

# Solo 401(k)s vs. Indexed ULs

For: Mark & Jennifer Thompson



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.

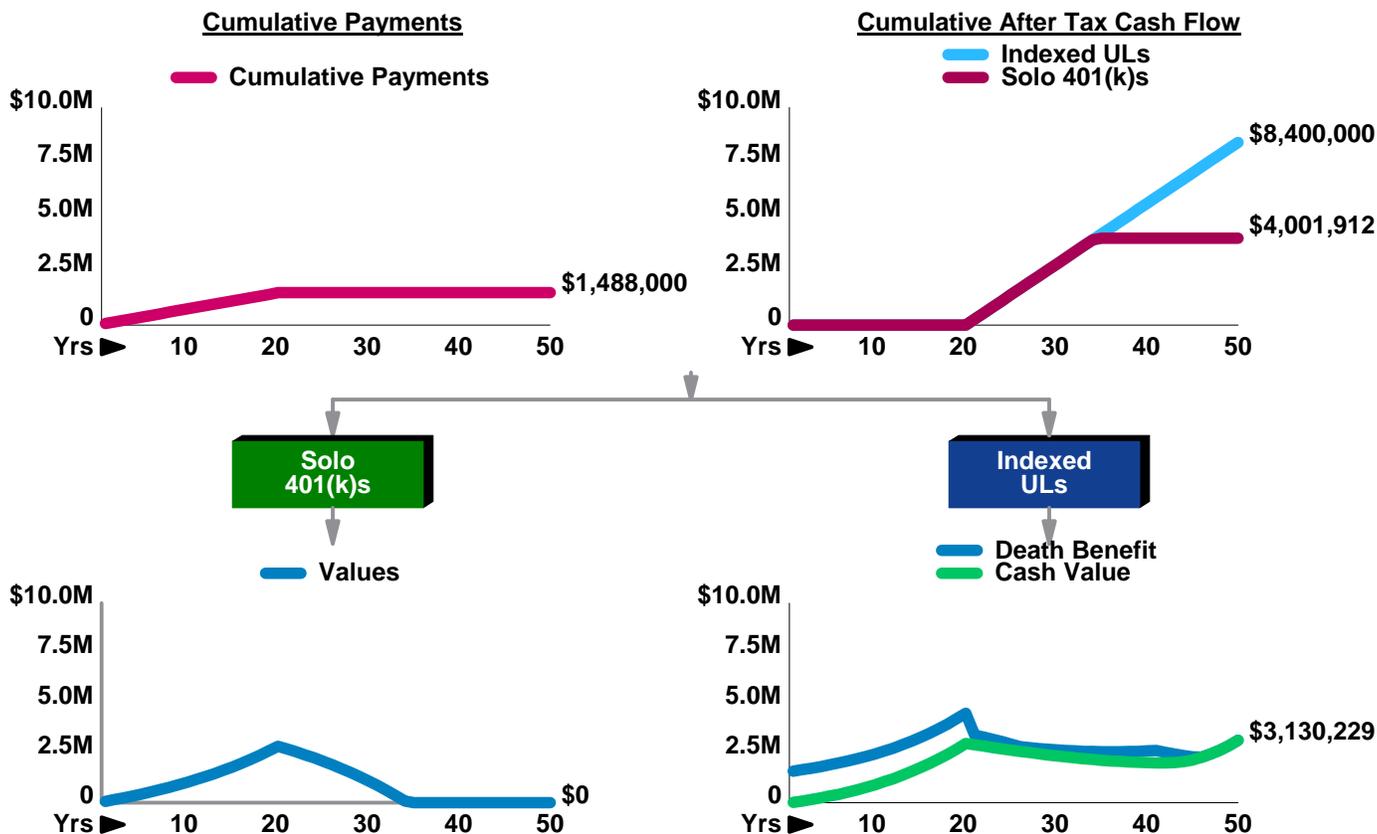
To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a Solo 401(k)s.

