

Analysis of the Cost of Waiting

For: Harvey Pierce, MD



Presented By: _____

[Licensed user's name appears here]

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Insured: Harvey Pierce, MD

Preface

To be certain of having life insurance when you need it, you should acquire it before you need it. So an important factor to consider involves the advantage of acquiring your policy now -- while your health may be the best it ever will be. Of even greater importance, should something unexpectedly happen to you in the short term, your family will be protected.

There is usually another reason for acquiring your life insurance early. The example below illustrates a comparison of buying a policy now versus waiting two years to buy it.

Insured: Harvey Pierce, MD Current Age: 45

Indexed Universal Life Plan A: Buy Now*

Initial Policy Death Benefit:	650,000
Policy Premium:	30,000
Number of Premiums at Age 100:	20
Cum. Premiums at Age 100:	600,000
Cum. Loan Proceeds at Age 100:	4,200,000
Cash Value at Age 100:	4,086,216
Death Benefit at Age 100:	4,086,216

Indexed Universal Life Plan B: Wait Two Years to Buy**

Initial Policy Death Benefit:	650,000
Policy Premium:	30,000
Number of Premiums at Age 100:	18
Cum. Premiums at Age 100:	540,000
Cum. Loan Proceeds at Age 100:	3,325,000
Cash Value at Age 100:	1,444,806
Death Benefit at Age 100:	1,444,806

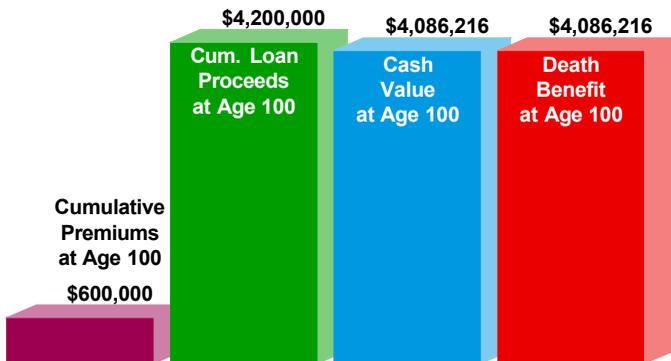
Cash Value Gain at Age 100 by Buying Now: \$2,641,410

Cumulative Loan Proceeds Gain at Age 100 by Buying Now: \$875,000

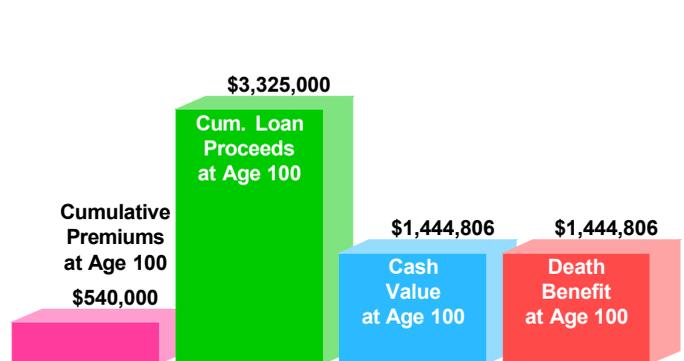
Death Benefit Gain at Age 100 by Buying Now: \$2,641,410

Premiums Saved by Waiting Two Years to Buy: \$60,000

Plan A: Buy Now*



Plan B: Wait Two Years to Buy**



*This illustration assumes the nonguaranteed values 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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Plan A vs. Plan B

Male Age 45 Indexed UL Interest Rate 6.85% Policy Owner Tax Bracket 40.00% Male Age 47 Indexed UL Interest Rate 6.85%

