

Leveraged Executive Bonus

(Preface)

Background

Leveraged Executive Bonus is a financial technique used to reward key executives. The arrangement involves the purchase of a cash value life insurance policy insuring the life of the executive (or the executive and his or her spouse). The owner of the policy is the insured executive.

Funding

The employer 1) pays the premium on the policy as a bonus to the executive and 2) loans the executive a sum equal to the income tax on the bonus. The loans associated with the arrangement are designed to be in compliance with the Final Split Dollar Regulations issued in September 2003 (68 FR 54336).

Promissory Notes: The loans are evidenced by a series of promissory notes between the employer and the executive, and the life insurance policy is assigned as collateral security for the loans. The loans are term loans, i.e., they are due at the end of a specific period of years; however, the promissory note calls for the acceleration of repayment should the executive die prior to the date of scheduled loan repayments.

Loan Interest: The interest rate for the life of each loan is set at least to the long-term rate in effect at the beginning of the loan under IRC Sections 7872(f)(2)(A) and 1274(d) (often referred to as the "Applicable Federal Rate" or "AFR"). As an additional benefit in some arrangements, the employer helps offset the executive's loan interest payments by way of a second bonus.

If no interest or an inadequate rate of interest is charged on a loan, the IRS recharacterizes the loan into an "arms-length" transaction and imputes an interest rate that is deemed to have been received by the lender and paid by the borrower. The rate is published monthly and is determined by the length of the loan transaction, i.e., either the short-term rate (3 years or less), the mid-term rate (over 3 years but not over 9 years), or the long-term rate (over 9 years).

So long as the loan interest rate is equal to or exceeds the Applicable Federal Rate, no further interest is imputed by the IRS on the transaction. For illustrative purposes, the entire series of premium loans illustrated in the accompanying material reflect a constant 4.11% interest rate, the long-term AFR in effect for the month in which this report is written (January 2010). The loan interest rate for each new loan will likely be different, and each future loan must bear interest equal to or greater than the AFR in effect during the month the new loan is executed. Each new loan should be evidenced by its own promissory note as well.

There are four ways to deal with unknown future loan interest rates:

1. If a bonus is paid to the executive to offset the loan interest, accept the risk: Changing interest rates may increase or decrease the amount of the bonus; however, the loan interest paid to the employer by the executive should provide a full or partial offset, as the case may be.
2. Accrue additional loan interest: If the loan interest rate increases, the executive could be allowed to accrue the additional loan interest. Alternatively, the executive may be able to withdraw funds from the policy to make up the difference in the loan interest due.
3. Renegotiate the loans: Wait until a time when the AFR dips and recast the series of promissory notes into a new note at the reduced rate.
4. Consolidate all loans at the inception of the arrangement: In this case, the loaned funds in excess of those needed to pay the policy's initial premium should be reserved by the executive to pay the remaining stream of premiums as they fall due. The employer may wish to consider requiring some form of custodianship for the reserved funds to be certain they are used for the intended purpose.

Repayment of Loans from the Employer

In the event of the executive's death, the employer's loans are repaid from the life insurance policy's death benefit; otherwise, loan repayment is handled in one of the ways listed below.

1. The executive uses personal funds to repay the loans from the employer.
2. The executive borrows against the policy or surrenders a portion of policy values to repay the loans from the employer.
3. The employer forgives the loan as a further bonus. When this occurs, the executive typically borrows against the policy or surrenders a portion of policy values to offset the income tax resulting from the forgiveness of the loan.
4. The employer forgives the loan and bonuses an amount to offset some or all of the resulting income tax.

Living Benefits for the Executive

The executive may, if the parties agree, have direct access to policy cash values in excess of the amount required to collateralize the loans from the employer. The policy cash values are usually accessed via: 1) policy loans or 2) surrender of a portion of policy values.

Death Benefits for the Executive's Beneficiaries

Income tax free death benefits from the executive's share of the life insurance policy's death benefit can produce income streams for the executive's family or liquidity to help offset wealth transfer taxes.

