

Term Insurance and 401(k) vs. Indexed Universal Life

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 will involve your selection of the appropriate life insurance policy.

There are several important factors to consider which include:

1. The time frame for the insurance need;
2. Your available cash flow;
3. Your alternative uses for the cash flow;
4. The income tax considerations.

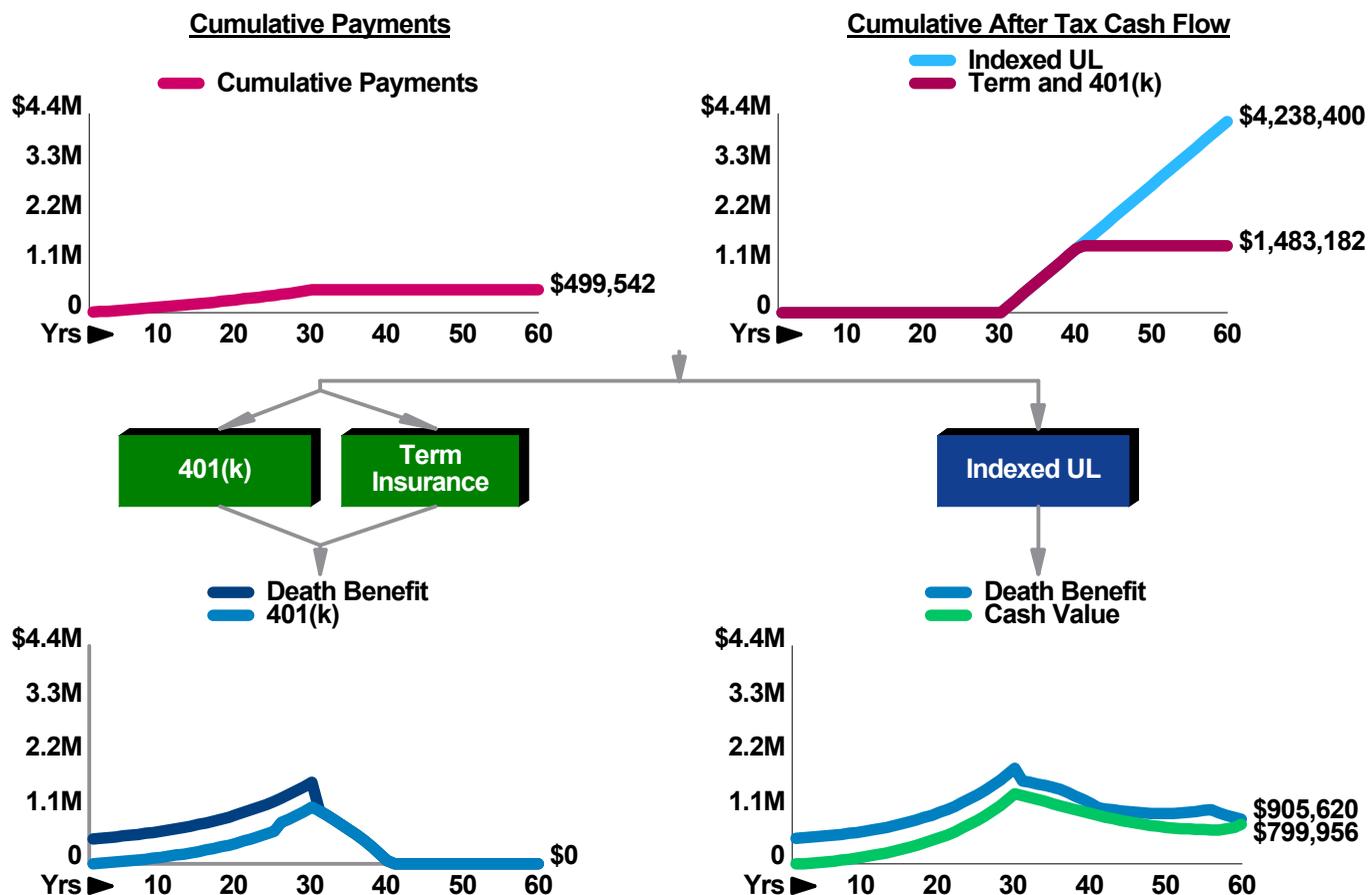
An integrated analysis of these points creates useful information that helps guide your purchasing evaluation. The precision of the conclusions, however, is contingent upon the accuracy of the data utilized. You should be positive that all premises and

conditions accurately reflect your goals and expectations.

