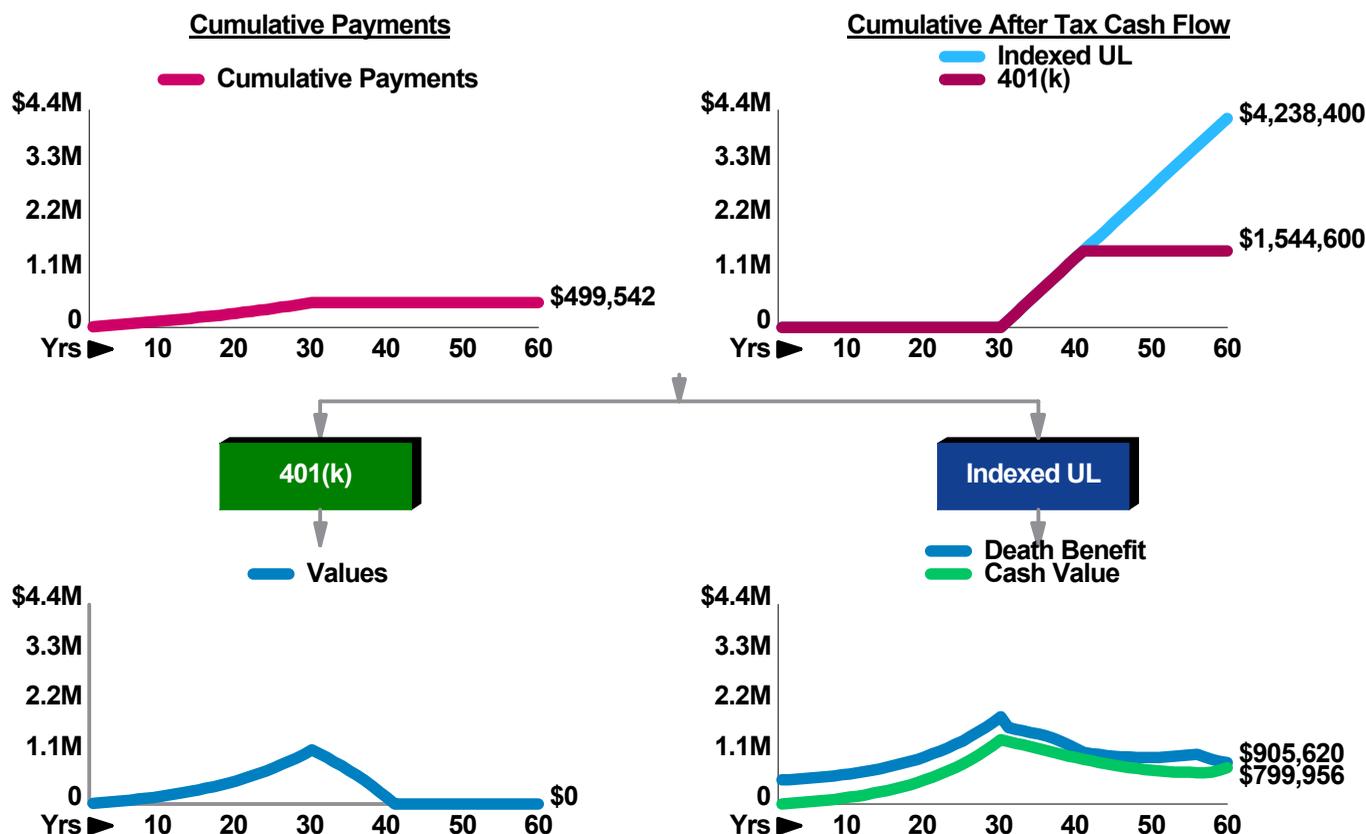
To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a 401(k).

