

Indexed Universal Life vs. A Tax Deductible Retirement Plan (TDRP)

For Joe Tanner



Presented By: _____

[Licensed user's name appears here]

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Insured: Joe Tanner

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.

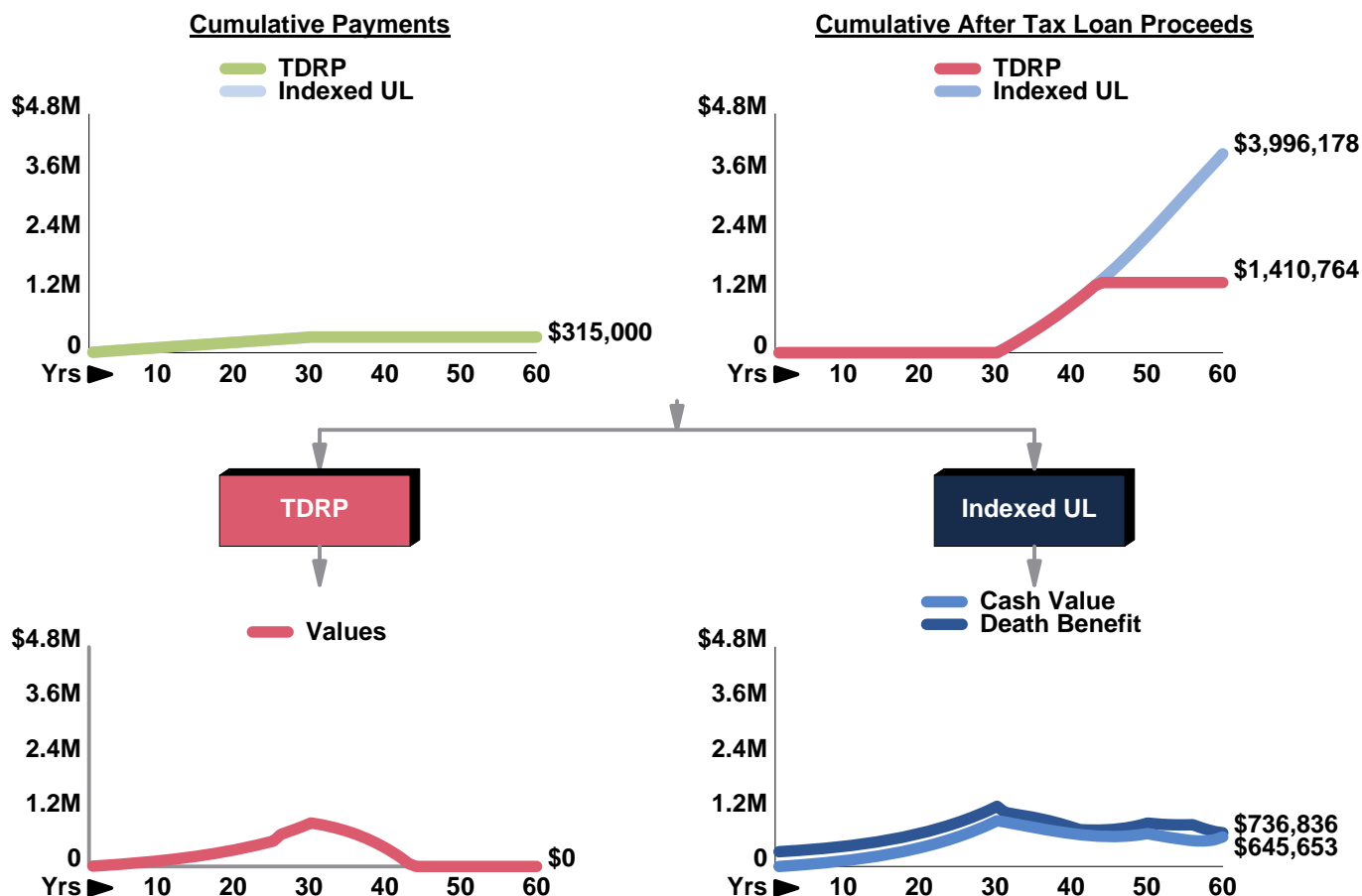
To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a Tax Deductible Retirement Plan (TDRP).

