

Funding A Life Insurance And Retirement Strategy with Discounted Dollars

Introduction

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.

A factor for the "use of money" is included in the calculation so that you can evaluate alternative uses for the funds.

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. Lifelong income options;
5. Tax free access to cash values through policy loans;
6. Income tax free death benefits for beneficiaries;
7. Probate free death benefits for beneficiaries;
8. Privacy of all transactions;
9. 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 produce a life insurance solution that has a considerable amount of financial leverage. This is particularly evident in the following presentation.

Funding A Life Insurance And Retirement Strategy with Discounted Dollars Using Equity Indexed Universal Life

Analysis Page: 1
Date: [Current date appears here]

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

Insured: George Baker, MD

	Male Age 45	Tax Bracket 35.00%	Forgone Interest Yield 8.00%	Eq. Indexed UL Interest Rate 8.00%	Initial Payment 20,000	Initial Death Benefit 500,000	
	Payment Analysis			Death Benefit Analysis		Living Values	
Year	(1) Net Payment	(2) Cumulative Net Payments	(3) Effective Cumulative Net Payments***	(4) Year End Death Benefit	(5) Cost per \$1.00 of Funding**	(6) Year End Accum Value*	(7) Year End Cash Value*
1	20,000	20,000	21,040	520,240	4.0 Cents	20,240	13,240
2	20,000	40,000	43,174	542,192	8.0 Cents	42,192	28,192
3	20,000	60,000	66,459	565,897	11.7 Cents	65,897	50,997
4	20,000	80,000	90,955	591,492	15.4 Cents	91,492	76,592
5	20,000	100,000	116,725	619,125	18.9 Cents	119,125	104,225
6	20,000	120,000	143,834	648,964	22.2 Cents	148,964	134,809
7	20,000	140,000	172,354	681,153	25.3 Cents	181,153	167,892
8	20,000	160,000	202,356	715,878	28.3 Cents	215,878	203,660
9	20,000	180,000	233,919	753,330	31.1 Cents	253,330	242,304
10	20,000	200,000	267,122	793,717	33.7 Cents	293,717	284,032
11	20,000	220,000	302,053	837,269	36.1 Cents	337,269	329,074
12	20,000	240,000	338,800	884,231	38.3 Cents	384,231	377,675
13	20,000	260,000	377,457	934,856	40.4 Cents	434,856	430,088
14	20,000	280,000	418,125	989,429	42.3 Cents	489,429	486,598
15	20,000	300,000	460,907	1,048,256	44.0 Cents	548,256	548,256
16	20,000	320,000	505,915	1,111,650	45.5 Cents	611,650	611,650
17	20,000	340,000	553,262	1,179,967	46.9 Cents	679,967	679,967
18	20,000	360,000	603,072	1,253,583	48.1 Cents	753,583	753,583
19	20,000	380,000	655,471	1,332,894	49.2 Cents	832,894	832,894
20	20,000	400,000	710,596	1,418,328	50.1 Cents	918,327	918,327
	400,000						

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

**Column (3) divided by column (4) is equal to column (5).
***Including after tax forgone interest on column (2).

Funding A Life Insurance And Retirement Strategy with Discounted Dollars Using Equity Indexed Universal Life

Analysis Page: 2
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Insured: George Baker, MD

Male Age	Tax Bracket	Forgone Interest Yield	Eq. Indexed UL Interest Rate	Initial Payment	Initial Death Benefit
45	35.00%	8.00%	8.00%	20,000	500,000

Year	Payment Analysis			Death Benefit Analysis		Living Values	
	(1) Net Payment	(2) Cumulative Net Payments	(3) Effective Cumulative Net Payments***	(4) Year End Death Benefit	(5) Cost per \$1.00 of Funding**	(6) Year End Accum Value*	(7) Year End Cash Value*
21	-75,000	325,000	668,647	1,343,303	49.8 Cents	907,684	907,684
22	-75,000	250,000	624,517	1,268,278	49.2 Cents	896,519	896,519
23	-75,000	175,000	578,091	1,193,253	48.4 Cents	884,920	884,920
24	-75,000	100,000	529,252	1,118,228	47.3 Cents	873,015	873,015
25	-75,000	25,000	477,873	1,043,202	45.8 Cents	860,955	860,955
26	-75,000	-50,000	423,823	988,768	42.9 Cents	849,428	849,428
27	-75,000	-125,000	366,962	966,862	38.0 Cents	836,789	836,789
28	-75,000	-200,000	307,144	941,399	32.6 Cents	823,026	823,026
29	-75,000	-275,000	244,215	912,191	26.8 Cents	808,156	808,156
30	-75,000	-350,000	178,014	879,066	20.3 Cents	792,239	792,239
31	-75,000	-425,000	108,371	841,882	12.9 Cents	775,386	775,386
32	-75,000	-500,000	35,106	827,800	4.2 Cents	756,604	756,604
33	-75,000	-575,000	-41,968	811,783	-5.2 Cents	735,657	735,657
34	-75,000	-650,000	-123,051	793,569	-15.5 Cents	712,277	712,277
35	-75,000	-725,000	-208,349	772,863	-27.0 Cents	686,161	686,161
36	-75,000	-800,000	-298,083	749,328	-39.8 Cents	656,967	656,967
37	-75,000	-875,000	-392,484	722,578	-54.3 Cents	624,305	624,305
38	-75,000	-950,000	-491,793	692,178	-71.1 Cents	587,735	587,735
39	-75,000	-1,025,000	-596,266	657,630	-90.7 Cents	546,757	546,757
40	-75,000	-1,100,000	-706,172	618,369	-114.2 Cent	500,807	500,807
	-1,100,000						