Plan A: Indexed UL Issued at Age 45						vs.	Plan B: Indexed UL Issued at Age 47						
Year	Male Age	(1) Premium Payment	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit	Male Age	(6) Premium Payment	(7) Net Policy Loan Proceeds	(8) Year End Accum Value**	(9) Year End Cash Value**	(10) Death Benefit	
1	45	30,000	0	27,302	8,407	677,302	45	0	0	0	0	0	
2	46	30,000	0	56,510	37,881	706,510	46	0	0	0	0	0	
3	47	30,000	0	87,699	69,350	737,699	47	30,000	0	26,991	6,874	676,991	
4	48	30,000	0	121,147	103,090	771,147	48	30,000	0	55,739	35,934	705,739	
5	49	30,000	0	157,109	139,351	807,109	49	30,000	0	86,316	66,842	736,316	
6	50	30,000	0	195,834	178,382	845,834	50	30,000	0	119,062	99,919	769,062	
7	51	30,000	0	237,567	220,426	887,567	51	30,000	0	154,284	135,493	804,284	
8	52	30,000	0	282,543	268,263	932,543	52	30,000	0	192,204	173,763	842,204	
9	53	30,000	0	330,995	319,568	980,995	53	30,000	0	233,084	215,001	883,084	
10	54	30,000	0	384,485	375,918	1,034,485	54	30,000	0	277,155	262,088	927,155	
11	55	30,000	0	442,118	436,404	1,092,118	55	30,000	0	324,634	312,583	974,634	
12	56	30,000	0	504,214	501,361	1,154,214	56	30,000	0	377,090	368,048	1,027,090	
13	57	30,000	0	572,624	572,624	1,222,624	57	30,000	0	433,610	427,585	1,083,610	
14	58	30,000	0	646,398	646,398	1,296,398	58	30,000	0	494,527	491,517	1,144,527	
15	59	30,000	0	725,992	725,992	1,375,992	59	30,000	0	561,934	561,934	1,211,934	
16	60	30,000	0	811,743	811,743	1,461,743	60	30,000	0	634,683	634,683	1,284,683	
17	61	30,000	0	904,196	904,196	1,554,196	61	30,000	0	713,205	713,205	1,363,205	
18	62	30,000	0	1,003,941	1,003,941	1,653,941	62	30,000	0	797,947	797,947	1,447,947	
19	63	30,000	0	1,111,601	1,111,601	1,761,601	63	30,000	0	889,413	889,413	1,539,413	
20	64	30,000	0	1,227,803	1,227,803	1,877,803	64	30,000	0	988,137	988,137	1,638,137	
21	65	0	120,000	1,322,830	1,217,830	1,482,396	65	0	95,000	1,064,476	964,726	1,177,621	
22	66	0	120,000	1,424,062	1,208,812	1,479,384	66	0	95,000	1,145,624	941,136	1,158,805	
23	67	0	120,000	1,531,917	1,200,905	1,476,650	67	0	95,000	1,231,884	917,422	1,139,161	
24	68	0	120,000	1,646,826	1,194,263	1,474,223	68	0	95,000	1,323,590	893,655	1,118,665	
25	69	0	120,000	1,769,248	1,189,057	1,472,137	69	0	95,000	1,421,098	869,916	1,097,291	
26	70	0	120,000	1,899,700	1,185,499	1,470,454	70	0	95,000	1,524,806	846,315	1,075,036	
27	71	0	120,000	2,038,968	1,184,057	1,449,123	71	0	95,000	1,635,261	823,096	1,035,680	
28	72	0	120,000	2,187,741	1,185,085	1,425,736	72	0	95,000	1,752,974	800,451	993,278	
29	73	0	120,000	2,346,789	1,189,000	1,400,211	73	0	95,000	1,878,566	778,667	947,738	
30	74	0	120,000	2,516,966	1,196,287	1,372,474	74	0	95,000	2,012,685	758,040	898,928	
		600,000	1,200,000							540,000	950,000		

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Plan A vs. Plan B

Male Age 45 Indexed UL Interest Rate 6.85% Policy Owner Tax Bracket 40.00% Male Age 47 Indexed UL Interest Rate 6.85%

Plan A: Indexed UL Issued at Age 45

vs.