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.

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.

Indexed Universal Life vs. A Tax Deductible Retirement Plan (TDRP)

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Insured: Joe Tanner

Comparison

TDRP Yield 7.50% Income Tax Rate 30.00% Indexed UL Interest Rate 7.50% Initial Payment 10,500 Initial Death Benefit 315,000

		Tax Deductible Retirement Plan (TDRP)						Indexed Universal Life				
Yr	Male Age	(1) Tax Deductible Deposits to the TDRP	(2) After Tax Equivalent of TDRP Deposit*	(3) After Tax Withdrawal from the TDRP**	(4) Year End Value of TDRP Account	(5) Year End Value of TDRP if Distributed	(6) After Tax Death Benefit of TDRP	(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	15,964	9,578	11,175	10,500	0	9,420	2,470	323,742
2	36	15,000	10,500	0	32,953	19,772	23,067	10,500	0	19,533	13,278	333,855
3	37	15,000	10,500	0	51,034	30,620	35,724	10,500	0	30,387	24,826	344,709
4	38	15,000	10,500	0	70,277	42,166	49,194	10,500	0	42,031	37,165	356,353
5	39	15,000	10,500	0	90,756	54,454	63,529	10,500	0	54,528	50,357	368,850
6	40	15,000	10,500	0	112,551	67,531	78,786	10,500	0	67,989	64,516	382,311
7	41	15,000	10,500	0	135,746	81,448	95,022	10,500	0	82,490	79,711	396,812
8	42	15,000	10,500	0	160,431	96,259	112,302	10,500	0	98,113	96,029	412,435
9	43	15,000	10,500	0	186,702	112,021	130,691	10,500	0	114,952	113,562	429,274
10	44	15,000	10,500	0	214,662	128,797	150,263	10,500	0	133,109	132,414	447,431
11	45	15,000	10,500	0	244,418	146,651	171,093	10,500	0	153,529	153,529	467,851
12	46	15,000	10,500	0	276,085	165,651	193,260	10,500	0	175,462	175,462	489,784
13	47	15,000	10,500	0	309,787	185,872	216,851	10,500	0	199,019	199,019	513,341
14	48	15,000	10,500	0	345,655	207,393	241,959	10,500	0	224,322	224,322	538,644
15	49	15,000	10,500	0	383,827	230,296	268,679	10,500	0	251,491	251,491	565,813
16	50	15,000	10,500	0	424,452	254,671	297,116	10,500	0	280,663	280,663	594,985
17	51	15,000	10,500	0	467,687	280,612	327,381	10,500	0	311,983	311,983	626,305
18	52	15,000	10,500	0	513,700	308,220	359,590	10,500	0	345,610	345,610	659,932
19	53	15,000	10,500	0	562,669	337,601	393,868	10,500	0	381,711	381,711	696,033
20	54	15,000	10,500	0	614,784	368,870	430,349	10,500	0	420,466	420,466	734,788
21	55	15,000	10,500	0	670,248	402,149	469,174	10,500	0	462,065	462,065	776,387
22	56	15,000	10,500	0	729,276	437,566	510,493	10,500	0	506,710	506,710	821,032
23	57	15,000	10,500	0	792,096	475,258	554,467	10,500	0	554,613	554,613	868,935
24	58	15,000	10,500	0	858,952	515,371	601,266	10,500	0	606,001	606,001	920,323
25	59	15,000	10,500	0	930,103	558,062	651,072	10,500	0	661,115	661,115	975,437
26	60	15,000	10,500	0	1,005,826	704,078	704,078	10,500	0	720,210	720,210	1,034,532
27	61	15,000	10,500	0	1,086,414	760,490	760,490	10,500	0	783,552	783,552	1,097,874
28	62	15,000	10,500	0	1,172,180	820,526	820,526	10,500	0	851,461	851,461	1,165,783
29	63	15,000	10,500	0	1,263,457	884,420	884,420	10,500	0	924,260	924,260	1,238,582
30	64	15,000	10,500	0	1,360,598	952,419	952,419	10,500	0	1,002,300	1,002,300	1,316,622
		450,000	315,000	0				315,000	0			