The accompanying analysis contrasts a cash value policy to a term insurance alternative. Any difference in premiums between the two choices has been evaluated regarding time/use of money.

The study produces information which should form a basis from which you and your advisors can draw informed conclusions.

Based upon the results of the analysis, we recommend funding your life insurance requirement with the cash value policy illustrated rather than a term life insurance policy.



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.

Term Insurance and 401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Summary

		401(k) Yield 6.85%	Income Tax Rate 30.00%	Indexed UL Interest Rate 6.85%	Initial Death Benefit 513,647									
		After Tax Payment		500,000 Scheduled Term Insurance Along with 401(k)					Indexed UL					
Yr	Male Age	(1) Cost of the Proposed Premium	(2) After Tax Cost of Term and 401(k)*	(3) After Tax Cash Flow from 401(k)	(4) Value of 401(k) if Distributed	(5) After Tax Death Benefit of 401(k)	(6) Scheduled Term Death Benefit	(7) Combined Death Benefit	(8) After Tax Policy Loan Proceeds	(9) Year End Accum Value**	(10) Year End Cash Value**	(11) Death Benefit		
1	35	10,500	10,500	0	9,126	10,647	500,000	510,647	0	9,119	0	522,766		
2	36	10,815	10,815	0	19,066	22,243	500,000	522,243	0	19,180	7,931	532,827		
3	37	11,139	11,139	0	29,873	34,852	500,000	534,852	0	30,311	19,175	543,958		
4	38	11,474	11,474	0	41,609	48,544	500,000	548,544	0	42,607	31,584	556,254		
5	39	11,818	11,818	0	54,335	63,391	500,000	563,391	0	56,174	45,275	569,821		
6	40	12,172	12,172	0	68,119	79,472	500,000	579,472	0	71,110	60,333	584,757		
7	41	12,538	12,538	0	83,030	96,869	500,000	596,869	0	87,521	76,873	601,168		
8	42	12,914	12,914	0	99,145	115,669	500,000	615,669	0	105,521	96,645	619,168		
9	43	13,301	13,301	0	116,543	135,967	500,000	635,967	0	125,232	118,133	638,879		
10	44	13,700	13,700	0	135,308	157,859	500,000	657,859	0	147,381	142,060	661,028		
11	45	14,111	14,111	0	155,531	181,453	500,000	681,453	0	171,638	168,088	685,285		
12	46	14,534	14,534	0	177,306	206,857	500,000	706,857	0	198,197	196,424	711,844		
13	47	14,970	14,970	0	200,736	234,192	500,000	734,192	0	227,997	227,997	741,644		
14	48	15,420	15,420	0	225,928	263,583	500,000	763,583	0	260,571	260,571	774,218		
15	49	15,882	15,882	0	252,996	295,162	500,000	795,162	0	296,129	296,129	809,776		
16	50	16,359	16,359	0	282,061	329,071	500,000	829,071	0	334,878	334,878	848,525		
17	51	16,849	16,849	0	313,251	365,460	500,000	865,460	0	377,110	377,110	890,757		
18	52	17,355	17,355	0	346,703	404,487	500,000	904,487	0	423,129	423,129	936,776		
19	53	17,876	17,876	0	382,562	446,322	500,000	946,322	0	473,257	473,257	986,904		
20	54	18,412	18,412	0	420,979	491,142	500,000	991,142	0	527,850	527,850	1,041,497		
21	55	18,964	18,964	0	462,118	539,138	500,000	1,039,138	0	587,291	587,291	1,100,938		
22	56	19,533	19,533	0	506,152	590,510	500,000	1,090,510	0	651,997	651,997	1,165,644		
23	57	20,119	20,119	0	553,262	645,473	500,000	1,145,473	0	722,406	722,406	1,236,053		
24	58	20,723	20,723	0	603,644	704,252	500,000	1,204,252	0	798,988	798,988	1,312,635		
25	59	21,344	21,344	0	657,502	767,086	500,000	1,267,086	0	882,246	882,246	1,395,893		
26	60	21,985	21,985	0	834,231	834,231	500,000	1,334,231	0	972,600	972,600	1,486,247		
27	61	22,644	22,644	0	905,955	905,955	500,000	1,405,955	0	1,070,495	1,070,495	1,584,142		
28	62	23,324	23,324	0	982,546	982,546	500,000	1,482,546	0	1,176,527	1,176,527	1,690,174		
29	63	24,023	24,023	0	1,064,303	1,064,303	500,000	1,564,303	0	1,291,337	1,291,337	1,804,984		
30	64	24,744	24,744	0	1,151,550	1,151,550	500,000	1,651,550	0	1,415,615	1,415,615	1,929,262		
		499,542	499,542	0					0					

