

Equity Indexed Universal Life vs. Term Insurance and a Side Fund

Introduction

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 will involve your selection of the appropriate life insurance policy.

There are several other factors to consider. These include:

1. The time frame for the insurance need;
2. Your available cash flow;
3. Your alternative uses for the cash flow;
4. The income tax considerations.

An integrated analysis of these points creates useful information that helps guide your purchasing evaluation. The precision of the conclusions, however, is contingent upon the accuracy of the data utilized. You should be positive that all premises and conditions accurately reflect your goals and expectations.

The accompanying analysis contrasts a cash value policy to a term insurance alternative. Any difference in premiums between the two choices has been evaluated regarding time/use of money. The study produces information which should form a basis from which you and your advisors can draw informed conclusions.

Based upon the results of the analysis, we recommend funding your life insurance requirement with the cash value policy illustrated rather than a term life insurance policy.

Equity Indexed Universal Life vs. Term Insurance and a Side Fund

Comparison Page: 1

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

For: George Baker, MD

Date: [Current date appears here]

Male Age 45	Side Fund Yield 8.00%	Eq. Indexed UL Interest Rate 8.00%	Initial Payment 20,000	Initial Death Benefit 500,000	Tax Bracket 35.00%
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500,000 Term Insurance Along With a Side Fund

Year	Payment Allocation			500,000 Term Insurance Along With a Side Fund				Eq. Indexed UL		
	(1) Cost of Proposed Policy	(2) Alternative Term Policy	(3) Net to Side Fund	(4) After Tax Investment Income	(5) Side Fund Values	(6) Term Death Benefit	(7) Combined Death Benefit	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
1	20,000	800	19,200	998	20,033	500,000	520,033	20,240	13,240	520,240
2	20,000	800	19,200	2,040	40,934	500,000	540,934	42,192	28,192	542,192
3	20,000	800	19,200	3,127	62,741	500,000	562,741	65,897	50,997	565,897
4	20,000	800	19,200	4,261	85,494	500,000	585,494	91,492	76,592	591,492
5	20,000	800	19,200	5,444	109,234	500,000	609,234	119,125	104,225	619,125
6	20,000	800	19,200	6,679	134,002	500,000	634,002	148,964	134,809	648,964
7	20,000	800	19,200	7,967	159,845	500,000	659,845	181,153	167,892	681,153
8	20,000	800	19,200	9,310	186,809	500,000	686,809	215,878	203,660	715,878
9	20,000	800	19,200	10,712	214,941	500,000	714,941	253,330	242,304	753,330
10	20,000	800	19,200	12,175	244,294	500,000	744,294	293,717	284,032	793,717
11	20,000	800	19,200	13,702	274,919	500,000	774,919	337,269	329,074	837,269
12	20,000	800	19,200	15,294	306,872	500,000	806,872	384,231	377,675	884,231
13	20,000	800	19,200	16,956	340,210	500,000	840,210	434,856	430,088	934,856
14	20,000	800	19,200	18,689	374,994	500,000	874,994	489,429	486,598	989,429
15	20,000	800	19,200	20,498	411,286	500,000	911,286	548,256	548,256	1,048,256
16	20,000	800	19,200	22,385	449,152	500,000	949,152	611,650	611,650	1,111,650
17	20,000	800	19,200	24,354	488,660	500,000	988,660	679,967	679,967	1,179,967
18	20,000	800	19,200	26,409	529,881	500,000	1,029,881	753,583	753,583	1,253,583
19	20,000	800	19,200	28,552	572,889	500,000	1,072,889	832,894	832,894	1,332,894
20	20,000	800	19,200	30,789	617,762	500,000	1,117,762	918,327	918,327	1,418,328
	400,000	16,000	384,000							

Management fees reflected in column (5): 0.80%

20 Year Summary

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.

	Ins/Side Fund	Eq. Indexed UL
Death Benefit	1,117,762	1,418,328
Income Tax	0	0
Net Proceeds	1,117,762	1,418,328

Equity Indexed Universal Life vs. Term Insurance and a Side Fund

Comparison Page: 2

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

For: George Baker, MD

Date: [Current date appears here]

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

Year	Payment Allocation			500,000 Term Insurance Along With a Side Fund				Eq. Indexed UL		
	(1) Cost of Proposed Policy	(2) Alternative Term Policy	(3) Net to Side Fund	(4) After Tax Investment Income	(5) Side Fund Values	(6) Term Death Benefit	(7) Combined Death Benefit	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
21	-75,000	4,000	-79,000	28,016	562,123	500,000	1,062,123	907,684	907,684	1,343,303
22	-75,000	4,000	-79,000	25,122	504,071	500,000	1,004,071	896,519	896,519	1,268,278
23	-75,000	4,000	-79,000	22,104	443,502	500,000	943,502	884,920	884,920	1,193,253
24	-75,000	4,000	-79,000	18,954	380,307	500,000	880,307	873,015	873,015	1,118,228
25	-75,000	4,000	-79,000	15,668	314,371	500,000	814,371	860,955	860,955	1,043,202
26	-75,000	4,000	-79,000	12,239	245,577	500,000	745,577	849,428	849,428	988,768
27	-75,000	4,000	-79,000	8,662	173,800	500,000	673,800	836,789	836,789	966,862
28	-75,000	4,000	-79,000	4,930	98,910	500,000	598,910	823,026	823,026	941,399
29	-75,000	4,000	-79,000	1,035	20,774	500,000	520,774	808,156	808,156	912,191
30	-75,000	4,000	-79,000	-3,028	-61,254	500,000	438,746	792,239	792,239	879,066
31	-75,000	4,000	-79,000	-7,293	-147,547	500,000	352,453	775,386	775,386	841,882
32	-75,000	4,000	-79,000	-11,780	-238,328	500,000	261,672	756,604	756,604	827,800
33	-75,000	4,000	-79,000	-16,501	-333,829	500,000	166,171	735,657	735,657	811,783
34	-75,000	4,000	-79,000	-21,467	-434,296	500,000	65,704	712,277	712,277	793,569
35	-75,000	4,000	-79,000	-26,691	-539,987	500,000	-39,987	686,161	686,161	772,863
36	-75,000	4,000	-79,000	-32,187	-651,175	500,000	-151,175	656,967	656,967	749,328
37	-75,000	4,000	-79,000	-37,969	-768,144	500,000	-268,144	624,305	624,305	722,578
38	-75,000	4,000	-79,000	-44,051	-891,195	500,000	-391,195	587,735	587,735	692,178
39	-75,000	4,000	-79,000	-50,450	-1,020,645	500,000	-520,645	546,757	546,757	657,630
40	-75,000	4,000	-79,000	-57,182	-1,156,827	500,000	-656,827	500,807	500,807	618,369
	-1,100,000	96,000	-1,196,000							