*Equal to Column (7)

Note: Tax Deductible Retirement Plan (TDRP) values do not reflect market rate adjustments, if any. Tax Deductible Retirement Plan (TDRP) is assessed:

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

***This is an InsMark supplemental illustration for indexed universal life. In an actual presentation, this footnote refers to an accompanying basic illustration from a specific life insurance company with important details, caveats, and guarantees.

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

Management fees reflected in column (4): 1.00%

30 Year Summary

	TDRP	Indexed UL
After Tax Payments	315,000	315,000
After Tax Cash Flow	0	0
Living Values	952,419	1,002,300
Death Benefit	952,419	1,316,622

Indexed Universal Life vs. A Tax Deductible Retirement Plan (TDRP)

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

Insured: Joe Tanner

Comparison

TDRP Yield 7.50% Income Tax Rate 30.00% Indexed UL Interest Rate 7.50% Initial Payment 10,500 Initial Death Benefit 315,000

		Tax Deductible Retirement Plan (TDRP)						Indexed Universal Life				
Yr	Male Age	(1) Tax Deductible Deposits to the TDRP	(2) After Tax Equivalent of TDRP Deposit*	(3) After Tax Withdrawal from the TDRP**	(4) Year End Value of TDRP Account	(5) Year End Value of TDRP if Distributed	(6) After Tax Death Benefit of TDRP	(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	83,320	1,321,340	924,938	924,938	0	83,320	972,138	972,138	1,184,063
32	66	0	0	86,327	1,274,988	892,492	892,492	0	86,327	941,640	941,640	1,155,228
33	67	0	0	89,424	1,220,949	854,664	854,664	0	89,424	910,955	910,955	1,126,321
34	68	0	0	92,614	1,158,588	811,012	811,012	0	92,614	880,252	880,252	1,097,392
35	69	0	0	95,900	1,087,225	761,058	761,058	0	95,900	849,713	849,713	1,068,482
36	70	0	0	99,284	1,006,132	704,292	704,292	0	99,284	819,960	819,960	1,040,112
37	71	0	0	102,770	914,529	640,170	640,170	0	102,770	791,505	791,505	996,843
38	72	0	0	106,360	811,582	568,107	568,107	0	106,360	764,750	764,750	952,173
39	73	0	0	110,058	696,399	487,479	487,479	0	110,058	740,116	740,116	905,872
40	74	0	0	113,867	568,024	397,617	397,617	0	113,867	718,059	718,059	857,661
41	75	0	0	117,791	425,435	297,805	297,805	0	117,791	698,749	698,749	806,873
42	76	0	0	121,832	267,541	187,279	187,279	0	121,832	682,310	682,310	799,668
43	77	0	0	125,994	93,175	65,223	65,223	0	125,994	669,217	669,217	796,698
44	78	0	0	65,223	0	0	0	0	130,281	660,056	660,056	798,619
45	79	0	0	0	0	0	0	0	134,697	655,406	655,406	806,086
46	80	0	0	0	0	0	0	0	139,245	655,857	655,857	819,765
47	81	0	0	0	0	0	0	0	143,930	662,064	662,064	840,395
48	82	0	0	0	0	0	0	0	148,755	674,513	674,513	868,538
49	83	0	0	0	0	0	0	0	153,725	693,803	693,803	904,878
50	84	0	0	0	0	0	0	0	158,844	720,532	720,532	950,101
51	85	0	0	0	0	0	0	0	164,116	687,628	687,628	933,845
52	86	0	0	0	0	0	0	0	164,116	658,025	658,025	921,970
53	87	0	0	0	0	0	0	0	164,116	631,420	631,420	914,204
54	88	0	0	0	0	0	0	0	164,116	607,265	607,265	910,017
55	89	0	0	0	0	0	0	0	164,116	585,820	585,820	909,735
56	90	0	0	0	0	0	0	0	164,116	566,663	566,663	912,968
57	91	0	0	0	0	0	0	0	164,116	558,124	558,124	854,438
58	92	0	0	0	0	0	0	0	164,116	564,652	564,652	802,528
59	93	0	0	0	0	0	0	0	164,116	591,505	591,505	761,437
60	94	0	0	0	0	0	0	0	164,116	645,653	645,653	736,836
		450,000	315,000	1,410,764				315,000	3,996,178			