Notes

Policy loans reduce cash values and death benefits, and the lapse of a policy with such loans could result in negative tax consequences. Be sure to consult with your own legal and tax advisers if you have any questions about this issue. You should also consult with these advisers before entering into this or any other arrangement involving tax, legal, and economic considerations.

Leveraged Executive Bonus

Supplemental Report: Duration of Loans

The accompanying illustrations reflect loans that may remain in effect for many years. The loans illustrated are assumed to be long-term loans (over 9 years) bearing a loan interest rate equal to or greater than the Applicable Federal Rate of 4.11% for January 2010. Other Applicable Federal Rates in effect for January 2010 are:

Mid-term loans (over 3 years but not over 9): 2.45%;

Short-term loans (3 years or less): 0.57%;

Demand loans: 0.57%.

The demand loan rate changes monthly -- an unhappy condition for a loan expected to remain in effect for many years. A so-called "blended" rate that is stable for one year at a time can be used for demand loans. The 2011 blended rate for demand loans will not be announced until late June 2011.

Stability of loan interest is an important component of any arrangement involving loans. A dramatic rise in loan interest rates at the maturity of a demand, short-term or mid-term loan may result in less-than-acceptable loan interest rates when the loan is renewed. When you are dealing with a financial arrangement of many years, long-term loans produce more stable interest rates that can be renegotiated downward should rates decline, but are capped at rates that are known as each loan is made. For an example of renegotiating loan interest downward, see the report entitled "Renegotiating the Applicable Federal Rate".

Due to the relative stability of the long-term Applicable Federal Rate coupled with the ability to renegotiate it downward, you may wish to establish your arrangement using long-term loans.

Leveraged Executive Bonus Funded With Indexed Universal Life

Illustration of Values of The Policy Funding the Leveraged Executive Bonus

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Values Page: 1

Insured: Robert Huntington
Employer: Bay Area Medical Center

		Male Age 45	Indexed UL Interest Rate 8.50%	Initial Premium 100,000	Initial Death Benefit 2,500,000			
		(1)	(2)	(3)	(4)	(5)		
Year	Age	Policy Premium	Pre-Tax Policy Cash Flow	Year End Accum Value*	Year End Cash Value*	Death Benefit		
1	45	100,000	0	102,198	67,198	2,500,000		
2	46	100,000	0	213,869	143,869	2,500,000		
3	47	100,000	0	335,427	260,927	2,500,000		
4	48	100,000	0	467,797	393,297	2,500,000		
5	49	100,000	0	612,010	537,510	2,500,000		
6	50	0	0	659,828	589,053	2,500,000		
7	51	0	0	711,459	645,154	2,500,000		
8	52	0	0	767,257	706,167	2,500,000		
9	53	0	0	827,578	772,448	2,500,000		
10	54	0	0	892,823	844,398	2,500,000		
11	55	0	0	963,473	922,498	2,500,000		
12	56	0	0	1,040,048	1,007,268	2,500,000		
13	57	0	0	1,123,108	1,099,268	2,500,000		
14	58	0	0	1,213,329	1,199,174	2,500,000		
15	59	0	0	1,311,468	1,311,468	2,500,000		
16	60	0	0	1,418,351	1,418,351	2,500,000		
17	61	0	0	1,534,977	1,534,977	2,500,000		
18	62	0	0	1,662,474	1,662,474	2,500,000		
19	63	0	0	1,802,130	1,802,130	2,500,000		
20	64	0	0	1,955,453	1,955,453	2,500,000		
		500,000	0					

20 Year Summary

Cum. Policy Premiums	500,000
Cum. Pre-Tax Policy Cash Flow	0
Cash Value	1,955,453
Death Benefit	2,500,000

*This is an example of an InsMark supplemental illustration for 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.

