

Funding Family Needs With Discounted Dollars

For David and Lisa Washburn



Presented By: _____

[Licensed user's name appears here]

Funding Family Needs With Discounted Dollars Using Universal Life

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Insured: David Washburn

Preface

In the accompanying presentation, you will see the financial data from an illustration of a cash value life insurance policy.

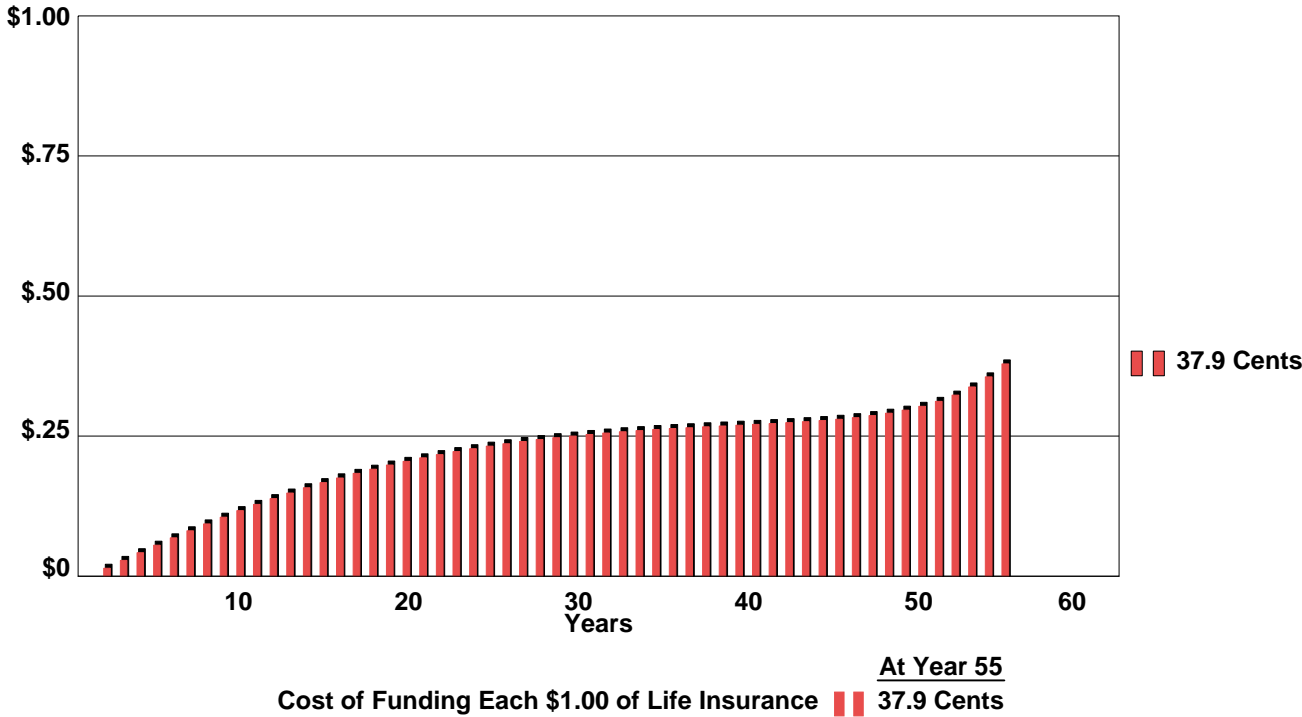
In the presentation, the sum of the policy's premiums, divided by the policy's death benefits, gives a "cost-per-dollar-of-benefit" solution that is very helpful when analyzing the economics of the transaction.

For example, if the premiums for a \$100,000 life insurance policy are \$1,200, the discounted dollars calculation divides the \$1,200 by the \$100,000. This results in an answer of 1.2 cents, meaning if death should occur during year 1, each \$1.00 of the death benefit costs 1.2 cents. This figure will change from year to year.

Cash value life insurance also contains the following features:

- 1. Accumulating cash values;
- 2. Income tax favored growth of cash values;
- 3. Competitive current rate of return;
- 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.

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 is particularly evident in the following presentation, and below is a graphic summarizing the results.



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.