*Equal to Column (7)

Note: Tax Deductible Retirement Plan (TDRP) values do not reflect market rate adjustments, if any. Tax Deductible Retirement Plan (TDRP) is assessed:

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

Management fees reflected in column (4): 1.00%

60 Year Summary

	TDRP	Indexed UL
After Tax Payments	315,000	315,000
After Tax Cash Flow	1,410,764	3,996,178
Living Values	0	645,653
Death Benefit	0	736,836

Indexed Universal Life vs. A Tax Deductible Retirement Plan (TDRP)

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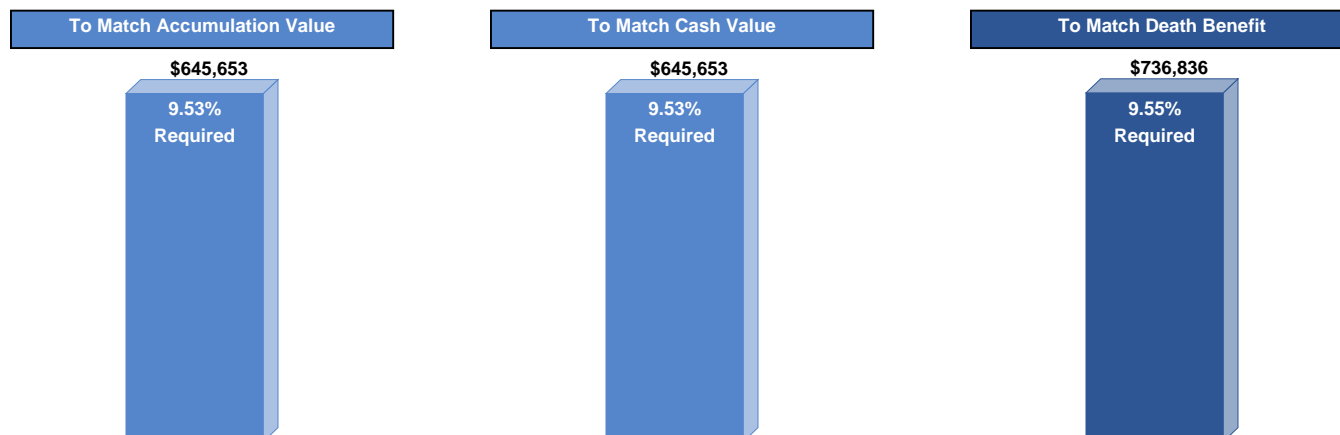
Insured: Joe Tanner

Matching Values

Male	TDRP	Income	Indexed UL	Initial	Initial
Age	Yield	Tax Rate	Interest Rate	Payment	Death Benefit
35	7.50%	30.00%	7.50%	10,500	315,000

Gross Interest Rate Required on a Tax Deductible Retirement Plan (TDRP) to Match Indexed Universal Life Policy Values over 60 Years.

	Gross Interest Rate Required
To match Accumulation Value of: \$645,653	9.53%
To match Cash Value of: \$645,653	9.53%
To match Death Benefit of: \$736,836	9.55%



Income Tax Considerations

1. Tax Deductible Retirement Plan (TDRP): Interest is tax deferred.
2. Indexed Universal Life:
 - a. Death Benefit including available cash value component is income tax free.
 - b. Loans are income tax free as long as the policy is kept in force.
 - c. Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
 - d. Cash values shown assume most favorable combination of b and/or c.