Leveraged Executive Bonus Funded With Indexed Universal Life

Illustration of Values of The Policy Funding the Leveraged Executive Bonus

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Values Page: 2

Insured: Robert Huntington
Employer: Bay Area Medical Center

		Male Age 45	Indexed UL Interest Rate 8.50%	Initial Premium 100,000	Initial Death Benefit 2,500,000				
		(1)	(2)	(3)	(4)	(5)			
Year	Age	Policy Premium	Pre-Tax Policy Cash Flow	Year End Accum Value*	Year End Cash Value*	Death Benefit			
21	65	0	335,000	1,758,738	1,758,738	2,156,875			
22	66	0	135,000	1,763,289	1,763,289	2,154,324			
23	67	0	135,000	1,767,334	1,767,334	2,167,457			
24	68	0	135,000	1,770,771	1,770,771	2,178,224			
25	69	0	135,000	1,773,478	1,773,478	2,186,302			
26	70	0	135,000	1,775,338	1,775,338	2,191,364			
27	71	0	135,000	1,777,008	1,777,008	2,164,170			
28	72	0	135,000	1,778,713	1,778,713	2,130,168			
29	73	0	135,000	1,780,790	1,780,790	2,089,058			
30	74	0	135,000	1,783,718	1,783,717	2,040,610			
31	75	0	135,000	1,788,161	1,788,161	1,984,691			
32	76	0	135,000	1,791,548	1,791,548	2,001,830			
33	77	0	135,000	1,793,567	1,793,567	2,018,347			
34	78	0	135,000	1,793,842	1,793,842	2,033,897			
35	79	0	135,000	1,791,930	1,791,930	2,048,066			
36	80	0	135,000	1,787,303	1,787,303	2,060,355			
37	81	0	135,000	1,779,329	1,779,329	2,070,159			
38	82	0	135,000	1,767,268	1,767,268	2,076,762			
39	83	0	135,000	1,750,240	1,750,240	2,079,305			
40	84	0	135,000	1,727,211	1,727,211	2,076,773			
		500,000	2,900,000						

40 Year Summary

Cum. Policy Premiums	500,000
Cum. Pre-Tax Policy Cash Flow	2,900,000
Cash Value	1,727,211
Death Benefit	2,076,773

*This is an example of an InsMark supplemental illustration for 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.