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Analysis

		Income Tax Rate 35.00%	Universal Life Interest Rate 5.00%	Initial Payment 7,200	Initial Death Benefit 500,000		
		Payment Analysis		Death Benefit Analysis		Living Values	
Year	Male Age	(1) Net Payment	(2) Cumulative Net Payments	(3) Year End Death Benefit	(4) Cost per \$1.00 of Funding**	(5) Year End Accum Value*	(6) Year End Cash Value*
1	40	7,200	7,200	505,031	1.4 Cents	5,031	0
2	41	7,200	14,400	510,262	2.8 Cents	10,262	0
3	42	7,200	21,600	515,692	4.2 Cents	15,692	5,637
4	43	7,200	28,800	521,319	5.5 Cents	21,319	12,524
5	44	7,200	36,000	527,144	6.8 Cents	27,144	19,604
6	45	7,200	43,200	533,313	8.1 Cents	33,313	27,028
7	46	7,200	50,400	539,868	9.3 Cents	39,868	34,843
8	47	7,200	57,600	546,858	10.5 Cents	46,858	43,088
9	48	7,200	64,800	554,326	11.7 Cents	54,326	51,816
10	49	7,200	72,000	562,299	12.8 Cents	62,299	61,044
11	50	7,200	79,200	572,091	13.8 Cents	72,091	72,091
12	51	7,200	86,400	582,325	14.8 Cents	82,325	82,325
13	52	7,200	93,600	593,016	15.8 Cents	93,016	93,016
14	53	7,200	100,800	604,181	16.7 Cents	104,181	104,181
15	54	7,200	108,000	615,833	17.5 Cents	115,833	115,833
16	55	7,200	115,200	627,973	18.3 Cents	127,973	127,973
17	56	7,200	122,400	640,625	19.1 Cents	140,625	140,625
18	57	7,200	129,600	653,805	19.8 Cents	153,805	153,805
19	58	7,200	136,800	667,532	20.5 Cents	167,532	167,532
20	59	7,200	144,000	681,822	21.1 Cents	181,822	181,822
21	60	7,200	151,200	696,683	21.7 Cents	196,683	196,683
22	61	7,200	158,400	712,114	22.2 Cents	212,114	212,114
23	62	7,200	165,600	728,103	22.7 Cents	228,103	228,103
24	63	7,200	172,800	744,635	23.2 Cents	244,635	244,635
25	64	7,200	180,000	761,684	23.6 Cents	261,684	261,684
26	65	7,200	187,200	779,225	24.0 Cents	279,225	279,225
27	66	7,200	194,400	797,259	24.4 Cents	297,259	297,259
28	67	7,200	201,600	815,778	24.7 Cents	315,778	315,778
29	68	7,200	208,800	834,756	25.0 Cents	334,756	334,756
30	69	7,200	216,000	854,171	25.3 Cents	354,171	354,171
		216,000					

*This is an example of an InsMark supplemental illustration for universal life. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

**Column (2) divided by column (3) is equal to column (4).

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Income Tax Rate 35.00% Universal Life Interest Rate 5.00% Initial Payment 7,200 Initial Death Benefit 500,000

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		(1) Net Payment	(2) Cumulative Net Payments	(3) Year End Death Benefit	(4) Cost per \$1.00 of Funding**	(5) Year End Accum Value*	(6) Year End Cash Value*
31	70	7,200	223,200	873,995	25.5 Cents	373,995	373,995
32	71	7,200	230,400	894,209	25.8 Cents	394,209	394,209
33	72	7,200	237,600	914,790	26.0 Cents	414,790	414,790
34	73	7,200	244,800	935,675	26.2 Cents	435,675	435,675
35	74	7,200	252,000	956,792	26.3 Cents	456,792	456,792
36	75	7,200	259,200	978,064	26.5 Cents	478,064	478,064
37	76	7,200	266,400	999,453	26.7 Cents	499,453	499,453
38	77	7,200	273,600	1,020,862	26.8 Cents	520,862	520,862
39	78	7,200	280,800	1,042,176	26.9 Cents	542,176	542,176
40	79	7,200	288,000	1,063,292	27.1 Cents	563,292	563,292
41	80	7,200	295,200	1,083,978	27.2 Cents	583,978	583,978
42	81	7,200	302,400	1,103,914	27.4 Cents	603,914	603,914
43	82	7,200	309,600	1,122,860	27.6 Cents	622,860	622,860
44	83	7,200	316,800	1,140,567	27.8 Cents	640,567	640,567
45	84	7,200	324,000	1,156,592	28.0 Cents	656,592	656,592
46	85	7,200	331,200	1,170,274	28.3 Cents	670,274	670,274
47	86	7,200	338,400	1,181,038	28.7 Cents	681,038	681,038
48	87	7,200	345,600	1,188,112	29.1 Cents	688,112	688,112
49	88	7,200	352,800	1,190,515	29.6 Cents	690,515	690,515
50	89	7,200	360,000	1,187,185	30.3 Cents	687,185	687,185
51	90	7,200	367,200	1,176,879	31.2 Cents	676,879	676,879
52	91	7,200	374,400	1,158,195	32.3 Cents	658,195	658,195
53	92	7,200	381,600	1,130,255	33.8 Cents	630,255	630,255
54	93	7,200	388,800	1,092,736	35.6 Cents	592,736	592,736
55	94	7,200	396,000	1,045,319	37.9 Cents	545,319	545,319