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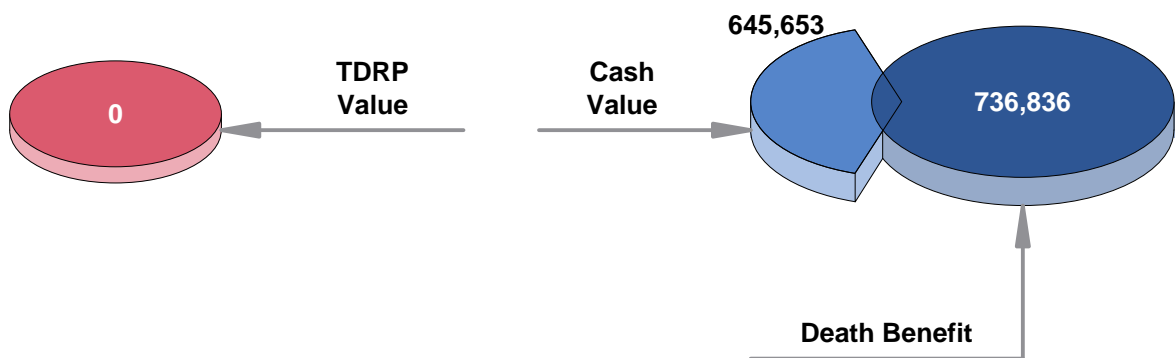
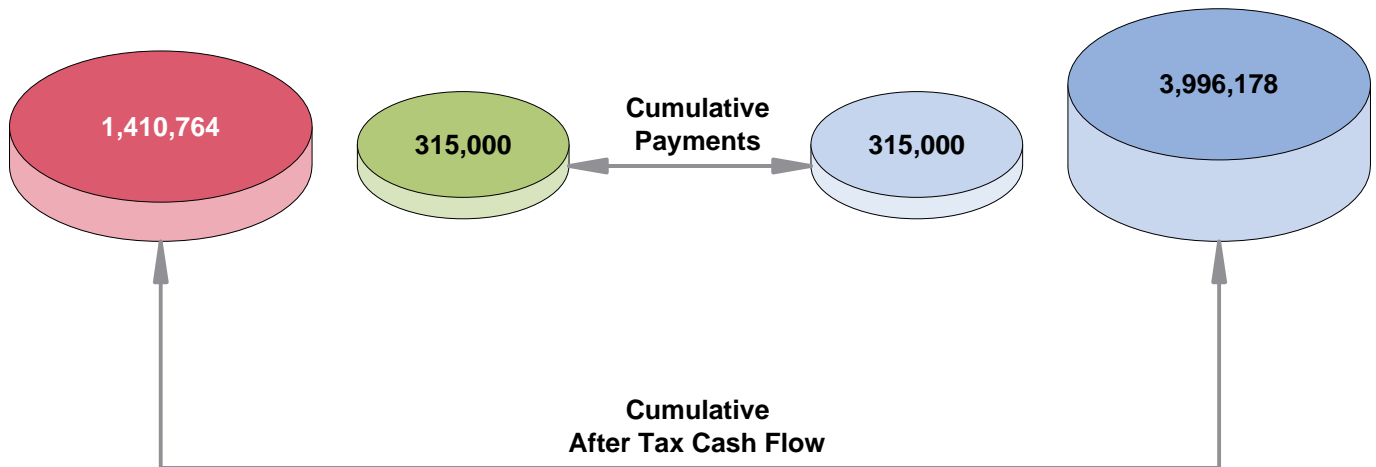
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A Look at Year 60

Tax Deductible Retirement Plan (TDRP)

