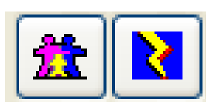
Version 15.0 of the InsMark® Illustration System

The InsMark Illustration System is a "soup-to-nuts" proposal generator allowing a producer to illustrate concepts as simple as "Your Policy vs. Term and an Investment" or as complex as basic, intermediate, and advanced uses of executive benefits.

All illustrations produced by the System appear in compelling numerical and graphic formats a client can easily understand. As with all of InsMark's proposal systems, this System receives its basic data through: 1) automatic "links" with the proposal systems of participating companies or 2) hand-input of policy data (call InsMark Technical Help at 925-543-0507 for advice on fast data entry using this method).

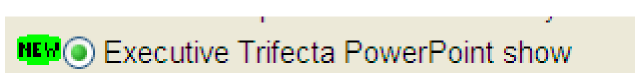
Also included are:

- An electronic Guide to Marketing ("GTM") with 600+ pages of detailed information and sales ideas to help sell life-insurance-based concepts. Written exclusively by producers for producers, this Guide is organized sequentially in a question and answer format (from basic to complex) geared to the type of concept being proposed and can also be sorted according to topic. The GTM is located under Help on the main toolbar. Click on User's Guide, then click on the category desired, then on the illustration module desired. A module-specific GTM is accessible from each module's Sample Illustrations selection.
- An electronic Guide to Operations ("GTO") to help use the system effectively -- also organized according to the specific concept being proposed. The GTO is located under Help on the main toolbar. Click on User's Guide, then click on the category desired, then on the illustration module desired. A module-specific GTO is accessible from within each modules Sample Illustrations menu.
- A series of concept screen shows which can be used for self-training, client education and motivation, in a seminar environment, or with a client's legal or tax advisor. These screen shows can be accessed by clicking on the icons located on the right side of the main toolbar that look like this:



- A Profile of InsMark that reviews all InsMark products can be accessed by clicking on the icon located on the right side of the main toolbar that looks like this:

- A PowerPoint show with an extensive explanation of the Executive Trifecta (see below) concept is available on the Executive Benefits tab:



The Illustration Modules in Version 15.0

(Examine examples under Sample Illustrations available under Help
or from the right side of each Module in Edit mode)

Available under the Personal Insurance tab:

- **Term Versus Permanent:** An absolutely unbeatable comparison analysis.
- **Other Investments vs. Your Policy:** Compare a policy to one of seventeen alternatives.
- **Various Financial Alternatives:** Compare your policy with up to four of seventeen alternatives in one illustration.
- **Comparison of Insurance Plans:** Use of the InsMark Comparison illustration provides a new level of interview control with buyers and their advisors. Significantly different conclusions can be drawn from similar policy data -- it depends not only on the factors determined to be of importance, but on the timing of that importance. Rate of Return comparisons can be illustrated, and this module is valuable in situations involving a new purchase where competition exists with another agent or for a new purchase where you are unsure which of your company's policies is the best choice for a client.
- **Cost of Waiting:** Life insurance is often a postponable purchase, but the mathematical proof of the high "cost of waiting" often triggers immediate action. The Cost of Waiting illustration module compares "buy now" versus "wait to buy" for the same insured.
- **Charitable Giving Plan** and **Dollars to Charity for Pennies of Cost:** These are both effective modules for illustrating charitable giving. Both feature the after tax cost of gifts of premiums to charity. **Charitable Giving Plan** includes a perpetual endowment column and **Dollars to Charity for Pennies of Cost** is particularly effective when used with an increasing death benefit policy.
- **Dollars of Benefits for Pennies of Cost:** Using similar logic as **Dollars to Charity for Pennies of Cost**, this is one of legendary Ben Feldman's greatest contributions to the industry. Life insurance can be irresistible when looked at this way.
- **Illustration of Values:** Placed on top of your insurance company's 20-page Basic Illustration (largely a compliance document), a Supplemental Illustration from this module is terrific for an easy understanding of the numbers. The MDRT calls this a "diet" proposal.
- **401(k) Plan Split Funded with Life Insurance:** Due to the fact that most 401(k) plan administrators do not have the capacity to administer a life insurance policy inside a 401(k) plan, this module has limited use. However, if you can find a compliant administrator, this illustration can be compelling.
- **Pension Maximizer Analysis:** The pension option that provides the highest income does not usually include a survivor benefit. This module calculates the life insurance needed to replace the missing benefit when a retiring worker elects the highest pension benefit.
- **Mortgage Plan**: Term insurance has typically been used to fund the repayment of a mortgage at death. With the Mortgage Acceleration Plan, permanent insurance is illustrated providing: 1) mortgage repayment at death and 2) early mortgage repayment using policy withdrawals and/or loans, thus saving thousands (in some cases, tens of thousands) in mortgage loan interest.