*See column (6) on Term and 401(k) Details Page.
401(k) withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Columns (2) and (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.

30 Year Summary

	Term/401(k)	Indexed UL
After Tax Payments	499,542	499,542
After Tax Cash Flow	0	0
Living Values	1,151,550	1,415,615
Death Benefit	1,651,550	1,929,262

Term Insurance and 401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Summary

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

Yr	Male Age	After Tax Payment		500,000 Scheduled Term Insurance Along with 401(k)					Indexed UL			
		(1) Cost of the Proposed Premium	(2) After Tax Cost of Term and 401(k)*	(3) After Tax Cash Flow from 401(k)	(4) Value of 401(k) if Distributed	(5) After Tax Death Benefit of 401(k)	(6) Scheduled Term Death Benefit	(7) Combined Death Benefit	(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	1,068,678	1,068,678	0	1,068,678	141,280	1,523,795	1,376,795	1,681,554
32	66	0	0	141,280	981,016	981,016	0	981,016	141,280	1,638,774	1,337,424	1,648,791
33	67	0	0	141,280	888,285	888,285	0	888,285	141,280	1,761,021	1,297,604	1,614,588
34	68	0	0	141,280	790,193	790,193	0	790,193	141,280	1,891,010	1,257,421	1,578,893
35	69	0	0	141,280	686,430	686,430	0	686,430	141,280	2,029,260	1,216,992	1,541,674
36	70	0	0	141,280	576,668	576,668	0	576,668	141,280	2,176,315	1,176,433	1,502,881
37	71	0	0	141,280	460,559	460,559	0	460,559	141,280	2,333,001	1,136,126	1,439,416
38	72	0	0	141,280	337,738	337,738	0	337,738	141,280	2,500,043	1,096,324	1,371,329
39	73	0	0	141,280	207,816	207,816	0	207,816	141,280	2,678,249	1,057,344	1,298,386
40	74	0	0	141,280	70,382	70,382	0	70,382	141,280	2,868,510	1,019,560	1,220,356
41	75	0	0	70,382	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
		499,542	499,542	1,483,182					4,238,400			

*See column (6) on Term and 401(k) Details Page.
401(k) withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Columns (2) and (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.

60 Year Summary

	Term/401(k)	Indexed UL
After Tax Payments	499,542	499,542
After Tax Cash Flow	1,483,182	1,513,346
Living Values	0	799,956
Death Benefit	0	905,620