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.

# Solo 401(k)s vs. Indexed ULs

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

Insured: Mark & Jennifer Thompson

## Comparison of Values

Solo 401(k)s Yield 6.85%    Income Tax Rate 40.00%    Indexed ULs Interest Rate 6.85%    Initial Payment 74,400    Initial Death Benefit 1,521,049

Yr	Age	Solo 401(k)s						Indexed ULs				
		(1) Tax Deductible Deposits to the Solo 401(k)s	(2) After Tax Equivalent of Solo 401(k)s Deposit*	(3) After Tax Withdrawal from the Solo 401(k)s**	(4) Year End Value of Solo 401(k)s	(5) Year End Value of Solo 401(k)s if Distributed	(6) After Tax Death Benefit of Solo 401(k)s	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Year End Accum Value***	(10) Year End Cash Value***	(11) Death Benefit
1	50	124,000	74,400	0	131,169	65,585	78,701	74,400	0	66,841	17,971	1,587,890
2	51	124,000	74,400	0	269,922	134,961	161,953	74,400	0	137,881	89,815	1,658,930
3	52	124,000	74,400	0	416,697	208,349	250,018	74,400	0	213,345	166,100	1,734,394
4	53	124,000	74,400	0	571,958	285,979	343,175	74,400	0	294,072	247,661	1,815,121
5	54	124,000	74,400	0	736,195	368,098	441,717	74,400	0	380,710	335,151	1,901,759
6	55	124,000	74,400	0	909,927	454,964	545,956	74,400	0	473,864	429,172	1,994,913
7	56	124,000	74,400	0	1,093,703	546,852	656,222	74,400	0	574,210	530,397	2,095,259
8	57	124,000	74,400	0	1,288,105	644,053	772,863	74,400	0	682,378	645,874	2,203,427
9	58	124,000	74,400	0	1,493,746	746,873	896,248	74,400	0	798,995	769,786	2,320,044
10	59	124,000	74,400	0	1,711,276	855,638	1,026,766	74,400	0	927,977	906,078	2,449,026
11	60	124,000	74,400	0	1,941,382	1,164,829	1,164,829	74,400	0	1,067,097	1,052,493	2,588,146
12	61	124,000	74,400	0	2,184,792	1,310,875	1,310,875	74,400	0	1,217,178	1,209,883	2,738,227
13	62	124,000	74,400	0	2,442,275	1,465,365	1,465,365	74,400	0	1,383,630	1,383,630	2,904,679
14	63	124,000	74,400	0	2,714,644	1,628,786	1,628,786	74,400	0	1,563,194	1,563,194	3,084,243
15	64	124,000	74,400	0	3,002,760	1,801,656	1,801,656	74,400	0	1,756,904	1,756,904	3,277,953
16	65	124,000	74,400	0	3,307,534	1,984,520	1,984,520	74,400	0	1,965,873	1,965,873	3,486,922
17	66	124,000	74,400	0	3,629,928	2,177,957	2,177,957	74,400	0	2,190,951	2,190,951	3,712,000
18	67	124,000	74,400	0	3,970,961	2,382,577	2,382,577	74,400	0	2,432,764	2,432,764	3,953,813
19	68	124,000	74,400	0	4,331,711	2,599,027	2,599,027	74,400	0	2,692,363	2,692,363	4,213,412
20	69	124,000	74,400	0	4,713,318	2,827,991	2,827,991	74,400	0	2,970,953	2,970,953	4,492,002
21	70	0	0	280,000	4,492,172	2,695,303	2,695,303	0	280,000	3,198,641	2,904,641	3,384,438
22	71	0	0	280,000	4,258,239	2,554,943	2,554,943	0	280,000	3,441,022	2,838,322	3,285,654
23	72	0	0	280,000	4,010,782	2,406,469	2,406,469	0	280,000	3,699,187	2,772,352	3,179,262
24	73	0	0	280,000	3,749,018	2,249,411	2,249,411	0	280,000	3,974,340	2,707,164	3,064,854
25	74	0	0	280,000	3,472,120	2,083,272	2,083,272	0	280,000	4,267,821	2,643,286	2,942,034
26	75	0	0	280,000	3,179,214	1,907,528	1,907,528	0	280,000	4,581,187	2,581,425	2,810,483
27	76	0	0	280,000	2,869,372	1,721,623	1,721,623	0	280,000	4,914,789	2,521,038	2,766,778
28	77	0	0	280,000	2,541,617	1,524,970	1,524,970	0	280,000	5,269,929	2,462,491	2,725,989
29	78	0	0	280,000	2,194,913	1,316,948	1,316,948	0	280,000	5,647,978	2,406,168	2,688,567
30	79	0	0	280,000	1,828,165	1,096,899	1,096,899	0	280,000	6,050,397	2,352,497	2,655,017
		<b>2,480,000</b>	<b>1,488,000</b>	<b>2,800,000</b>				<b>1,488,000</b>	<b>2,800,000</b>			

