

An Employer-Sponsored Life Insurance and Retirement Plan

The Plan Description

Of all the strategies available for an employer to provide unique benefits for selected executives, a bonus used to pay the premium for an executive-owned cash value life insurance policy is highly rewarding yet very simple to implement.

There are two categories of this fringe benefit plan:

BONUS PLANS WITH UNRESTRICTED ACCESS

This plan is owned by the participant and there is no restriction on the executive's access to plan values. They may be used at any time for any purpose. Bonus plans of this type are typically used for shareholder-executives.

BONUS PLANS WITH DEFERRED ACCESS

This plan utilizes a technique known as an "endorsement of policy ownership rights". With this procedure, the employer's payment of the bonus is conditional upon the executive agreeing, in writing, not to take any action on the policy, such as withdrawal or loan, until an agreed upon date (or event) occurs - usually retirement. This variation is primarily used with non-shareholder executives.

Either form of bonus plan contains the following characteristics:

1. Discriminatory participation;
2. Deductible funding costs;
3. Negligible out-of-pocket cost to the executive;
4. Tax free access to cash values through policy loans;
5. Income tax free death benefits;
6. No regulatory approval required;
7. Negligible plan administration;
8. Any size business can establish a plan;
9. Values may not be attached by employer's creditors;
10. 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 create an executive compensation plan with a considerable amount of financial leverage. This is particularly evident in the accompanying presentation.

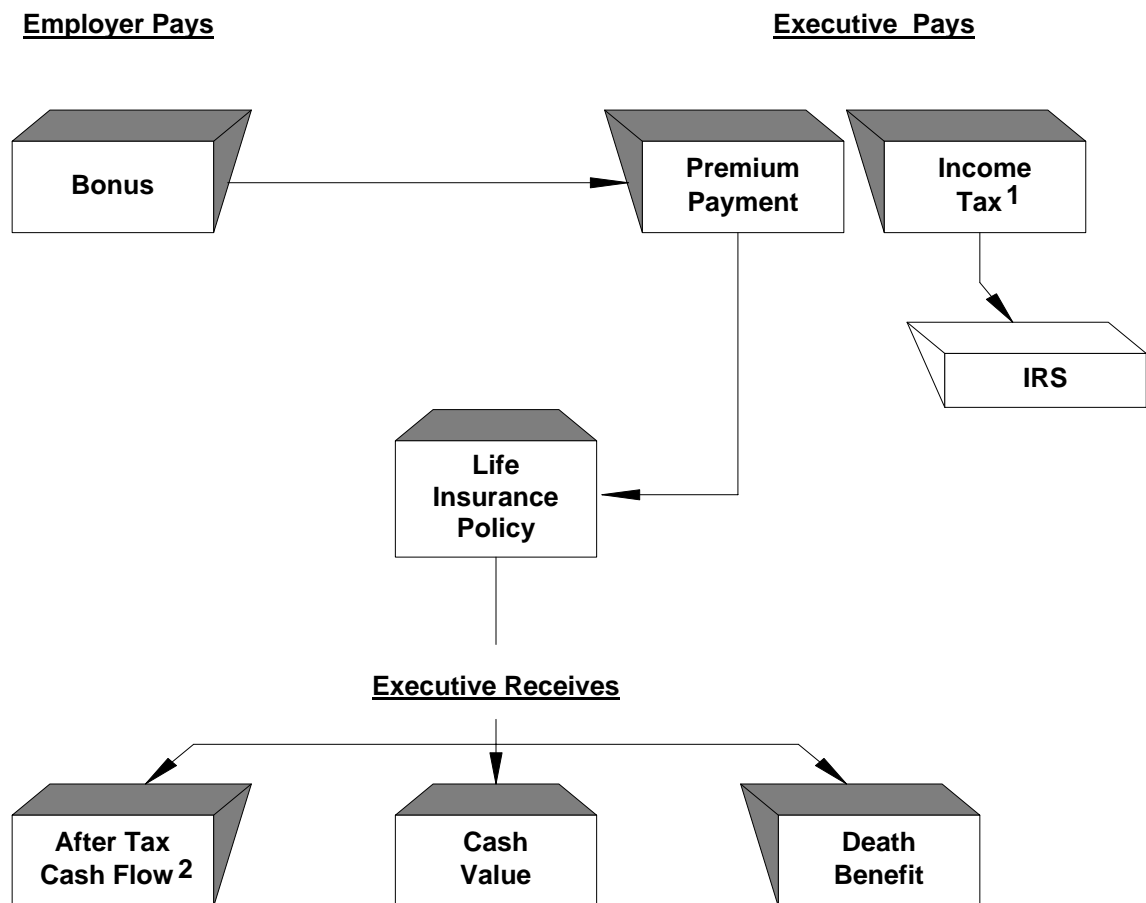
An Employer-Sponsored Life Insurance and Retirement Plan Using Equity Indexed Universal Life