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

401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Comparison of Values

401(k) Yield: 6.85%
 Income Tax Rate: 30.00%
 Indexed UL Interest Rate: 6.85%
 Initial Payment: 10,500
 Initial Death Benefit: 513,647

Yr	Male Age	401(k)					Indexed Universal Life					
		(1) Tax Deductible Deposits to the 401(k)	(2) After Tax Equivalent of 401(k) Deposit*	(3) After Tax Withdrawal from the 401(k)**	(4) Year End Value of 401(k) Account	(5) Year End Value of 401(k) if Distributed	(6) After Tax Death Benefit of 401(k)	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Year End Accum Value***	(10) Year End Cash Value***	(11) Death Benefit
1	35	15,000	10,500	0	15,868	9,521	11,108	10,500	0	9,119	0	522,766
2	36	15,450	10,815	0	33,128	19,877	23,190	10,815	0	19,180	7,931	532,827
3	37	15,913	11,139	0	51,876	31,126	36,313	11,139	0	30,311	19,175	543,958
4	38	16,391	11,474	0	72,214	43,328	50,550	11,474	0	42,607	31,584	556,254
5	39	16,883	11,818	0	94,248	56,549	65,974	11,818	0	56,174	45,275	569,821
6	40	17,389	12,172	0	118,091	70,855	82,664	12,172	0	71,110	60,333	584,757
7	41	17,911	12,538	0	143,865	86,319	100,706	12,538	0	87,521	76,873	601,168
8	42	18,449	12,914	0	171,698	103,019	120,189	12,914	0	105,521	96,645	619,168
9	43	19,001	13,301	0	201,724	121,034	141,207	13,301	0	125,232	118,133	638,879
10	44	19,571	13,700	0	234,089	140,453	163,862	13,700	0	147,381	142,060	661,028
11	45	20,159	14,111	0	268,947	161,368	188,263	14,111	0	171,638	168,088	685,285
12	46	20,763	14,534	0	306,459	183,875	214,521	14,534	0	198,197	196,424	711,844
13	47	21,386	14,970	0	346,799	208,079	242,759	14,970	0	227,997	227,997	741,644
14	48	22,029	15,420	0	390,152	234,091	273,106	15,420	0	260,571	260,571	774,218
15	49	22,689	15,882	0	436,710	262,026	305,697	15,882	0	296,129	296,129	809,776
16	50	23,370	16,359	0	486,679	292,007	340,675	16,359	0	334,878	334,878	848,525
17	51	24,070	16,849	0	540,278	324,167	378,195	16,849	0	377,110	377,110	890,757
18	52	24,793	17,355	0	597,740	358,644	418,418	17,355	0	423,129	423,129	936,776
19	53	25,537	17,876	0	659,311	395,587	461,518	17,876	0	473,257	473,257	986,904
20	54	26,303	18,412	0	725,253	435,152	507,677	18,412	0	527,850	527,850	1,041,497
21	55	27,091	18,964	0	795,841	477,505	557,089	18,964	0	587,291	587,291	1,100,938
22	56	27,904	19,533	0	871,370	522,822	609,959	19,533	0	651,997	651,997	1,165,644
23	57	28,741	20,119	0	952,151	571,291	666,506	20,119	0	722,406	722,406	1,236,053
24	58	29,604	20,723	0	1,038,515	623,109	726,961	20,723	0	798,988	798,988	1,312,635
25	59	30,491	21,344	0	1,130,811	678,487	791,568	21,344	0	882,246	882,246	1,395,893
26	60	31,407	21,985	0	1,229,412	740,588	860,588	21,985	0	972,600	972,600	1,486,247
27	61	32,349	22,644	0	1,334,710	814,297	934,297	22,644	0	1,070,495	1,070,495	1,584,142
28	62	33,320	23,324	0	1,447,123	893,986	1,012,986	23,324	0	1,176,527	1,176,527	1,690,174
29	63	34,319	24,023	0	1,567,092	979,964	1,096,964	24,023	0	1,291,337	1,291,337	1,804,984
30	64	35,349	24,744	0	1,695,086	1,186,560	1,186,560	24,744	0	1,415,615	1,415,615	1,929,262
		713,632	499,542	0				499,542	0			

Management fees reflected in column (4): 1.00%

*Equal to Column (7)

**401(k) withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Column (3).

***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.

Note: 401(k) values do not reflect market rate adjustments, if any. 401(k) is assessed: Tax on withdrawals. Entries in Column (3) are after tax.