Management fees reflected in column (6): 1.00%

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

Tax on withdrawals. Entries in Column (3) are after tax.

\*Equal to Column (7)

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

### 30 Year Summary

	Solo 401(k)s	Indexed ULs
After Tax Payments	1,488,000	1,488,000
After Tax Cash Flow	2,800,000	2,800,000
Living Values	1,096,899	2,352,497
Death Benefit	1,096,899	2,655,017

\*\*\*This is a composite of \$661,772 insuring Mark Thompson and \$859,277 insuring Jennifer Thompson, both age 50, for a total face amount of \$1,521,049. This illustration is not valid unless accompanied by basic illustrations for each insured from the issuing life insurance company.

# Solo 401(k)s vs. Indexed ULs

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

Insured: Mark & Jennifer Thompson

## Comparison of Values

Solo 401(k)s Yield: 6.85%  
 Income Tax Rate: 40.00%  
 Indexed ULs Interest Rate: 6.85%  
 Initial Payment: 74,400  
 Initial Death Benefit: 1,521,049

		Solo 401(k)s						Indexed ULs				
Yr	Age	(1) Tax Deductible Deposits to the Solo 401(k)s	(2) After Tax Equivalent of Solo 401(k)s Deposit*	(3) After Tax Withdrawal from the Solo 401(k)s**	(4) Year End Value of Solo 401(k)s	(5) Year End Value of Solo 401(k)s if Distributed	(6) After Tax Death Benefit of Solo 401(k)s	(7) Policy Premium	(8) After Tax Policy Loan Proceeds	(9) Year End Accum Value***	(10) Year End Cash Value***	(11) Death Benefit
31	80	0	0	280,000	1,440,213	864,128	864,128	0	280,000	6,478,661	2,301,865	2,625,799
32	81	0	0	280,000	1,029,832	617,899	617,899	0	280,000	6,934,125	2,254,490	2,601,196
33	82	0	0	280,000	595,725	357,435	357,435	0	280,000	7,418,336	2,210,720	2,581,636
34	83	0	0	280,000	136,520	81,912	81,912	0	280,000	7,932,741	2,170,743	2,567,380
35	84	0	0	81,912	0	0	0	0	280,000	8,478,871	2,134,773	2,558,717
36	85	0	0	0	0	0	0	0	280,000	9,058,153	2,102,849	2,555,758
37	86	0	0	0	0	0	0	0	280,000	9,672,323	2,075,256	2,558,872
38	87	0	0	0	0	0	0	0	280,000	10,322,848	2,051,927	2,568,069
39	88	0	0	0	0	0	0	0	280,000	11,010,708	2,032,241	2,582,776
40	89	0	0	0	0	0	0	0	280,000	11,736,977	2,015,587	2,602,436
41	90	0	0	0	0	0	0	0	280,000	12,502,264	2,000,804	2,625,917
42	91	0	0	0	0	0	0	0	280,000	13,320,813	2,000,281	2,533,113
43	92	0	0	0	0	0	0	0	280,000	14,199,984	2,019,424	2,445,424
44	93	0	0	0	0	0	0	0	280,000	15,149,283	2,065,695	2,368,682
45	94	0	0	0	0	0	0	0	280,000	16,180,547	2,148,781	2,310,586
46	95	0	0	0	0	0	0	0	280,000	17,308,090	2,280,735	2,280,735
47	96	0	0	0	0	0	0	0	280,000	18,514,236	2,441,513	2,441,513
48	97	0	0	0	0	0	0	0	280,000	19,804,667	2,634,308	2,634,308
49	98	0	0	0	0	0	0	0	280,000	21,185,487	2,862,609	2,862,609
50	99	0	0	0	0	0	0	0	280,000	22,663,250	3,130,229	3,130,229
		<b>2,480,000</b>	<b>1,488,000</b>	<b>4,001,912</b>				<b>1,488,000</b>	<b>8,400,000</b>			