Plan B: Indexed UL Issued at Age 47

Year	Male Age	(1)	(2)	(3)	(4)	(5)	Male Age	(6)	(7)	(8)	(9)	(10)
		Premium Payment	Net Policy Loan Proceeds	Year End Accum Value*	Year End Cash Value*	Death Benefit		Premium Payment	Net Policy Loan Proceeds	Year End Accum Value**	Year End Cash Value**	Death Benefit
31	75	0	120,000	2,699,233	1,207,520	1,342,482	75	0	95,000	2,156,060	738,933	846,736
32	76	0	120,000	2,893,742	1,222,444	1,367,131	76	0	95,000	2,308,763	721,029	836,467
33	77	0	120,000	3,101,313	1,241,449	1,396,515	77	0	95,000	2,471,398	704,528	828,098
34	78	0	120,000	3,322,804	1,264,948	1,431,088	78	0	95,000	2,644,595	689,632	821,862
35	79	0	120,000	3,559,141	1,293,392	1,471,349	79	0	95,000	2,829,034	676,573	818,024
36	80	0	120,000	3,811,240	1,327,204	1,517,766	80	0	95,000	3,025,384	665,549	816,818
37	81	0	120,000	4,079,940	1,366,702	1,570,699	81	0	95,000	3,234,240	656,663	818,375
38	82	0	120,000	4,366,226	1,412,326	1,630,637	82	0	95,000	3,456,315	650,110	822,925
39	83	0	120,000	4,671,090	1,464,495	1,698,049	83	0	95,000	3,692,321	646,055	830,671
40	84	0	120,000	4,995,494	1,523,569	1,773,344	84	0	95,000	3,942,939	644,610	841,757
41	85	0	120,000	5,340,336	1,589,814	1,856,831	85	0	95,000	4,208,829	645,834	856,275
42	86	0	120,000	5,706,559	1,663,512	1,948,840	86	0	95,000	4,490,664	649,769	874,302
43	87	0	120,000	6,094,938	1,744,738	2,049,485	87	0	95,000	4,788,928	656,238	895,685
44	88	0	120,000	6,505,939	1,833,229	2,158,526	88	0	95,000	5,103,896	664,822	920,017
45	89	0	120,000	6,940,034	1,928,689	2,275,690	89	0	95,000	5,435,839	675,060	946,852
46	90	0	120,000	7,397,407	2,030,494	2,400,365	90	0	95,000	5,784,797	686,230	975,470
47	91	0	120,000	7,887,311	2,147,053	2,462,545	91	0	95,000	6,157,903	704,657	950,973
48	92	0	120,000	8,414,658	2,282,387	2,534,827	92	0	95,000	6,558,858	733,200	929,966
49	93	0	120,000	8,985,955	2,442,070	2,621,790	93	0	95,000	6,992,587	775,897	915,748
50	94	0	120,000	9,609,431	2,633,352	2,729,446	94	0	95,000	7,465,329	838,053	912,707
51	95	0	120,000	10,294,946	2,865,063	2,865,063	95	0	95,000	7,984,554	926,165	926,165
52	96	0	120,000	11,029,925	3,123,548	3,123,548	96	0	95,000	8,540,295	1,029,237	1,029,237
53	97	0	120,000	11,818,046	3,411,350	3,411,350	97	0	95,000	9,135,215	1,148,854	1,148,854
54	98	0	120,000	12,663,268	3,731,237	3,731,237	98	0	95,000	9,772,176	1,286,747	1,286,747
55	99	0	120,000	13,569,849	4,086,216	4,086,216	99	0	95,000	10,454,257	1,444,806	1,444,806