Who Pays What - Who Receives What

Presented By: [Licensed user's name appears here]
Date: 10/31/2002

For: Beth Clarkson
Capital Broadcasting Co., Inc.

Flow Chart Analysis



(1) Due on the bonus received.

(2) For Retirement Income.

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Values Page: 1
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For: Beth Clarkson
Capital Broadcasting Co., Inc.

Female Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 28.00%	EI-UL Interest Rate 7.50%	Initial Payment 15,000	Initial Death Benefit 1,000,000
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Year	Employer's Costs		Executive's Costs				Executive's Values			
	(1) Employer's Allocated Payment to the Plan	(2) Employer's After Tax Net Payment	(3) Cost of the Policy Premium	(4) Allocation to Executive	(5) Income Tax on Col(4)	(6) Executive's Net Payment	(7) Retirement Income After Tax Cash Flow	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
1	15,000	9,900	15,000	15,000	4,200	4,200	0	14,126	3,626	1,000,000
2	15,000	9,900	15,000	15,000	4,200	4,200	0	29,335	8,335	1,000,000
3	15,000	9,900	15,000	15,000	4,200	4,200	0	45,627	23,127	1,000,000
4	15,000	9,900	15,000	15,000	4,200	4,200	0	63,087	40,587	1,000,000
5	15,000	9,900	15,000	15,000	4,200	4,200	0	81,804	59,304	1,000,000
6	15,000	9,900	15,000	15,000	4,200	4,200	0	101,891	80,516	1,000,000
7	15,000	9,900	15,000	15,000	4,200	4,200	0	123,436	103,411	1,000,000
8	15,000	9,900	15,000	15,000	4,200	4,200	0	146,561	128,111	1,000,000
9	15,000	9,900	15,000	15,000	4,200	4,200	0	171,397	154,747	1,000,000
10	15,000	9,900	15,000	15,000	4,200	4,200	0	198,073	183,448	1,000,000
11	15,000	9,900	15,000	15,000	4,200	4,200	0	226,748	214,373	1,000,000
12	15,000	9,900	15,000	15,000	4,200	4,200	0	257,599	247,699	1,000,000
13	15,000	9,900	15,000	15,000	4,200	4,200	0	290,805	283,605	1,000,000
14	15,000	9,900	15,000	15,000	4,200	4,200	0	326,565	322,290	1,000,000
15	15,000	9,900	15,000	15,000	4,200	4,200	0	365,108	365,108	1,000,000
16	15,000	9,900	15,000	15,000	4,200	4,200	0	406,693	406,693	1,000,000
17	15,000	9,900	15,000	15,000	4,200	4,200	0	451,598	451,598	1,000,000
18	15,000	9,900	15,000	15,000	4,200	4,200	0	500,124	500,124	1,000,000
19	15,000	9,900	15,000	15,000	4,200	4,200	0	552,629	552,629	1,000,000
20	15,000	9,900	15,000	15,000	4,200	4,200	0	609,504	609,504	1,000,000
	300,000	198,000	300,000	300,000	84,000	84,000	0			

20 Year Summary

*This is an example of an InsMark "supplemental" illustration for Equity Indexed Universal Life. For an actual presentation, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company.

Employer's Cumulative A/T Costs	198,000
Executive's Net Payment	84,000
Executive's Cum. A/T Retirement Income	0
Executive's Cash Value	609,504
Executive's Death Benefit	1,000,000

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Capital Broadcasting Co., Inc.