Management fees reflected in column (6): 1.00%

\*Equal to Column (7)

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

\*\*\*This is a composite of \$661,772 insuring Mark Thompson and \$859,277 insuring Jennifer Thompson, both age 50, for a total face amount of \$1,521,049. This illustration is not valid unless accompanied by basic illustrations for each insured from the issuing life insurance company.

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

Tax on withdrawals. Entries in Column (3) are after tax.

### 50 Year Summary

	Solo 401(k)s	Indexed ULs
After Tax Payments	1,488,000	1,488,000
After Tax Cash Flow	4,001,912	8,400,000
Living Values	0	3,130,229
Death Benefit	0	3,130,229

# Solo 401(k)s vs. Indexed ULs

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

Insured: Mark & Jennifer Thompson

## Comparison of Plan Costs

		Solo 401(k)s Yield 6.85%	Income Tax Rate 40.00%	Indexed ULs Interest Rate 6.85%	Initial Death Benefit 1,521,049			
		Solo 401(k)s				Indexed ULs*		
Year	Age	(1) Policy Premium	(2) Mgmt Fee	(3) Taxes	(4) Solo 401(k)s Total Annual Costs	(5) Solo 401(k)s Cumulative Total Costs	(6) Policy Total Annual Costs	(7) Policy Cumulative Total Costs
1	50	74,400	1,325	0	1,325	1,325	12,664	12,664
2	51	74,400	2,726	0	2,726	4,051	13,688	26,352
3	52	74,400	4,209	0	4,209	8,260	14,811	41,163
4	53	74,400	5,777	0	5,777	14,037	15,465	56,628
5	54	74,400	7,436	0	7,436	21,473	15,895	72,523
6	55	74,400	9,191	0	9,191	30,664	16,192	88,715
7	56	74,400	11,048	0	11,048	41,712	16,332	105,047
8	57	74,400	13,011	0	13,011	54,723	16,412	121,459
9	58	74,400	15,088	0	15,088	69,811	16,480	137,939
10	59	74,400	17,286	0	17,286	87,097	13,535	151,474
11	60	74,400	19,610	0	19,610	106,707	13,556	165,030
12	61	74,400	22,069	0	22,069	128,776	13,556	178,586
13	62	74,400	24,669	0	24,669	153,445	9,193	187,779
14	63	74,400	27,421	0	27,421	180,866	9,193	196,972
15	64	74,400	30,331	0	30,331	211,197	9,192	206,164
16	65	74,400	33,409	0	33,409	244,606	9,192	215,356
17	66	74,400	36,666	0	36,666	281,272	9,531	224,887
18	67	74,400	40,111	0	40,111	321,383	10,485	235,372
19	68	74,400	43,755	0	43,755	365,138	11,697	247,069
20	69	74,400	47,609	0	47,609	412,747	13,095	260,164
21	70	0	45,375	186,667	232,042	644,789	3,333	263,497
22	71	0	43,013	186,667	229,680	874,469	3,549	267,046
23	72	0	40,513	186,667	227,180	1,101,649	3,684	270,730
24	73	0	37,869	186,667	224,536	1,326,185	3,705	274,435
25	74	0	35,072	186,667	221,739	1,547,924	3,565	278,000
26	75	0	32,113	186,667	218,780	1,766,704	3,150	281,150
27	76	0	28,984	186,667	215,651	1,982,355	3,723	284,873
28	77	0	25,673	186,667	212,340	2,194,695	4,392	289,265
29	78	0	22,171	186,667	208,838	2,403,533	5,181	294,446
30	79	0	18,466	186,667	205,133	2,608,666	6,093	300,539
		1,488,000	741,996	1,866,670	2,608,666		300,539	