Available under the Executive Benefits tab:

Corporate-Owned Life Insurance:

Corporate-Owned Life Insurance ("COLI"): With the Salary Continuation Plan and Deferred Compensation Plan variations, survivor benefits paid to the executive's family are funded from the policy's death benefit. Retirement benefits are funded in one of two ways: 1) from policy withdrawals and/or loans or 2) as a payroll item, the cost of which is recovered from the policy proceeds at the executive's death. The employer's premium costs (including an optional factor for use of money) are recovered from the policy proceeds at the executive's death. With the Deferred Compensation variation, the executive participates in the plan funding by way of a compensation adjustment.

By using the program's "figure it out" capacity, this module can reflect data from any type of policy. No other COLI illustrations can do this with random policy selections.

With the Death-Benefit-Only Salary Continuation Plan ("DBO") variation, survivor benefits for the executive's family are the sole benefit provided with recovery of the employer's funding and benefit costs coming from the policy death benefits (including an optional recovery of "use of money").

Composite Illustrations: With this feature, you integrate the employer's cumulative costs and the executives' cumulative benefits in a multi-life COLI case into a composite presentation. You can also combine different benefit plans into one composite, e.g., salary continuation, deferred compensation, death-benefit-only salary continuation, etc. This can be valuable if you are doing one class of benefits for a given group of executives and a different class for others.

Corporate-Owned Life Insurance with Roll-Out:

Executive Trifecta: Executive Trifecta® utilizes a key executive policy to provide, during pre-retirement years, key executive coverage split between a portion used to indemnify the business and a portion used to provide death-benefit-only survivor income for the executive's family. At retirement, the arrangement provides for a contractual rollout of the policy to the executive.

Executive Trifecta avoids the Final Split Dollar Regulations and Sarbanes-Oxley.

Variations can be illustrated for the following situations:

- Shareholder executives of C Corporations;
- Non-shareholder executives of C Corporations;
- Shareholder executives of S Corporations;
- Non-shareholder executives of S Corporations;
- Member executives of Limited Liability Companies;
- Non-member executives of Limited Liability Companies;
- Partner executives of Partnerships;
- Non-partner executives of Partnerships.

Key Executive Life Insurance:

- **Key Executive Life Insurance Calculator:** The Key Executive Calculator can be helpful in calculating input data for an Executive Trifecta illustration as data from it can be imported into the Executive Trifecta module. The Key Executive Calculator also has the following uses:
    1. **A Simple Key Executive Coverage Presentation:** Reports from the Key Executive Life Insurance Calculator can be used to document the precise amount needed for key executive indemnification should the covered executive die. When coupled with an Illustration of Values report featuring the recommended life insurance policy, a simplified presentation of key executive coverage can be developed. This strategy does not have the comprehensive overall benefits of Executive Trifecta; nevertheless, if your primary need is to produce the rationale for the amount of coverage as well as policy funding, this approach can be valuable.
    2. **Survivor Income Benefits (also known as Death-Benefit-Only Benefits):** A Survivor Income Benefit Calculator is included in the Key Executive Life Insurance Calculator. It can produce a stand-alone report of user-scheduled year-by-year Survivor Income Benefits along with a determination of the face amount of insurance needed to provide the required funding. When coupled with an Illustration of Values report featuring the recommended life insurance policy, a simplified presentation of this death-benefit-only plan can be developed.

       Note: The Survivor Income module (under the Corporate-Owned Life Insurance heading on the Executive Benefits tab) produces a more complex death-benefit-only illustration as it includes cost recovery as part of its funding logic. (It should not be used with Executive Trifecta.)

