

An Equity Split Dollar Plan

The Plan Description

Of all the strategies used by employers to provide unique fringe benefits for their valuable executives, this variation is one of the most efficient.

With this plan, the employer pays all (or substantially all) the premium due on a cash value life insurance policy on the life of a valued executive.

The policy is owned by the executive or, if estate liquidity use is contemplated, an irrevocable trust. The employer is furnished an assignment of death benefits and cash values to the extent of the premiums it has paid. The remaining death benefits are paid to the executive's named beneficiaries (or to the trust). The cash values that exceed the recovery rights of the employer belong to the policyowner - the executive or trust, as the case may be.

Tax free access to policy cash value in excess of the employer's premium recovery rights is available through use of policy loan provisions. Available at very favorable interest rates, loans on executive-owned plans are frequently used for retirement income, although they may be utilized for any purpose.

Split dollar plans have yearly income tax ramifications. The IRS has issued rulings specifying that, unless an offsetting payment is made, an executive covered with a split dollar arrangement is in receipt of a taxable economic benefit to the extent relief is provided from paying premiums personally. Income tax calculations are not, however, derived from the premium paid by the employer. Instead, they are based on the premium relief the executive has experienced -- measured by certain term insurance rates available from the issuing insurance company or, at the taxpayer's option, from a special term-type rate table published by the government. Either method usually creates an advantageous spread between the actual policy premium and the cost of the plan to the executive.

Favorable income tax impact, combined with the plan's impressive cash surrender values and death benefit, creates a multi-benefit executive compensation plan with significant financial leverage. This is particularly evident in the accompanying presentation.

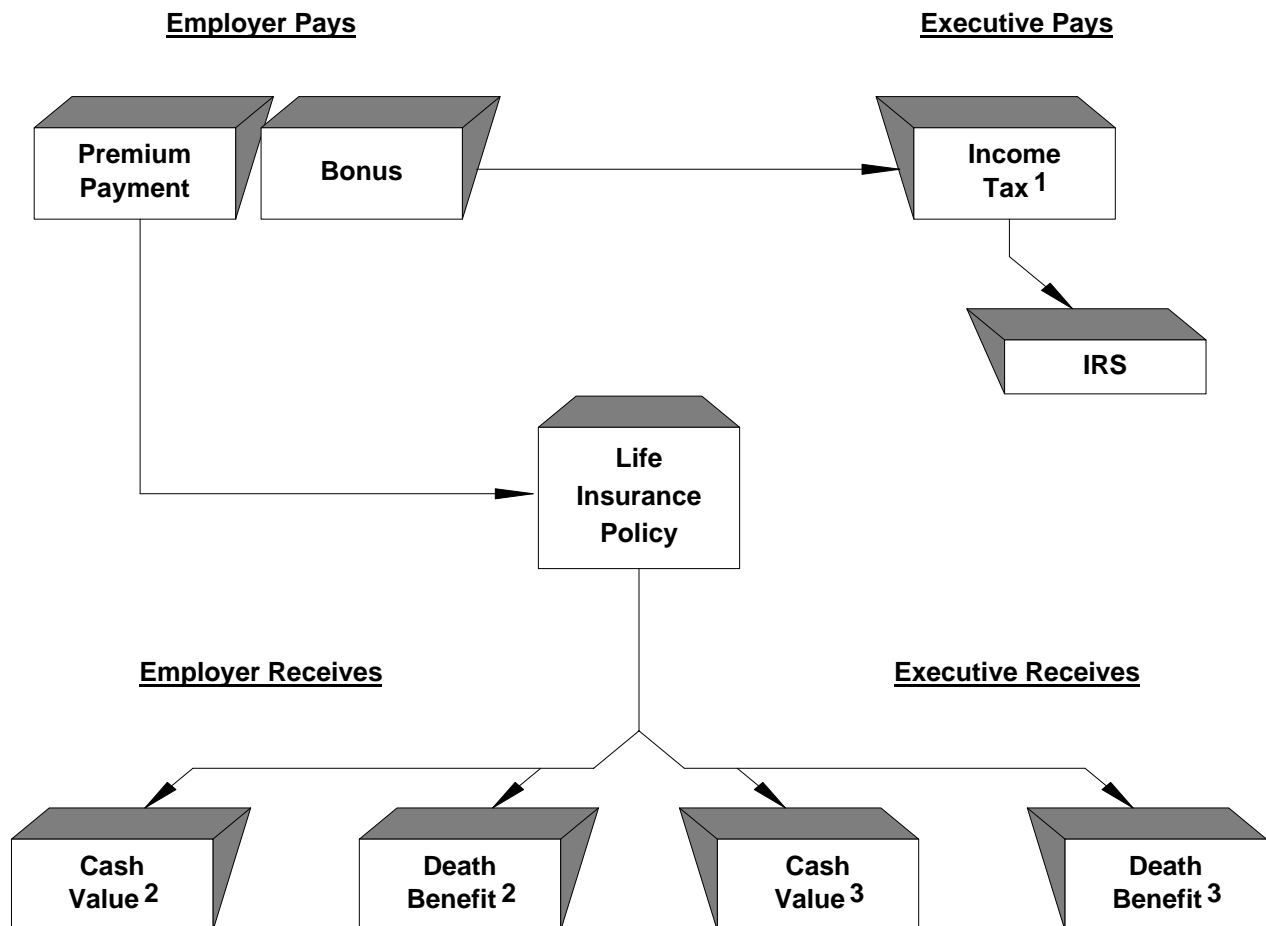
An Equity Split Dollar Plan Using Variable Universal Life (VUL)