Female Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 28.00%	EI-UL Interest Rate 7.50%	Initial Payment 15,000	Initial Death Benefit 1,000,000
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Year	Employer's Costs		Executive's Costs				Executive's Values			
	(1) Employer's Allocated Payment to the Plan	(2) Employer's After Tax Net Payment	(3) Cost of the Policy Premium	(4) Allocation to Executive	(5) Income Tax on Col(4)	(6) Executive's Net Payment	(7) Retirement Income After Tax Cash Flow	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
21	0	0	0	0	0	0	50,000	600,809	600,809	949,975
22	0	0	0	0	0	0	50,000	591,503	591,503	899,950
23	0	0	0	0	0	0	50,000	581,579	581,578	849,925
24	0	0	0	0	0	0	50,000	571,031	571,031	799,900
25	0	0	0	0	0	0	50,000	559,868	559,868	749,875
26	0	0	0	0	0	0	50,000	548,100	548,100	699,850
27	0	0	0	0	0	0	50,000	535,771	535,771	646,850
28	0	0	0	0	0	0	50,000	523,379	523,379	592,961
29	0	0	0	0	0	0	50,000	510,008	510,008	571,095
30	0	0	0	0	0	0	50,000	495,631	495,631	546,555
31	0	0	0	0	0	0	50,000	480,236	480,236	519,186
32	0	0	0	0	0	0	50,000	463,428	463,428	505,083
33	0	0	0	0	0	0	50,000	445,066	445,066	489,563
34	0	0	0	0	0	0	50,000	425,000	425,000	472,478
35	0	0	0	0	0	0	50,000	403,058	403,058	453,663
36	0	0	0	0	0	0	50,000	379,053	379,052	432,934
37	0	0	0	0	0	0	50,000	352,775	352,775	410,088
38	0	0	0	0	0	0	50,000	323,992	323,992	384,897
39	0	0	0	0	0	0	50,000	292,446	292,446	357,106
40	0	0	0	0	0	0	50,000	257,851	257,851	326,433
	300,000	198,000	300,000	300,000	84,000	84,000	1,000,000			

40 Year Summary

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Employer's Cumulative A/T Costs	198,000
Executive's Net Payment	84,000
Executive's Cum. A/T Retirement Income	1,000,000
Executive's Cash Value	257,851
Executive's Death Benefit	326,433

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For: Beth Clarkson
Capital Broadcasting Co., Inc.

Female Age 45	Employer's Tax Bracket 34.00%	Executive's Tax Bracket 28.00%	EI-UL Interest Rate 7.50%	Initial Payment 15,000	Initial Death Benefit 1,000,000
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Year	Employer's Costs		Executive's Costs				Executive's Values			
	(1) Employer's Allocated Payment to the Plan	(2) Employer's After Tax Net Payment	(3) Cost of the Policy Premium	(4) Allocation to Executive	(5) Income Tax on Col(4)	(6) Executive's Net Payment	(7) Retirement Income After Tax Cash Flow	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
41	0	0	0	0	0	0	0	273,917	273,917	346,644
42	0	0	0	0	0	0	0	290,514	290,514	367,612
43	0	0	0	0	0	0	0	307,547	307,547	389,252
44	0	0	0	0	0	0	0	324,893	324,893	411,444
45	0	0	0	0	0	0	0	342,388	342,388	434,033
46	0	0	0	0	0	0	0	359,822	359,822	456,810
47	0	0	0	0	0	0	0	379,166	379,166	461,322
48	0	0	0	0	0	0	0	401,195	401,195	466,487
49	0	0	0	0	0	0	0	426,854	426,854	473,026
50	0	0	0	0	0	0	0	457,290	457,290	481,809

300,000	198,000	300,000	300,000	84,000	84,000	1,000,000
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50 Year Summary

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Employer's Cumulative A/T Costs	198,000
Executive's Net Payment	84,000
Executive's Cum. A/T Retirement Income	1,000,000
Executive's Cash Value	457,290
Executive's Death Benefit	481,809

Executive's Personal Report

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For: Beth Clarkson
Capital Broadcasting Co., Inc.

Female Age 45	Executive's Tax Bracket 28.00%	EI-UL Interest Rate 7.50%	Initial Payment 15,000	Initial Death Benefit 1,000,000
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Gross Interest Rate Required on a Hypothetical Taxable Investment to Match the Executive's Share of Equity Indexed Universal Life Policy Values over 50 Years (Executive's Net Payments Used as the Hypothetical Investment)

		Hypothetical Taxable Alternative
To match Accumulation Value of:	\$457,290	18.52%
To match Cash Value of:	\$457,290	18.52%
To match Death Benefit of:	\$481,809	18.54%

Income Tax Considerations

1. A hypothetical taxable investment: Interest is taxed as earned.
2. Equity Indexed Universal Life:
 - a. Death Benefit including 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.