30 Year Summary

	401(k)	Indexed UL
After Tax Payments	499,542	499,542
After Tax Cash Flow	0	0
Living Values	1,186,560	1,415,615
Death Benefit	1,186,560	1,929,262

401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Comparison of Values

401(k) Yield: 6.85%
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 Indexed UL Interest Rate: 6.85%
 Initial Payment: 10,500
 Initial Death Benefit: 513,647

Yr	Male Age	401(k)					Indexed Universal Life					
		(1) Tax Deductible Deposits to the 401(k)	(2) After Tax Equivalent of 401(k) Deposit*	(3) After Tax Withdrawal from the 401(k)**	(4) Year End Value of 401(k) Account	(5) Year End Value of 401(k) if Distributed	(6) After Tax Death Benefit of 401(k)	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Year End Accum Value***	(10) Year End Cash Value***	(11) Death Benefit
31	65	0	0	141,280	1,579,590	1,105,713	1,105,713	0	141,280	1,523,795	1,376,795	1,681,554
32	66	0	0	141,280	1,457,417	1,020,192	1,020,192	0	141,280	1,638,774	1,337,424	1,648,791
33	67	0	0	141,280	1,328,180	929,726	929,726	0	141,280	1,761,021	1,297,604	1,614,588
34	68	0	0	141,280	1,191,471	834,030	834,030	0	141,280	1,891,010	1,257,421	1,578,893
35	69	0	0	141,280	1,046,859	732,801	732,801	0	141,280	2,029,260	1,216,992	1,541,674
36	70	0	0	141,280	893,886	625,720	625,720	0	141,280	2,176,315	1,176,433	1,502,881
37	71	0	0	141,280	732,068	512,448	512,448	0	141,280	2,333,001	1,136,126	1,439,416
38	72	0	0	141,280	560,894	392,626	392,626	0	141,280	2,500,043	1,096,324	1,371,329
39	73	0	0	141,280	379,824	265,877	265,877	0	141,280	2,678,249	1,057,344	1,298,386
40	74	0	0	141,280	188,286	131,800	131,800	0	141,280	2,868,510	1,019,560	1,220,356
41	75	0	0	131,800	0	0	0	0	141,280	3,071,827	983,429	1,137,020
42	76	0	0	0	0	0	0	0	141,280	3,288,306	948,489	1,112,904
43	77	0	0	0	0	0	0	0	141,280	3,518,796	914,987	1,090,927
44	78	0	0	0	0	0	0	0	141,280	3,764,179	883,180	1,071,389
45	79	0	0	0	0	0	0	0	141,280	4,025,403	853,354	1,054,624
46	80	0	0	0	0	0	0	0	141,280	4,303,397	825,746	1,040,916
47	81	0	0	0	0	0	0	0	141,280	4,598,992	800,458	1,030,408
48	82	0	0	0	0	0	0	0	141,280	4,913,175	777,714	1,023,373
49	83	0	0	0	0	0	0	0	141,280	5,246,928	757,694	1,020,041
50	84	0	0	0	0	0	0	0	141,280	5,601,187	740,492	1,020,551
51	85	0	0	0	0	0	0	0	141,280	5,976,851	726,121	1,024,964
52	86	0	0	0	0	0	0	0	141,280	6,374,808	714,542	1,033,282
53	87	0	0	0	0	0	0	0	141,280	6,795,783	705,503	1,045,293
54	88	0	0	0	0	0	0	0	141,280	7,240,134	698,340	1,060,347
55	89	0	0	0	0	0	0	0	141,280	7,708,214	692,331	1,077,741
56	90	0	0	0	0	0	0	0	141,280	8,200,054	686,376	1,096,379
57	91	0	0	0	0	0	0	0	141,280	8,725,724	689,363	1,038,392
58	92	0	0	0	0	0	0	0	141,280	9,290,428	705,248	983,961
59	93	0	0	0	0	0	0	0	141,280	9,901,086	739,647	937,669
60	94	0	0	0	0	0	0	0	141,280	10,566,466	799,956	905,620
		713,632	499,542	1,544,600				499,542	4,238,400			

Management fees reflected in column (4): 1.00%

*Equal to Column (7)

**401(k) withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Column (3).

***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.

Note: 401(k) values do not reflect market rate adjustments, if any. 401(k) is assessed: Tax on withdrawals. Entries in Column (3) are after tax.