396,000

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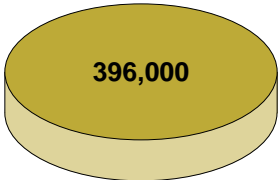
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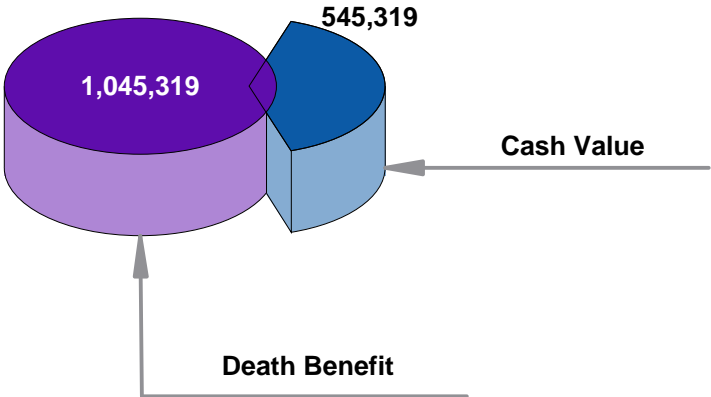
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A Look at Year 55

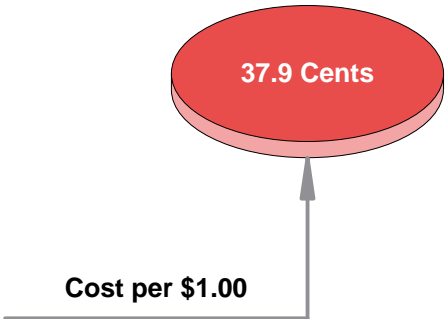
Cumulative Net Payments



Policy Values



Cost per \$1.00 of Funding



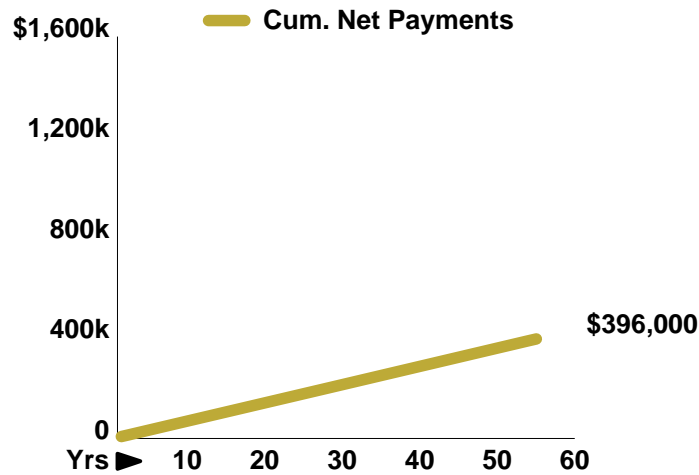
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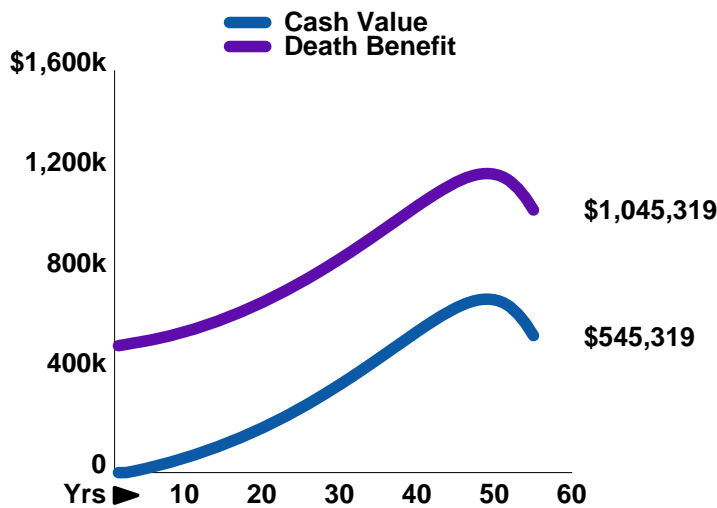
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55 Year Analysis