Term Insurance and 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				
		Term and 401(k)				Indexed UL*			
Year	Male Age	(1) Policy Premium	(2) Term Insurance Cost	(3) Mgmt Fee	(4) Taxes	(5) Term & 401(k) Total Annual Costs	(6) Term & 401(k) Cumulative Total Costs	(7) Policy Total Annual Costs	(8) Policy Cumulative Total Costs
1	35	10,500	435	154	0	589	589	2,089	2,089
2	36	10,815	435	321	0	756	1,345	2,199	4,288
3	37	11,139	435	503	0	938	2,283	2,268	6,556
4	38	11,474	435	700	0	1,135	3,418	2,336	8,892
5	39	11,818	435	915	0	1,350	4,768	2,401	11,293
6	40	12,172	435	1,147	0	1,582	6,350	2,480	13,773
7	41	12,538	435	1,398	0	1,833	8,182	2,570	16,343
8	42	12,914	435	1,669	0	2,104	10,286	2,674	19,017
9	43	13,301	435	1,962	0	2,397	12,683	2,793	21,810
10	44	13,700	435	2,278	0	2,713	15,396	2,374	24,184
11	45	14,111	435	2,618	0	3,053	18,450	2,451	26,635
12	46	14,534	435	2,985	0	3,420	21,870	2,513	29,148
13	47	14,970	435	3,379	0	3,814	25,684	1,861	31,009
14	48	15,420	435	3,804	0	4,239	29,923	1,917	32,926
15	49	15,882	435	4,259	0	4,694	34,617	1,994	34,920
16	50	16,359	435	4,749	0	5,184	39,800	2,112	37,032
17	51	16,849	435	5,274	0	5,709	45,509	2,206	39,238
18	52	17,355	435	5,837	0	6,272	51,781	2,287	41,525
19	53	17,876	435	6,440	0	6,875	58,656	2,362	43,887
20	54	18,412	435	7,087	0	7,522	66,178	2,420	46,307
21	55	18,964	435	7,780	0	8,215	74,393	2,466	48,773
22	56	19,533	435	8,521	0	8,956	83,349	2,495	51,268
23	57	20,119	435	9,314	0	9,749	93,098	2,519	53,787
24	58	20,723	435	10,162	0	10,597	103,696	2,543	56,330
25	59	21,344	435	11,069	0	11,504	115,200	2,568	58,898
26	60	21,985	435	12,038	0	12,473	127,673	2,714	61,612
27	61	22,644	435	13,073	0	13,508	141,181	2,989	64,601
28	62	23,324	435	14,178	0	14,613	155,794	3,284	67,885
29	63	24,023	435	15,358	0	15,793	171,587	3,598	71,483
30	64	24,744	435	16,617	0	17,052	188,639	3,936	75,419
		499,542	13,050	175,589	0	188,639		75,419	

30 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
Term & 401(k)	188,639	0	1,151,550	1,151,550
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.

Term Insurance and 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

Year	Male Age	Term and 401(k)						Indexed UL*	
		(1) Policy Premium	(2) Term Insurance Cost	(3) Mgmt Fee	(4) Taxes	(5) Term & 401(k) Total Annual Costs	(6) Term & 401(k) Cumulative Total Costs	(7) Policy Total Annual Costs	(8) Policy Cumulative Total Costs
31	65	0	0	15,421	60,549	75,970	264,608	1,821	77,240
32	66	0	0	14,156	60,549	74,705	339,313	2,026	79,266
33	67	0	0	12,818	60,549	73,367	412,679	2,222	81,488
34	68	0	0	11,402	60,549	71,951	484,630	2,438	83,926
35	69	0	0	9,905	60,549	70,454	555,084	2,660	86,586
36	70	0	0	8,321	60,549	68,870	623,954	2,903	89,489
37	71	0	0	6,646	60,549	67,194	691,148	2,928	92,417
38	72	0	0	4,874	60,549	65,422	756,571	2,895	95,312
39	73	0	0	2,999	60,549	63,547	820,118	2,773	98,085
40	74	0	0	1,016	60,549	61,564	881,682	2,536	100,621
41	75	0	0	0	30,164	30,164	911,846	2,145	102,766
42	76	0	0	0	0	0	911,846	2,524	105,290
43	77	0	0	0	0	0	911,846	2,968	108,258
44	78	0	0	0	0	0	911,846	3,499	111,757
45	79	0	0	0	0	0	911,846	4,117	115,874
46	80	0	0	0	0	0	911,846	4,904	120,778
47	81	0	0	0	0	0	911,846	6,018	126,796
48	82	0	0	0	0	0	911,846	7,364	134,160
49	83	0	0	0	0	0	911,846	9,015	143,175
50	84	0	0	0	0	0	911,846	11,081	154,256
51	85	0	0	0	0	0	911,846	13,661	167,917
52	86	0	0	0	0	0	911,846	16,822	184,739
53	87	0	0	0	0	0	911,846	20,781	205,520
54	88	0	0	0	0	0	911,846	25,934	231,454
55	89	0	0	0	0	0	911,846	32,302	263,756
56	90	0	0	0	0	0	911,846	40,212	303,968
57	91	0	0	0	0	0	911,846	40,024	343,992
58	92	0	0	0	0	0	911,846	37,158	381,150
59	93	0	0	0	0	0	911,846	30,347	411,497
60	94	0	0	0	0	0	911,846	18,328	429,825
		499,542	13,050	263,147	635,654	911,847		429,825	