### 30 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
Solo 401(k)s	2,608,666	2,800,000	1,096,899	1,096,899
Indexed ULs	300,539	2,800,000	2,352,497	2,655,017

\*This is a composite of \$661,772 insuring Mark Thompson and \$859,277 insuring Jennifer Thompson, both age 50, for a total face amount of \$1,521,049. This illustration is not valid unless accompanied by basic illustrations for each insured from the issuing life insurance company.

# Solo 401(k)s vs. Indexed ULs

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

Insured: Mark & Jennifer Thompson

## Comparison of Plan Costs

		Solo 401(k)s Yield 6.85%	Income Tax Rate 40.00%	Indexed ULs Interest Rate 6.85%	Initial Death Benefit 1,521,049			
		Solo 401(k)s				Indexed ULs*		
Year	Age	(1) Policy Premium	(2) Mgmt Fee	(3) Taxes	(4) Solo 401(k)s Total Annual Costs	(5) Solo 401(k)s Cumulative Total Costs	(6) Policy Total Annual Costs	(7) Policy Cumulative Total Costs
31	80	0	14,548	186,667	201,215	2,809,881	7,220	307,759
32	81	0	10,402	186,667	197,069	3,006,950	8,775	316,534
33	82	0	6,017	186,667	192,684	3,199,634	10,665	327,199
34	83	0	1,379	186,667	188,046	3,387,680	13,092	340,291
35	84	0	0	54,608	54,608	3,442,288	16,072	356,363
36	85	0	0	0	0	3,442,288	19,808	376,171
37	86	0	0	0	0	3,442,288	24,095	400,266
38	87	0	0	0	0	3,442,288	29,313	429,579
39	88	0	0	0	0	3,442,288	36,020	465,599
40	89	0	0	0	0	3,442,288	44,186	509,785
41	90	0	0	0	0	3,442,288	54,322	564,107
42	91	0	0	0	0	3,442,288	53,379	617,486
43	92	0	0	0	0	3,442,288	49,018	666,504
44	93	0	0	0	0	3,442,288	39,718	706,222
45	94	0	0	0	0	3,442,288	23,938	730,160
46	95	0	0	0	0	3,442,288	180	730,340
47	96	0	0	0	0	3,442,288	180	730,520
48	97	0	0	0	0	3,442,288	180	730,700
49	98	0	0	0	0	3,442,288	180	730,880
50	99	0	0	0	0	3,442,288	180	731,060
		1,488,000	774,342	2,667,946	3,442,288		731,060	

### 50 Year Summary

	Cumulative Plan Costs	After Tax Cash Flow	Living Value	Death Benefit
Solo 401(k)s	3,442,288	4,001,912	0	0
Indexed ULs	731,060	8,400,000	3,130,229	3,130,229