600,000 4,200,000

540,000 3,325,000

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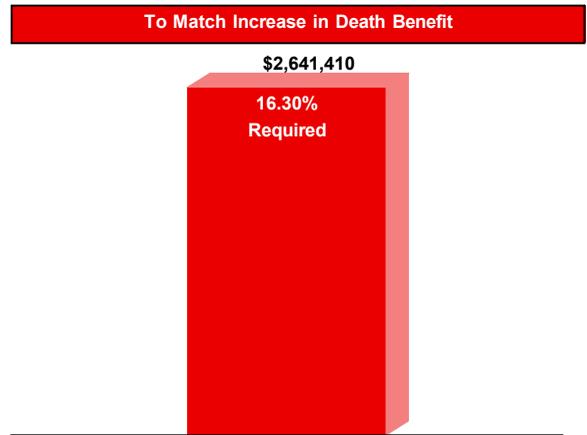
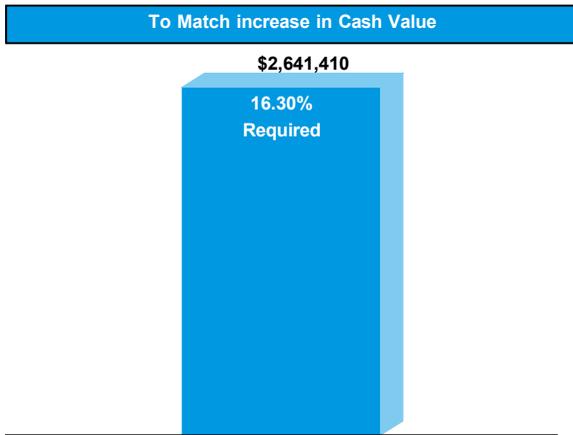
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Matching Values

Male Policy Owner
Age Tax Bracket
45 40.00%

Gross Interest Rate Required over 55 Years on a Hypothetical Taxable Investment Equal to the Difference in Premiums Between Plan A and Plan B in Order to Match the Increase in Cash Value and Death Benefit of Plan A over Plan B.

	Hypothetical Taxable Alternative
To match increase in Cash Value of \$2,641,410:	16.30%
To match increase in Death Benefit of \$2,641,410:	16.30%



Plan A: Buy Now

Plan B: Wait Two Years to Buy

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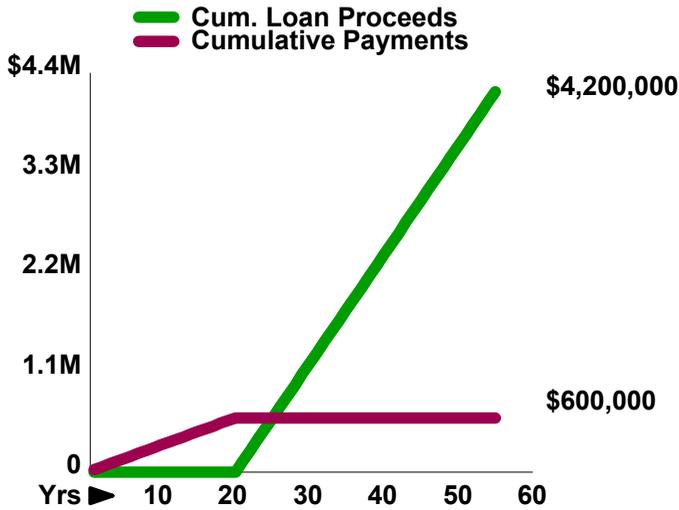
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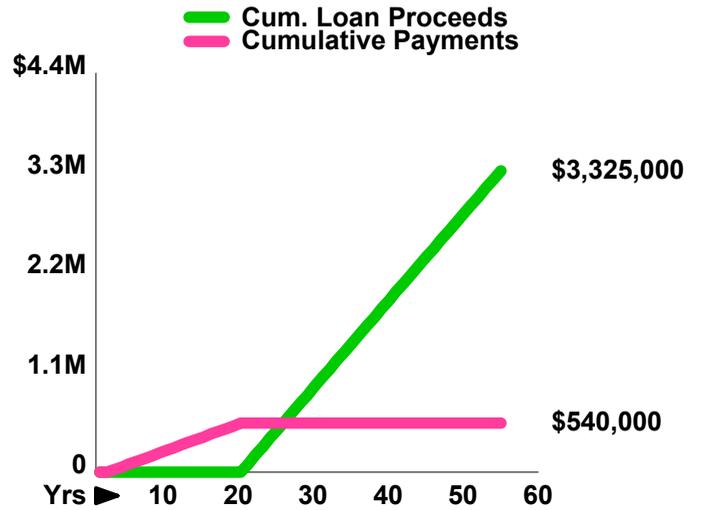
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55 Year Analysis

Indexed Universal Life Plan A: Buy Now



Indexed Universal Life Plan B: Wait Two Years to Buy



Comparative Analysis of Values