Executive-Owned Life Insurance:

- **Executive Bonus Plan:** This simple yet highly effective illustration module is one of InsMark's most popular executive benefits.
- **Executive Security Plan:** This is similar to the Executive Bonus Plan except, with this module, you can illustrate policy cash flow for retirement income using withdrawals and/or loans.

Miscellaneous:

- **Illustration of Values:** To go on top of your 20-page Basic Illustration (basically a compliance document), a Supplemental Illustration from this module is terrific for an easy understanding of the numbers. The MDRT calls this a "diet" proposal.
- **Funding Buyouts with Discounted Dollars:** This module illustrates a "Dollars of Benefits for Pennies of Cost" approach to Buy-Sell funding.

Available under the Split Dollar tab:

- **Employer-Sponsored Endorsement Split Dollar** provides executives with inexpensive personal coverage;
- **Employer-Sponsored Endorsement Split Dollar with Salary Continuation** provides executives with inexpensive personal coverage and retirement income;

- **Employer-Sponsored Endorsement Split Dollar with Optional Transfer** provides the option for executives to own all full policy values after a period of years;
- **Employer-Sponsored Limited Collateral Assignment Split Dollar** provides executives with inexpensive trust-owned policies for estate planning purposes;
- **Private Limited Collateral Assignment Split Dollar** provides inexpensive trust-owned policies for estate planning purposes (with no funding help available from a business).

  Note: Illustrations for loan-based split dollar plans authorized by the Final Split Dollar Regulations are available in the following two Systems published by InsMark: Loan-Based Split Dollar (includes corporate and private versions) and Loan-Based Deferred Compensation. For details, call 1-888-InsMark (467-6275).

Available under the InsCalc tab:

- Taxable, Tax Exempt, Tax Deferred, Equity, Hypothetical Portfolio, Pension, Retirement Income, and Social Security Calculators are available. Data from any of them can be printed in a presentation-quality format or imported into Retirement Needs Analysis and Survivor Needs Analysis (available under the Personal Needs analysis tab).

Available under the Personal Needs Analysis tab:

- **Survivor Needs Analysis ("SNA"):** Unsure of how much life insurance coverage is needed? SNA is the program that won *Money* magazine's Life Insurance Test. It will win clients for you, too.
- **Retirement Needs Analysis:** Retirement plans are more efficient when life insurance is included, and this program proves it with either in-force or proposed policies. Both "Level Amount" and "Percent of Income" solves are available when determining how much additional saving is needed to meet retirement income goals. RNA allows "gap-funding", i.e., suspension of retirement savings during periods when, for example, cash flow is needed to meet educational expenses.
- **Educational Needs Analysis ("ENA"):** You tell the program the amount and timing of the educational funds needed, and ENA calculates the amount of life insurance death benefit that is needed to insure the educational funding.

Customizing Colors and Shading

Different graphic colors and column color/shading can be selected in the Preview mode. This can be done via the Format button at the top of the Preview screen (which introduces various options for each viewed report). In the Preview mode, color or grayscale is controlled by clicking on the three crayons at the top of the Preview screen. If you have personal preferences, you can store these as defaults using the Format selection on the Preview screen. This saves you from tediously re-selecting your favorite color and/or shading settings for each illustration and each graphic every time you create a new proposal in the same illustration module.

Printing Reports

Several options are available on the Print selection of all modules. These include page numbering variations as well as our popular Short Print option that shortcuts the number of years for an illustration. We print 20 years to a page so, for example, you can illustrate 40 years on a single page by selecting years: 1-15, 20, 25, 30, 35, and 40. Color or grayscale printing is also controlled on the Print menu. You can also store a particular order of reports on the Report Selections tab in each module by clicking on the Save selection on the bottom right.

IRS Circular 230 Disclosure

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InsMark for Windows requires: IBM-compatible computer; Pentium or higher processor; Windows 95, Windows 98, Windows 2000, Windows NT, Windows ME, Windows XP, or Windows Vista; at least 85 MB of available hard disk space; 64 MB of installed RAM; CD-ROM drive.

The system is compatible with all Windows–compatible printers.