60 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
Term & 401(k)	911,846	1,483,182	0	0
Indexed UL	429,825	4,238,400	799,956	905,620

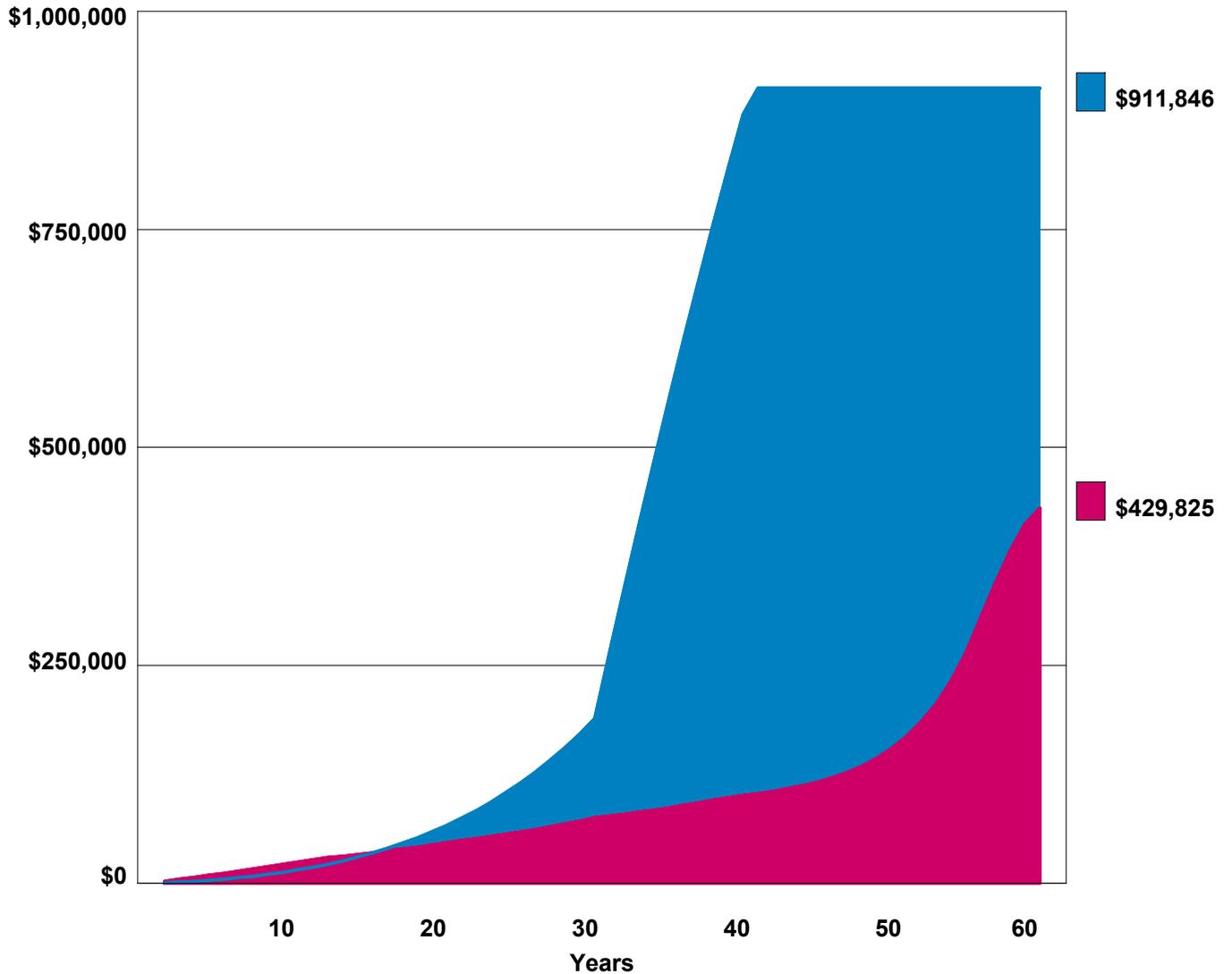
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Term Insurance and 401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

60 Year Analysis of Cumulative Plan Costs



At Year 60

Term & 401(k) Costs* \$911,846

Indexed UL Costs* \$429,825

*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.