Indexed Universal Life

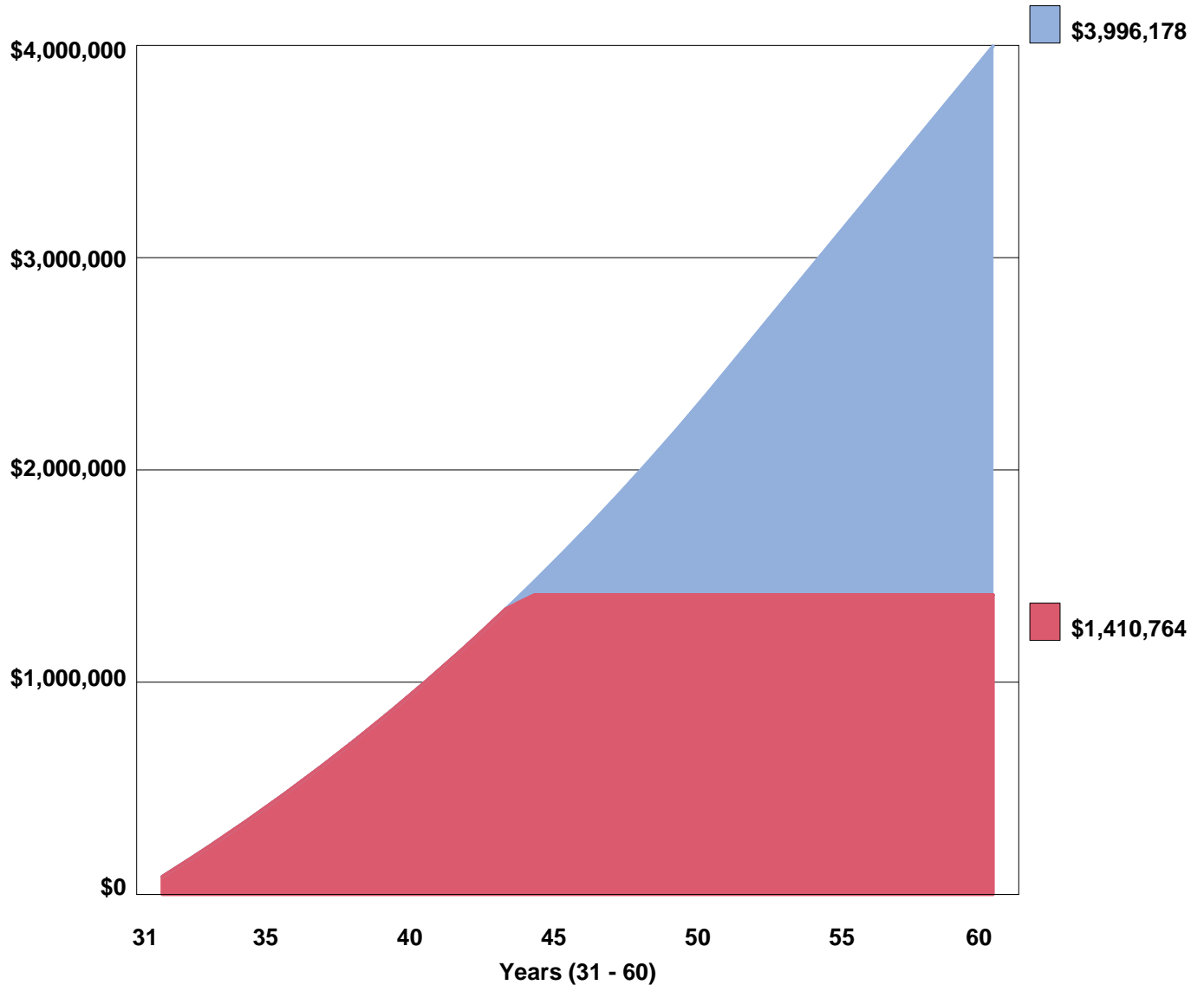


Indexed Universal Life vs. A Tax Deductible Retirement Plan (TDRP)