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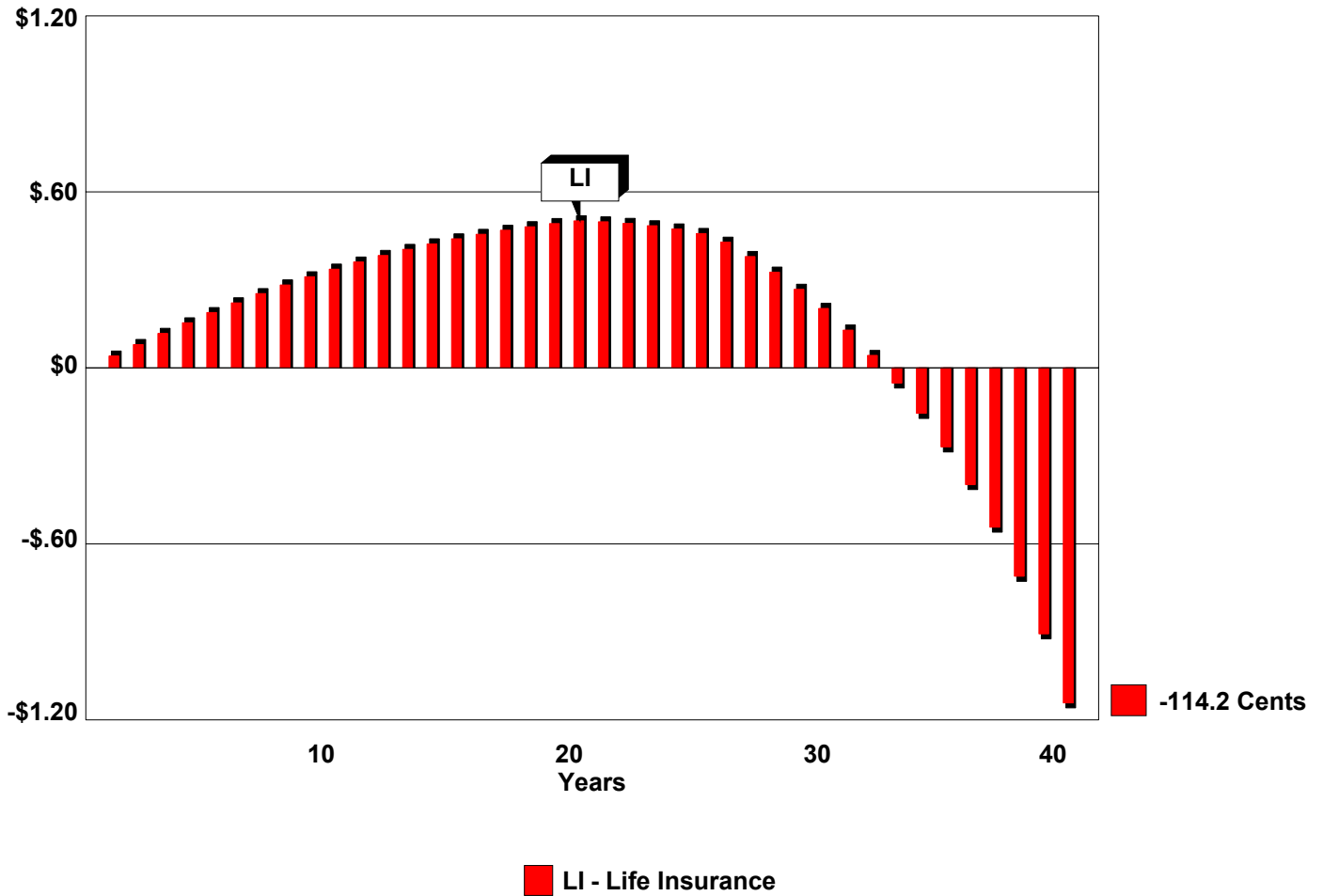
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40 Year Graphic Analysis Cost per \$1.00 of Funding



Life insurance analysis includes forgone interest yield on premiums.