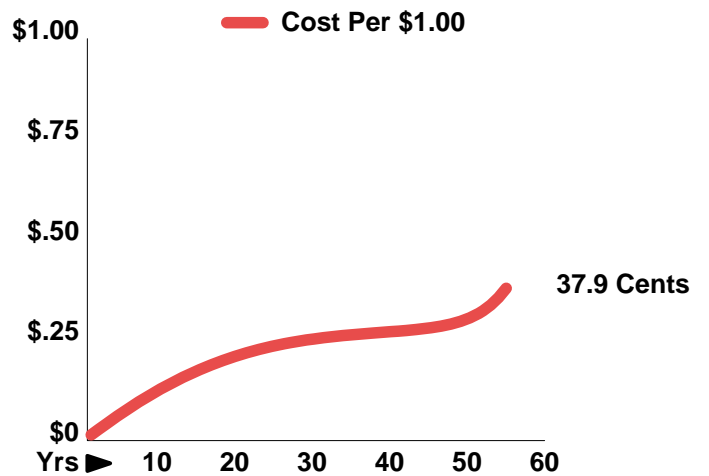
Cumulative Net Payments



Policy Values



Cost per \$1.00 of Funding

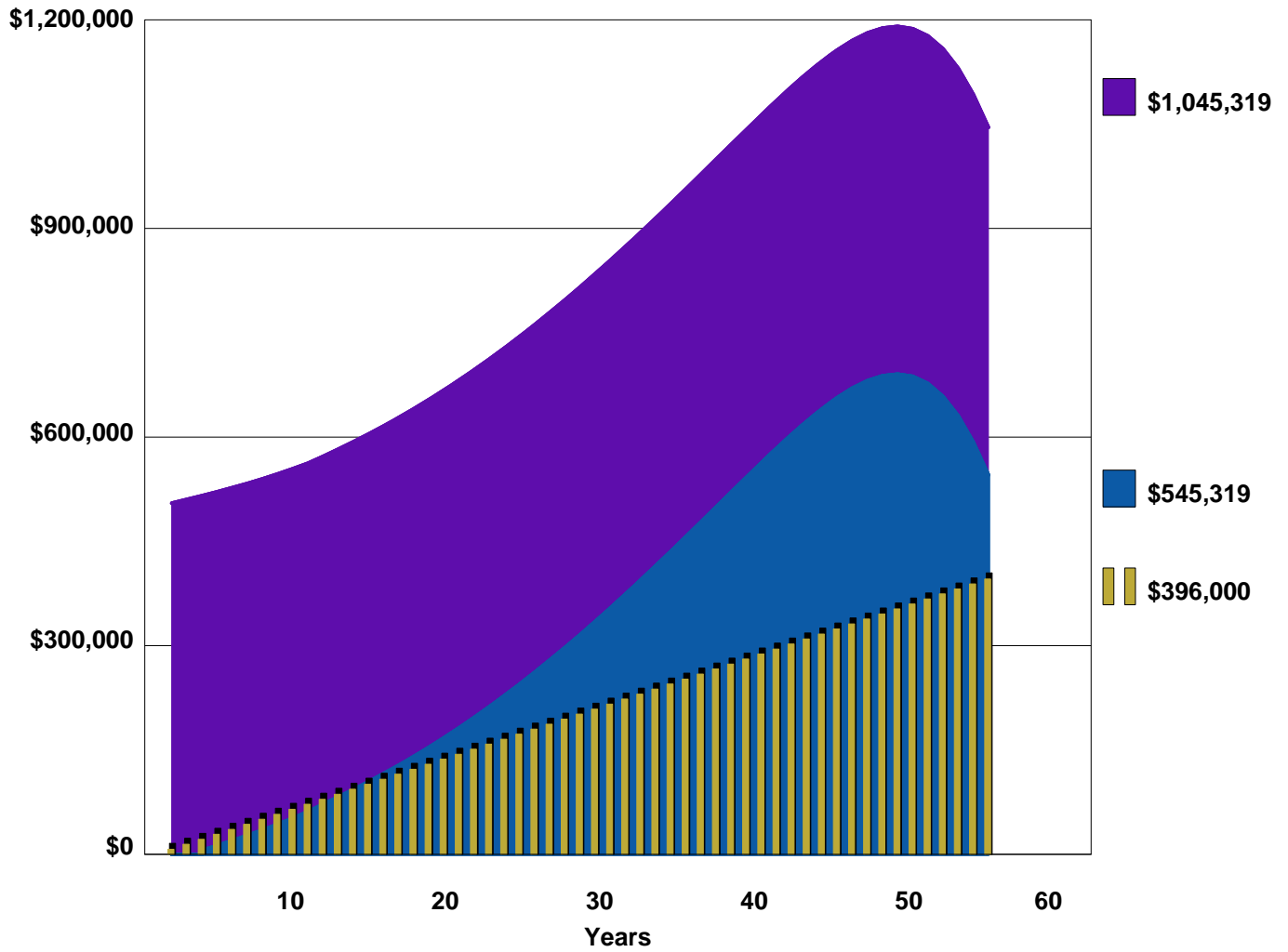


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55 Year Analysis



At Year 55

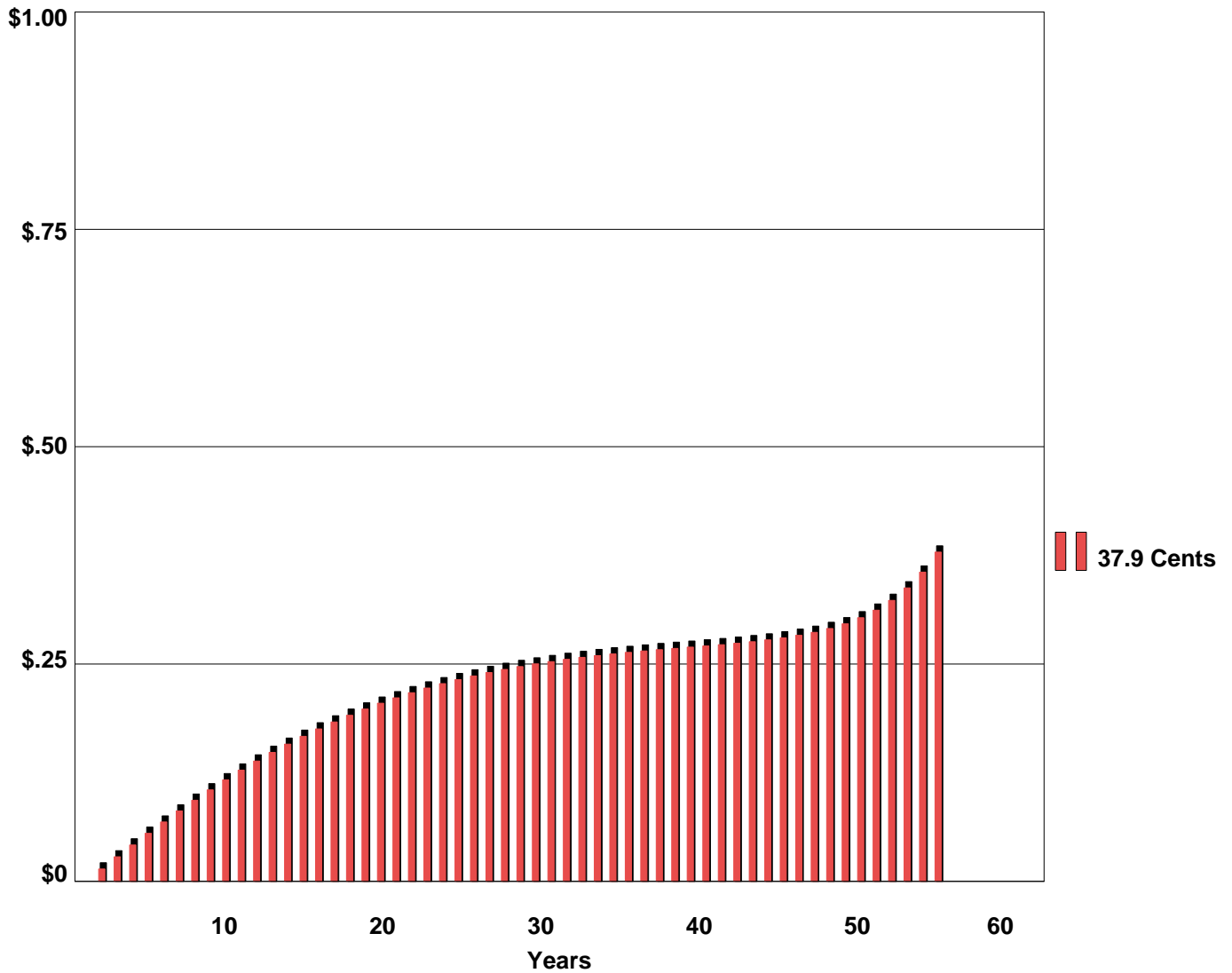
Cumulative Net Payments	\$396,000
Policy Cash Value	\$545,319
Policy Death Benefit	\$1,045,319

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55 Year Analysis Cost per \$1.00 of Funding



At Year 55
Cost of Funding Each \$1.00 of Life Insurance 37.9 Cents