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Cash Flow Comparison



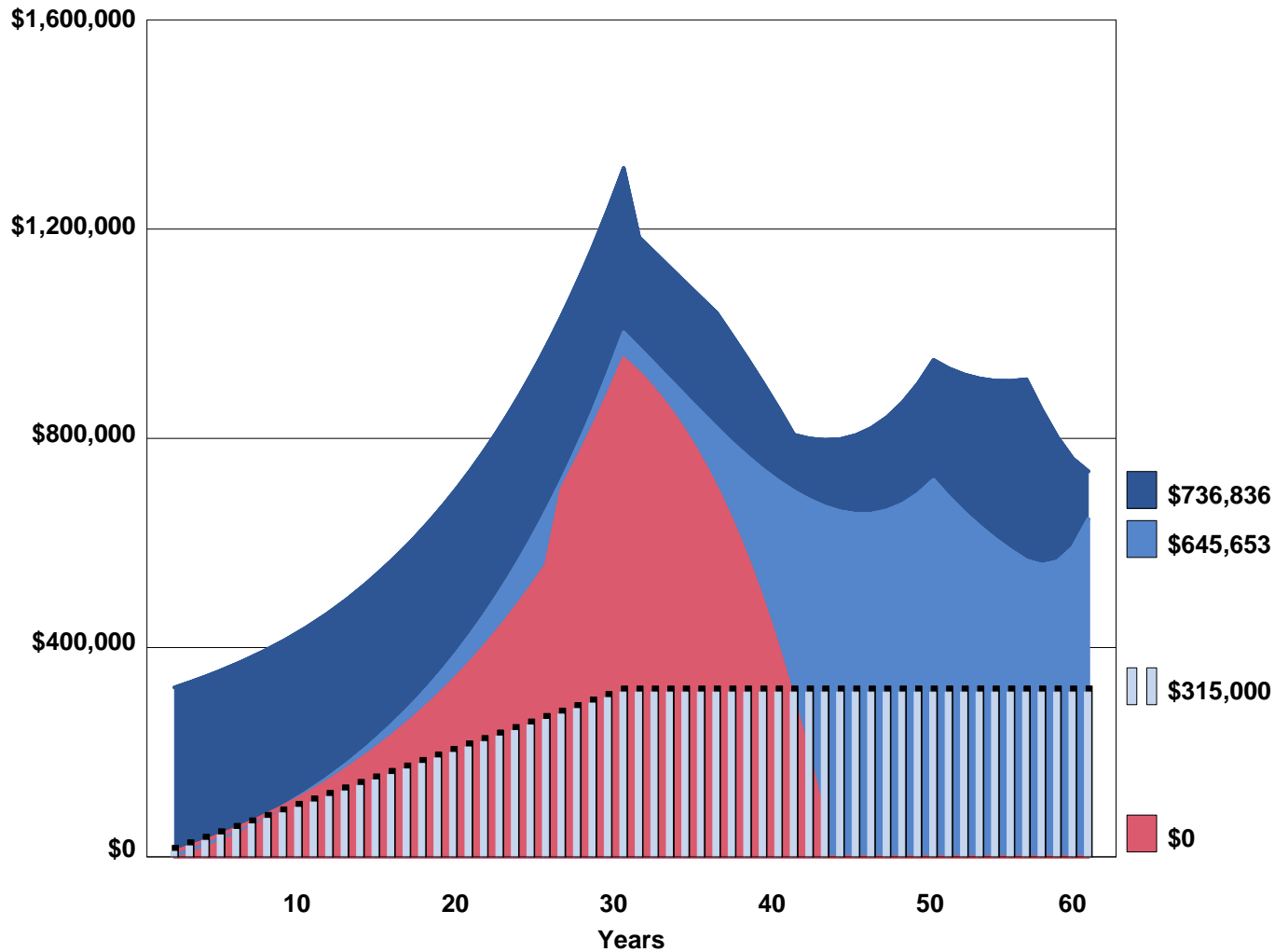
At Year 60
Cumulative After Tax Cash Flow - Tax Deductible Retirement Plan (TDRP) ■ \$1,410,764
Cumulative After Tax Policy Cash Flow - Indexed UL ■ \$3,996,178

Indexed Universal Life vs. A Tax Deductible Retirement Plan (TDRP)

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60 Year Analysis



	At Year 60
Cumulative Payments	\$315,000
Tax Deductible Retirement Plan (TDRP) Values	\$0
Cash Value of Indexed UL	\$645,653
Death Benefit of Indexed UL	\$736,836