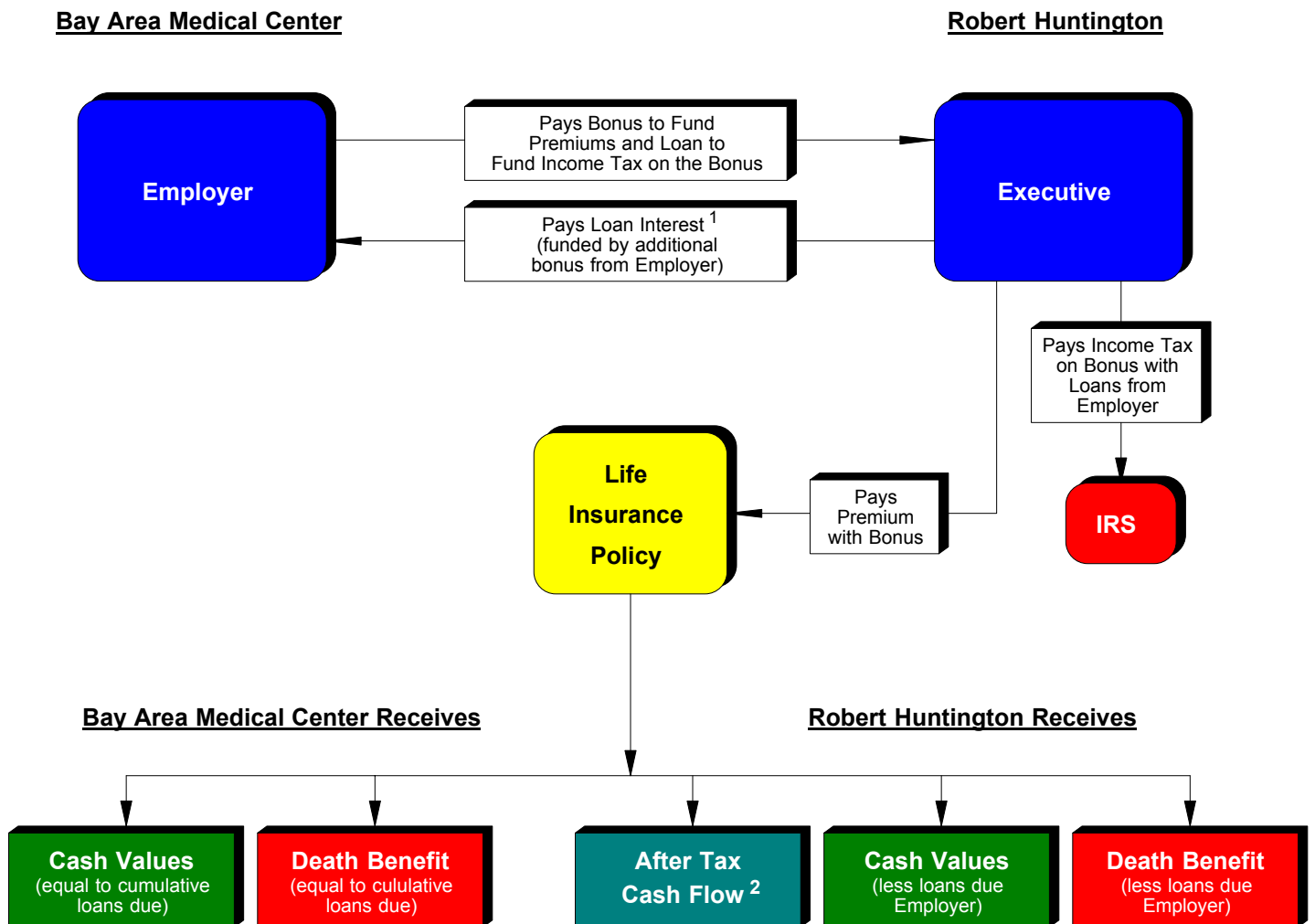
Leveraged Executive Bonus Funded With Indexed Universal Life

Who Pays What - Who Receives What

Presented By: [Licensed user's name appears here]
Date: 01/30/2010

Insured: Robert Huntington
Employer: Bay Area Medical Center

Flow Chart Analysis



¹ If the loan interest paid on each loan is equal to or greater than the Applicable Federal Rate established under IRC Sections 7872(f)(2)(A) and 1274(d), no additional loan interest is imputed to the Executive.

² For loan repayment and retirement income.

Summary

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Summary Page: 1

Insured: Robert Huntington
Employer: Bay Area Medical Center

Male Age	Employer's Tax Bracket	Executive's Tax Bracket	Indexed UL Interest Rate	Initial Death Benefit	Assumed Long-Term AFR for All Years Illustrated	Promissory Note Interest Rate			
45	0.00%	40.00%	8.50%	2,500,000	4.11%	4.11%			
Bay Area Medical Center			Robert Huntington						
Year	Age	(1) Net Payment*	(2) Annual Loan to Executive	(3) Cumulative Loan to Executive	(4) Net Payment*	(5) After Tax Policy Cash Flow*** Available for Retirement Income	(6) Accum Value**	(7) Cash Value**	(8) Death Benefit
1	45	140,000	40,000	40,000	658	0	102,198	67,198	2,500,000
2	46	140,000	40,000	80,000	1,315	0	213,869	143,869	2,500,000
3	47	140,000	40,000	120,000	1,973	0	335,427	260,927	2,500,000
4	48	140,000	40,000	160,000	2,630	0	467,797	393,297	2,500,000
5	49	140,000	40,000	200,000	3,288	0	612,010	537,510	2,500,000
6	50	0	0	200,000	3,288	0	659,828	589,053	2,500,000
7	51	0	0	200,000	3,288	0	711,459	645,154	2,500,000
8	52	0	0	200,000	3,288	0	767,257	706,167	2,500,000
9	53	0	0	200,000	3,288	0	827,578	772,448	2,500,000
10	54	0	0	200,000	3,288	0	892,823	844,398	2,500,000
11	55	0	0	200,000	3,288	0	963,473	922,498	2,500,000
12	56	0	0	200,000	3,288	0	1,040,048	1,007,268	2,500,000
13	57	0	0	200,000	3,288	0	1,123,108	1,099,268	2,500,000
14	58	0	0	200,000	3,288	0	1,213,329	1,199,174	2,500,000
15	59	0	0	200,000	3,288	0	1,311,468	1,311,468	2,500,000
16	60	0	0	200,000	3,288	0	1,418,351	1,418,351	2,500,000
17	61	0	0	200,000	3,288	0	1,534,977	1,534,977	2,500,000
18	62	0	0	200,000	3,288	0	1,662,474	1,662,474	2,500,000
19	63	0	0	200,000	3,288	0	1,802,130	1,802,130	2,500,000
20	64	0	0	200,000	3,288	0	1,955,453	1,955,453	2,500,000
		700,000	200,000		59,184	0			