Who Pays What - Who Receives What

Presented By: [Licensed user's name appears here]
Date: 01/01/2002

For: Frank Contini
Ryder Corporation

Flow Chart Analysis



(1) For the bonus and any economic benefit imputed on the plan.

(2) Equal to cumulative premiums paid by employer.

(3) Equal to remaining balance after employer's portion is deducted.

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Illustration of Values of The Policy Used in the Plan

Values Page: 1
Date: 01/01/2002

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

For: Frank Contini
Ryder Corporation

	Male Age 45	VUL Interest Rate 10.00%	Initial Payment 100,000	Initial Death Benefit 2,500,000	
Year	(1) Net Payment	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit
1	100,000	0	101,714	66,714	2,500,000
2	100,000	0	212,346	142,346	2,500,000
3	100,000	0	332,215	257,715	2,500,000
4	100,000	0	462,138	387,638	2,500,000
5	100,000	0	603,023	528,523	2,500,000
6	0	0	646,994	576,219	2,500,000
7	0	0	694,192	627,887	2,500,000
8	0	0	744,896	683,806	2,500,000
9	0	0	799,374	744,244	2,500,000
10	0	0	857,934	809,509	2,500,000
11	0	0	920,944	879,969	2,500,000
12	0	0	988,800	956,020	2,500,000
13	0	0	1,061,919	1,038,079	2,500,000
14	0	0	1,140,815	1,126,660	2,500,000
15	0	0	1,226,058	1,226,058	2,500,000
16	0	0	1,318,255	1,318,255	2,500,000
17	0	0	1,418,159	1,418,159	2,500,000
18	0	0	1,526,610	1,526,610	2,500,000
19	0	0	1,644,559	1,644,559	2,500,000
20	0	0	1,773,121	1,773,121	2,500,000
	500,000	0			

*This is an example of an InsMark "supplemental" illustration for variable universal life insurance. In a real presentation, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company and a prospectus.

An Equity Split Dollar Plan Using Variable Universal Life (VUL)

Illustration of Values of The Policy Used in the Plan

Values Page: 2
Date: 01/01/2002

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

For: Frank Contini
Ryder Corporation

	Male Age 45	VUL Interest Rate 10.00%	Initial Payment 100,000	Initial Death Benefit 2,500,000	
Year	(1) Net Payment	(2) Pre-Tax Policy Cash Flow	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit
21	0	0	1,913,603	1,913,603	2,500,000
22	0	0	2,067,528	2,067,528	2,500,000
23	0	0	2,236,164	2,236,164	2,638,673
24	0	0	2,418,300	2,418,300	2,829,411
25	0	0	2,615,007	2,615,007	3,033,409
26	0	0	2,827,461	2,827,461	3,251,581
27	0	0	3,057,736	3,057,736	3,455,242
28	0	0	3,307,592	3,307,592	3,671,427
29	0	0	3,579,041	3,579,041	3,901,155
30	0	0	3,874,395	3,874,395	4,145,602
31	0	0	4,196,334	4,196,333	4,406,151
32	0	0	4,544,260	4,544,260	4,771,473
33	0	0	4,920,122	4,920,122	5,166,128
34	0	0	5,325,987	5,325,987	5,592,287
35	0	0	5,764,046	5,764,046	6,052,248
36	0	0	6,236,609	6,236,609	6,548,440
37	0	0	6,746,095	6,746,095	7,083,400
38	0	0	7,295,046	7,295,046	7,659,798
39	0	0	7,886,100	7,886,100	8,280,405
40	0	0	8,521,998	8,521,998	8,948,098
	500,000	0			

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