Term Insurance and 401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Term and 401(k) Details

401(k) Yield: 6.85%
Income Tax Rate: 30.00%

Term Insurance and 401(k) Cost Analysis								Term Insurance and 401(k) Value Analysis			
Year	Male Age	(1) Cost of the Proposed Premium	(2) Alternative Term Premium	(3) After Tax Retirement Income	(4) After Tax Amount Remaining For 401(k)	(5) Gross-up of Col (4) Available For 401(k)	(6) After Tax Cost of Term and 401(k) (2)+(3)+(4)	(7) Year End Value of 401(k) Account	(8) Year End Value of 401(k) if Distributed	(9) After Tax Death Benefit of 401(k)	(10) Death Benefit of Term Insurance
1	35	10,500	435	0	10,065	14,379	10,500	15,210	9,126	10,647	500,000
2	36	10,815	435	0	10,380	14,829	10,815	31,776	19,066	22,243	500,000
3	37	11,139	435	0	10,704	15,291	11,139	49,788	29,873	34,852	500,000
4	38	11,474	435	0	11,039	15,770	11,474	69,349	41,609	48,544	500,000
5	39	11,818	435	0	11,383	16,261	11,818	90,559	54,335	63,391	500,000
6	40	12,172	435	0	11,737	16,767	12,172	113,531	68,119	79,472	500,000
7	41	12,538	435	0	12,103	17,290	12,538	138,384	83,030	96,869	500,000
8	42	12,914	435	0	12,479	17,827	12,914	165,242	99,145	115,669	500,000
9	43	13,301	435	0	12,866	18,380	13,301	194,238	116,543	135,967	500,000
10	44	13,700	435	0	13,265	18,950	13,700	225,513	135,308	157,859	500,000
11	45	14,111	435	0	13,676	19,537	14,111	259,218	155,531	181,453	500,000
12	46	14,534	435	0	14,099	20,141	14,534	295,510	177,306	206,857	500,000
13	47	14,970	435	0	14,535	20,764	14,970	334,560	200,736	234,192	500,000
14	48	15,420	435	0	14,985	21,407	15,420	376,547	225,928	263,583	500,000
15	49	15,882	435	0	15,447	22,067	15,882	421,660	252,996	295,162	500,000
16	50	16,359	435	0	15,924	22,749	16,359	470,102	282,061	329,071	500,000
17	51	16,849	435	0	16,414	23,449	16,849	522,085	313,251	365,460	500,000
18	52	17,355	435	0	16,920	24,171	17,355	577,838	346,703	404,487	500,000
19	53	17,876	435	0	17,441	24,916	17,876	637,603	382,562	446,322	500,000
20	54	18,412	435	0	17,977	25,681	18,412	701,632	420,979	491,142	500,000
21	55	18,964	435	0	18,529	26,470	18,964	770,197	462,118	539,138	500,000
22	56	19,533	435	0	19,098	27,283	19,533	843,586	506,152	590,510	500,000
23	57	20,119	435	0	19,684	28,120	20,119	922,104	553,262	645,473	500,000
24	58	20,723	435	0	20,288	28,983	20,723	1,006,074	603,644	704,252	500,000
25	59	21,344	435	0	20,909	29,870	21,344	1,095,837	657,502	767,086	500,000
26	60	21,985	435	0	21,550	30,786	21,985	1,191,759	718,231	834,231	500,000
27	61	22,644	435	0	22,209	31,727	22,644	1,294,222	785,955	905,955	500,000
28	62	23,324	435	0	22,889	32,699	23,324	1,403,637	862,546	982,546	500,000
29	63	24,023	435	0	23,588	33,697	24,023	1,520,433	946,303	1,064,303	500,000
30	64	24,744	435	0	24,309	34,727	24,744	1,645,071	1,035,550	1,151,550	500,000
		499,542	13,050	0	486,492	694,988	499,542				

Note: 401(k) values do not reflect market rate adjustments, if any. 401(k) is assessed:

Tax on withdrawal(s) before age 59½: 10.00%

Tax on withdrawals. Entries in Column (4) are after tax.