60 Year Summary

	401(k)	Indexed UL
After Tax Payments	499,542	499,542
After Tax Cash Flow	1,544,600	4,238,400
Living Values	0	799,956
Death Benefit	0	905,620

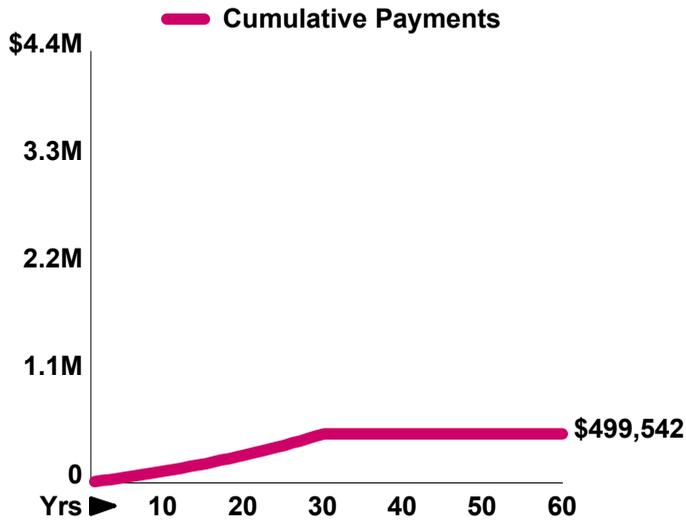
401(k) vs. Indexed Universal Life

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

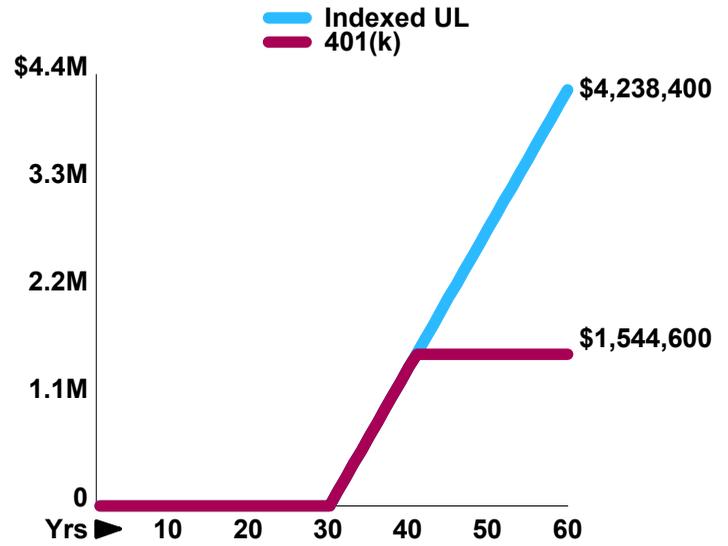
Insured: Tom Graves

60 Year Analysis

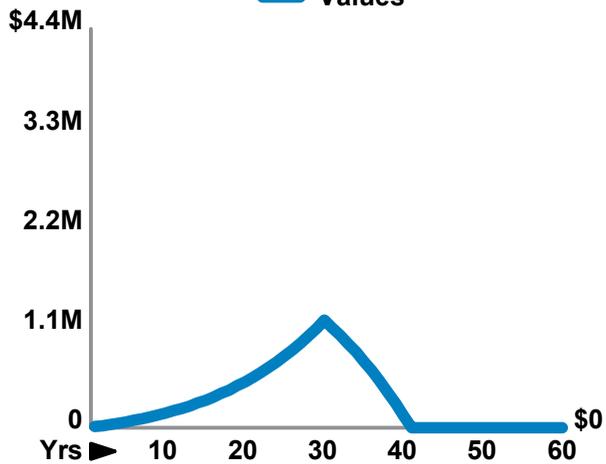
Cumulative Payments



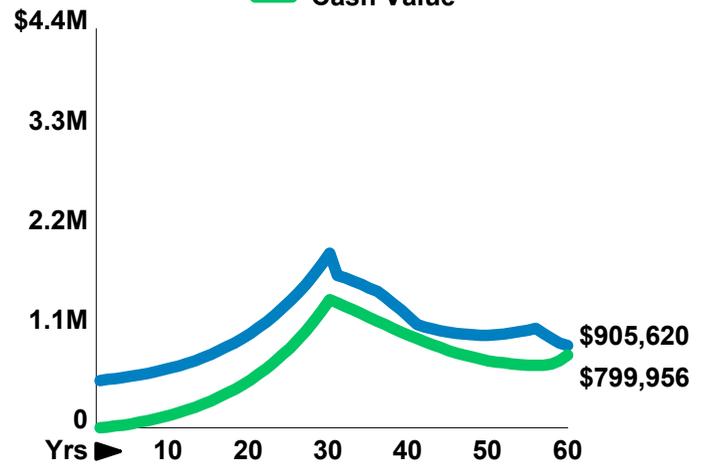
Cumulative After Tax Cash Flow



Values



Death Benefit Cash Value



401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Comparison of Plan Costs

		401(k) Yield 6.85%	Income Tax Rate 30.00%	Indexed UL Interest Rate 6.85%	Initial Death Benefit 513,647			
		401(k)				Indexed Universal Life*		
Year	Male Age	(1) Policy Premium	(2) Mgmt Fee	(3) Taxes	(4) 401(k) Total Annual Costs	(5) 401(k) Cumulative Total Costs	(6) Policy Total Annual Costs	(7) Policy Cumulative Total Costs
1	35	10,500	160	0	160	160	2,089	2,089
2	36	10,815	335	0	335	495	2,199	4,288
3	37	11,139	524	0	524	1,019	2,268	6,556
4	38	11,474	729	0	729	1,748	2,336	8,892
5	39	11,818	952	0	952	2,700	2,401	11,293
6	40	12,172	1,193	0	1,193	3,893	2,480	13,773
7	41	12,538	1,453	0	1,453	5,346	2,570	16,343
8	42	12,914	1,734	0	1,734	7,080	2,674	19,017