Management fees reflected in column (5): 0.80%

40 Year Summary

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.

	Ins/Side Fund	Eq. Indexed UL
Death Benefit	-656,827	618,369
Income Tax	0	0
Net Proceeds	-656,827	618,369

Equity Indexed Universal Life vs. Term Insurance and a Side Fund

Comparison Page: 3

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For: George Baker, MD

Date: [Current date appears here]

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

Gross Interest Rate Required on a Side Fund to Match Equity Indexed Universal Life Policy Values over 40 Years After Applying the Term Payment Illustrated

	Gross Interest Rate Required
To match Accumulation Value of: \$500,807	13.68%
To match Cash Value of: \$500,807	13.68%

Income Tax Considerations

1. 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.

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.

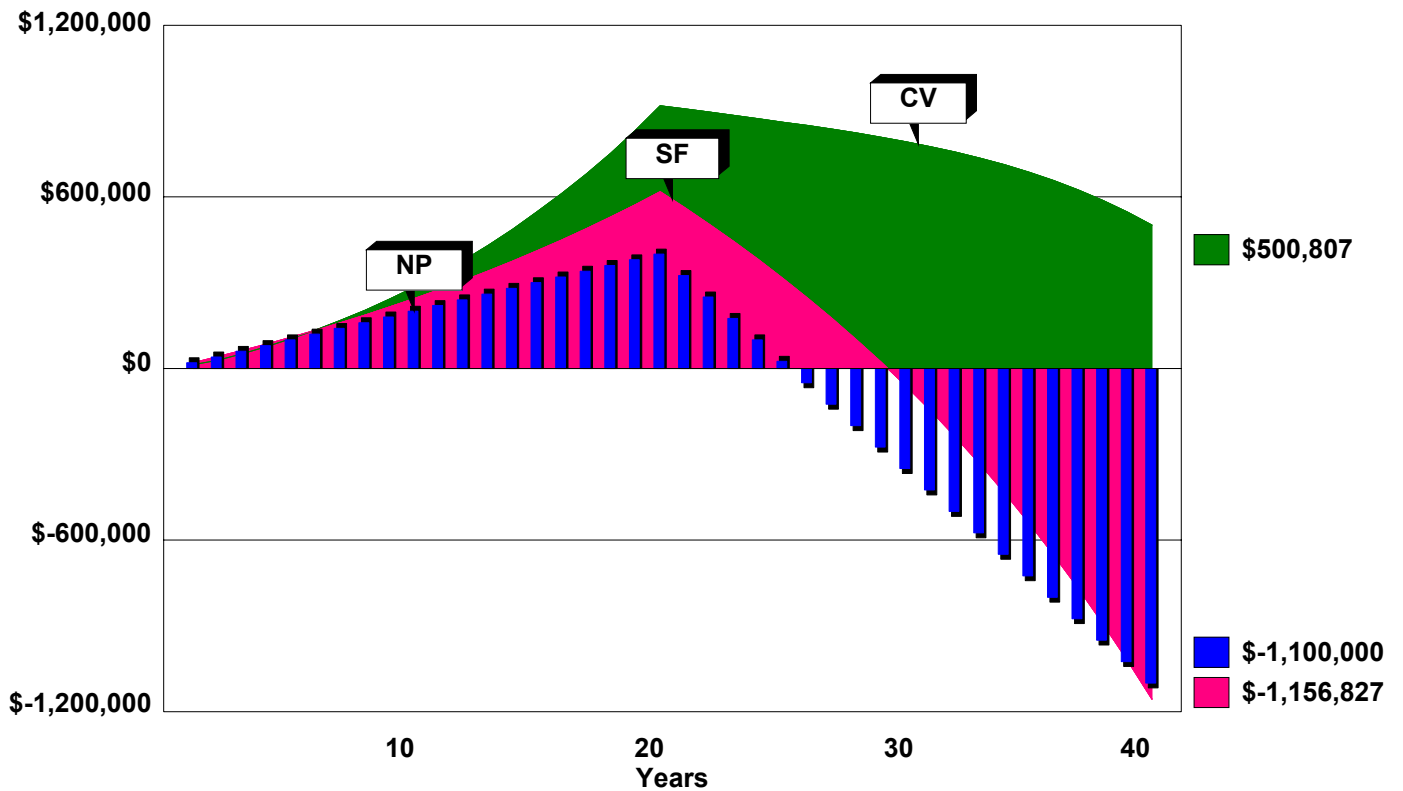
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40 Year Graphic Analysis



- NP - Net Payments (Cumulative)
- SF - Side Fund Values
- CV - Eq. Indexed UL Cash Values