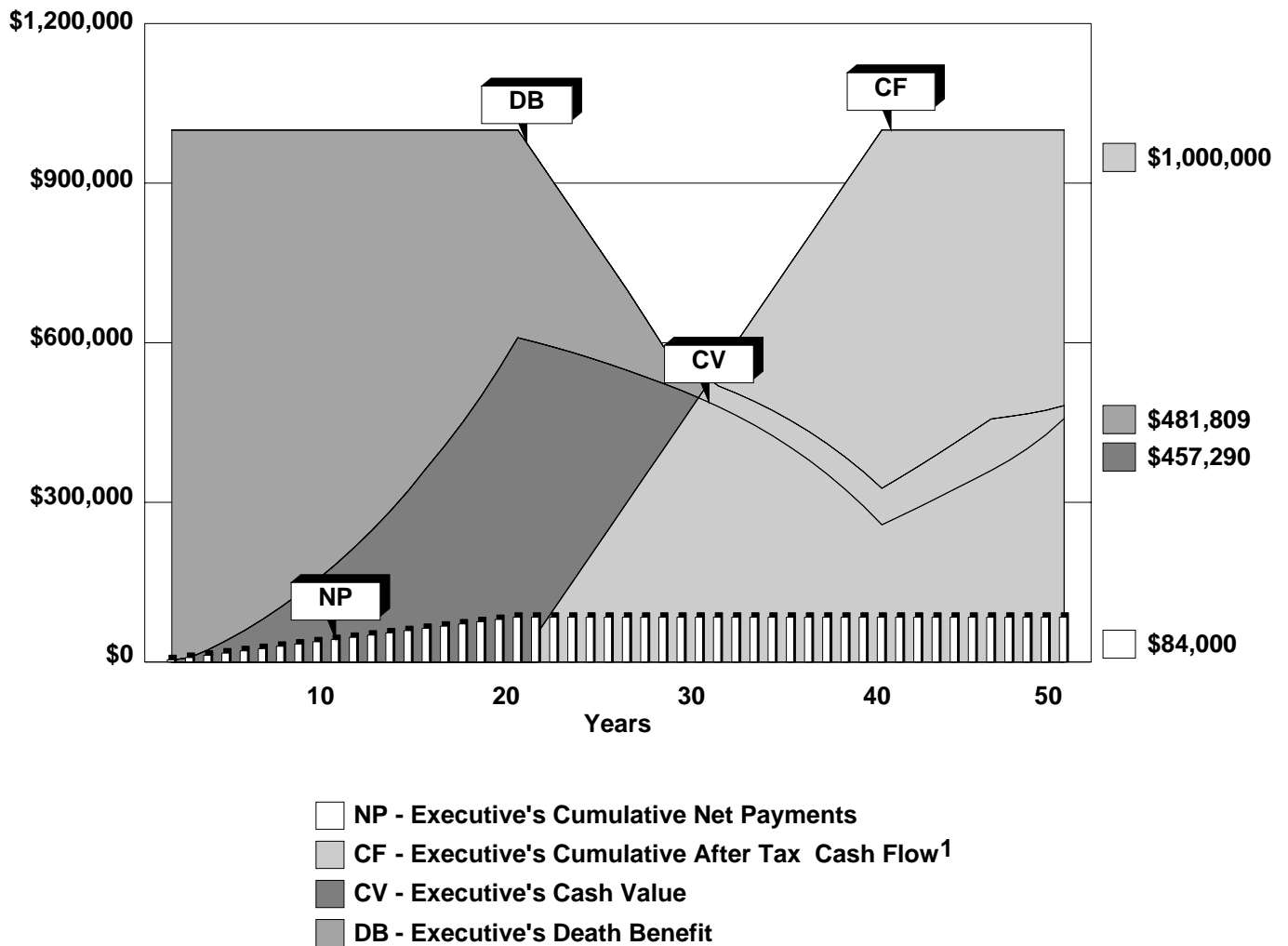
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Executive's 50 Year Graphic Analysis



(1) For Retirement Income.