9	43	13,301	2,038	0	2,038	9,118	2,793	21,810
10	44	13,700	2,365	0	2,365	11,483	2,374	24,184
11	45	14,111	2,717	0	2,717	14,200	2,451	26,635
12	46	14,534	3,096	0	3,096	17,296	2,513	29,148
13	47	14,970	3,503	0	3,503	20,799	1,861	31,009
14	48	15,420	3,941	0	3,941	24,740	1,917	32,926
15	49	15,882	4,411	0	4,411	29,151	1,994	34,920
16	50	16,359	4,916	0	4,916	34,067	2,112	37,032
17	51	16,849	5,457	0	5,457	39,524	2,206	39,238
18	52	17,355	6,038	0	6,038	45,562	2,287	41,525
19	53	17,876	6,660	0	6,660	52,222	2,362	43,887
20	54	18,412	7,326	0	7,326	59,548	2,420	46,307
21	55	18,964	8,039	0	8,039	67,587	2,466	48,773
22	56	19,533	8,802	0	8,802	76,389	2,495	51,268
23	57	20,119	9,618	0	9,618	86,007	2,519	53,787
24	58	20,723	10,490	0	10,490	96,497	2,543	56,330
25	59	21,344	11,422	0	11,422	107,919	2,568	58,898
26	60	21,985	12,418	0	12,418	120,337	2,714	61,612
27	61	22,644	13,482	0	13,482	133,819	2,989	64,601
28	62	23,324	14,617	0	14,617	148,436	3,284	67,885
29	63	24,023	15,829	0	15,829	164,265	3,598	71,483
30	64	24,744	17,122	0	17,122	181,387	3,936	75,419
		499,542	181,387	0	181,387		75,419	

30 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
401(k)	181,387	0	1,186,560	1,186,560
Indexed UL	75,419	0	1,415,615	1,929,262

*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.