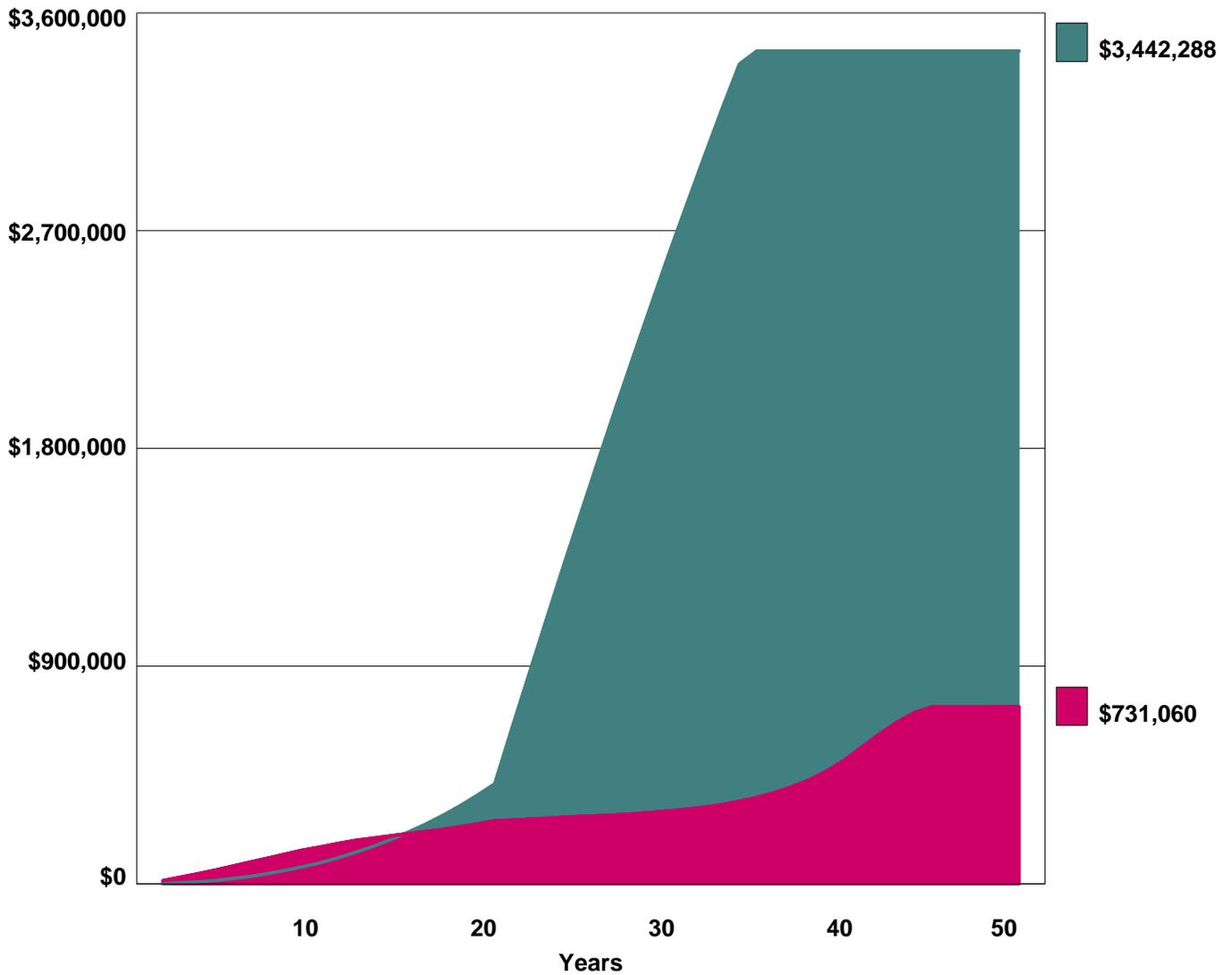
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# Solo 401(k)s vs. Indexed ULs

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

Insured: Mark & Jennifer Thompson

## 50 Year Analysis of Cumulative Plan Costs



At Year 50

Indexed ULs Costs\* \$731,060

Solo 401(k)s Costs\* \$3,442,288

\*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 21

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

### Solo 401(k)s

\$466,667      total withdrawal @ 40.00% tax which nets      \$280,000

### Indexed ULs

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.