Management fees reflected in column (7): 1.00%

Term Insurance and 401(k) vs. Indexed Universal Life

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

Insured: Tom Graves

Term and 401(k) Details

401(k) Yield 6.85%
Income Tax Rate 30.00%

		Term Insurance and 401(k) Cost Analysis						Term Insurance and 401(k) Value Analysis			
Year	Male Age	(1) Cost of the Proposed Premium	(2) Alternative Term Premium	(3) After Tax Retirement Income	(4) After Tax Amount Remaining For 401(k)	(5) Gross-up of Col (4) Available For 401(k)	(6) After Tax Cost of Term and 401(k) (2)+(3)+(4)	(7) Year End Value of 401(k) Account	(8) Year End Value of 401(k) if Distributed	(9) After Tax Death Benefit of 401(k)	(10) Death Benefit of Term Insurance
31	65	0	0	141,280	-141,280	-201,829	0	1,526,683	1,068,678	1,068,678	0
32	66	0	0	141,280	-141,280	-201,829	0	1,401,451	981,016	981,016	0
33	67	0	0	141,280	-141,280	-201,829	0	1,268,978	888,285	888,285	0
34	68	0	0	141,280	-141,280	-201,829	0	1,128,847	790,193	790,193	0
35	69	0	0	141,280	-141,280	-201,829	0	980,614	686,430	686,430	0
36	70	0	0	141,280	-141,280	-201,829	0	823,811	576,668	576,668	0
37	71	0	0	141,280	-141,280	-201,829	0	657,942	460,559	460,559	0
38	72	0	0	141,280	-141,280	-201,829	0	482,483	337,738	337,738	0
39	73	0	0	141,280	-141,280	-201,829	0	296,880	207,816	207,816	0
40	74	0	0	141,280	-141,280	-201,829	0	100,546	70,382	70,382	0
41	75	0	0	70,382	-141,280	-100,546	0	0	0	0	0
42	76	0	0	0	-141,280	0	0	0	0	0	0
43	77	0	0	0	-141,280	0	0	0	0	0	0
44	78	0	0	0	-141,280	0	0	0	0	0	0
45	79	0	0	0	-141,280	0	0	0	0	0	0
46	80	0	0	0	-141,280	0	0	0	0	0	0
47	81	0	0	0	-141,280	0	0	0	0	0	0
48	82	0	0	0	-141,280	0	0	0	0	0	0
49	83	0	0	0	-141,280	0	0	0	0	0	0
50	84	0	0	0	-141,280	0	0	0	0	0	0
51	85	0	0	0	-141,280	0	0	0	0	0	0
52	86	0	0	0	-141,280	0	0	0	0	0	0
53	87	0	0	0	-141,280	0	0	0	0	0	0
54	88	0	0	0	-141,280	0	0	0	0	0	0
55	89	0	0	0	-141,280	0	0	0	0	0	0
56	90	0	0	0	-141,280	0	0	0	0	0	0
57	91	0	0	0	-141,280	0	0	0	0	0	0
58	92	0	0	0	-141,280	0	0	0	0	0	0
59	93	0	0	0	-141,280	0	0	0	0	0	0
60	94	0	0	0	-141,280	0	0	0	0	0	0
		499,542	13,050	1,483,182	-3,751,908	-1,423,848	499,542				

Note: 401(k) values do not reflect market rate adjustments, if any. 401(k) is assessed:

Tax on withdrawal(s) before age 59½: 10.00%

Tax on withdrawals. Entries in Column (4) are after tax.

Management fees reflected in column (7): 1.00%

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 401(k), withdrawal(s) made prior to age 59½ are assessed an additional 10.00% tax.
On the life insurance policy, withdrawals up to cost basis (not in violation of IRC Section 7702) are income tax free.