401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Comparison of Plan Costs

		401(k) Yield 6.85%	Income Tax Rate 30.00%	Indexed UL Interest Rate 6.85%	Initial Death Benefit 513,647					
		401(k)					Indexed Universal Life*			
Year	Male Age	(1) Policy Premium	(2) Mgmt Fee	(3) Taxes	(4) 401(k) Total Annual Costs	(5) 401(k) Cumulative Total Costs	(6) Policy Total Annual Costs	(7) Policy Cumulative Total Costs		
31	65	0	15,955	60,549	76,504	257,891	1,821	77,240		
32	66	0	14,721	60,549	75,270	333,161	2,026	79,266		
33	67	0	13,416	60,549	73,965	407,126	2,222	81,488		
34	68	0	12,035	60,549	72,584	479,710	2,438	83,926		
35	69	0	10,574	60,549	71,123	550,833	2,660	86,586		
36	70	0	9,029	60,549	69,578	620,411	2,903	89,489		
37	71	0	7,395	60,549	67,944	688,355	2,928	92,417		
38	72	0	5,666	60,549	66,215	754,570	2,895	95,312		
39	73	0	3,837	60,549	64,386	818,956	2,773	98,085		
40	74	0	1,902	60,549	62,451	881,407	2,536	100,621		
41	75	0	0	56,486	56,486	937,893	2,145	102,766		
42	76	0	0	0	0	937,893	2,524	105,290		
43	77	0	0	0	0	937,893	2,968	108,258		
44	78	0	0	0	0	937,893	3,499	111,757		
45	79	0	0	0	0	937,893	4,117	115,874		
46	80	0	0	0	0	937,893	4,904	120,778		
47	81	0	0	0	0	937,893	6,018	126,796		
48	82	0	0	0	0	937,893	7,364	134,160		
49	83	0	0	0	0	937,893	9,015	143,175		
50	84	0	0	0	0	937,893	11,081	154,256		
51	85	0	0	0	0	937,893	13,661	167,917		
52	86	0	0	0	0	937,893	16,822	184,739		
53	87	0	0	0	0	937,893	20,781	205,520		
54	88	0	0	0	0	937,893	25,934	231,454		
55	89	0	0	0	0	937,893	32,302	263,756		
56	90	0	0	0	0	937,893	40,212	303,968		
57	91	0	0	0	0	937,893	40,024	343,992		
58	92	0	0	0	0	937,893	37,158	381,150		
59	93	0	0	0	0	937,893	30,347	411,497		
60	94	0	0	0	0	937,893	18,328	429,825		
		499,542	275,917	661,976	937,893		429,825			

At the point the 401(k) is depleted, its costs have been \$835,127 greater than the IUL.

60 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
401(k)	937,893	1,544,600	0	0
Indexed UL	429,825	4,238,400	799,956	905,620

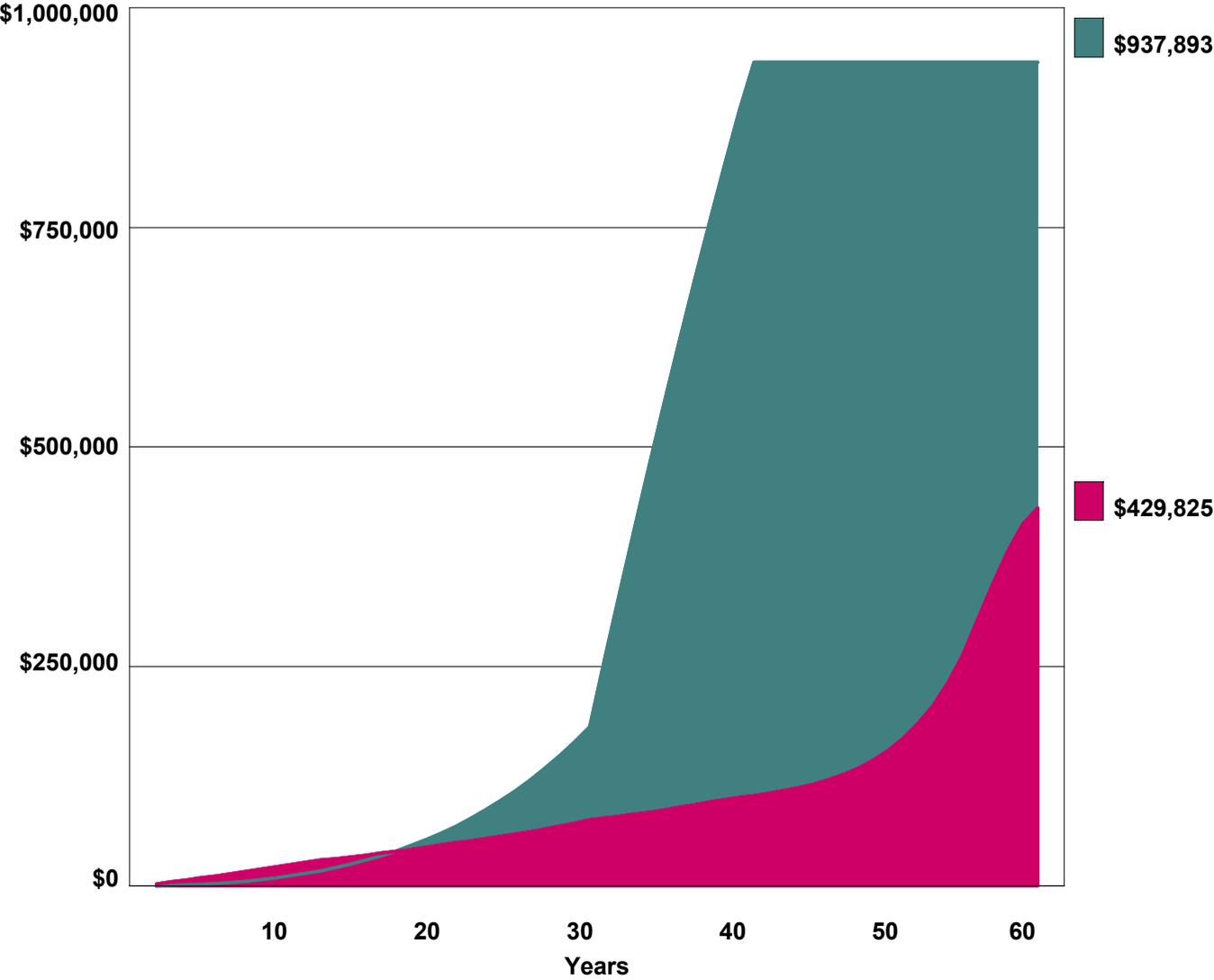
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401(k) vs. Indexed Universal Life

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Insured: Tom Graves

60 Year Analysis of Cumulative Plan Costs



At Year 60
Indexed UL Costs* \$429,825
401(k) Costs* \$937,893

*The Comparison of Plan Costs graphic above compares the management fees and/or taxes of the investment alternative to the mortality charges, policy expenses and income taxes (if applicable) associated with the life insurance policy.

Taxation of Cash Flow

With tax deductible retirement plans, withdrawals (partial surrenders) are taxable. Due to this, cash flow illustrated from the tax deductible retirement plan in this presentation is the after tax result of withdrawals of a higher amount.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are income-tax free up to cost basis and taxable thereafter. Policy loans are income-tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: 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 issue.

Cash Flow Analysis In Year 31

Below is an analysis of tax calculations on cash flow in the first year that cash flow from the 401(k) and Indexed Universal Life is illustrated.

401(k)

\$201,829 total withdrawal @ 30.00% tax which nets \$141,280

Indexed Universal Life

There are no tax calculations required for the life insurance policy since policy loans are not taxable

On the life insurance policy, withdrawals up to cost basis (not in violation of IRC Section 7702) are income tax free.