Executive's 20 Year Summary

	Living Values †	Death Benefit
Indexed Universal Life:	1,955,453	2,500,000
Less Loan Due Employer:	200,000	200,000
Equals Executive's Net Value:	1,755,453	2,300,000
Plus Cum. After Tax Cash Flow:	0	0
Equals Executive's Net Value:	1,755,453	2,300,000

*See appropriate Net Payment Analysis for details.

**This is an example of an InsMark supplemental illustration for 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.

†Cash value less employer's loans plus cum. after tax cash flow.

***Cash Flow is a mix of partial withdrawals and policy loans.

Summary

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Summary Page: 2

Insured: Robert Huntington
Employer: Bay Area Medical Center

Male Age	Employer's Tax Bracket	Executive's Tax Bracket	Indexed UL Interest Rate	Initial Death Benefit	Assumed Long-Term AFR for All Years Illustrated	Promissory Note Interest Rate			
45	0.00%	40.00%	8.50%	2,500,000	4.11%	4.11%			
Bay Area Medical Center			Robert Huntington						
Year	Age	(1) Net Payment*	(2) Annual Loan to Executive	(3) Cumulative Loan to Executive	(4) Net Payment*	(5) After Tax Policy Cash Flow*** Available for Retirement Income	(6) Accum Value**	(7) Cash Value**	(8) Death Benefit
21	65	-200,000	0	0	0	135,000	1,758,738	1,758,738	2,156,875
22	66	0	0	0	0	135,000	1,763,289	1,763,289	2,154,324
23	67	0	0	0	0	135,000	1,767,334	1,767,334	2,167,457
24	68	0	0	0	0	135,000	1,770,771	1,770,771	2,178,224
25	69	0	0	0	0	135,000	1,773,478	1,773,478	2,186,302
26	70	0	0	0	0	135,000	1,775,338	1,775,338	2,191,364
27	71	0	0	0	0	135,000	1,777,008	1,777,008	2,164,170
28	72	0	0	0	0	135,000	1,778,713	1,778,713	2,130,168
29	73	0	0	0	0	135,000	1,780,790	1,780,790	2,089,058
30	74	0	0	0	0	135,000	1,783,718	1,783,717	2,040,610
31	75	0	0	0	0	135,000	1,788,161	1,788,161	1,984,691
32	76	0	0	0	0	135,000	1,791,548	1,791,548	2,001,830
33	77	0	0	0	0	135,000	1,793,567	1,793,567	2,018,347
34	78	0	0	0	0	135,000	1,793,842	1,793,842	2,033,897
35	79	0	0	0	0	135,000	1,791,930	1,791,930	2,048,066
36	80	0	0	0	0	135,000	1,787,303	1,787,303	2,060,355
37	81	0	0	0	0	135,000	1,779,329	1,779,329	2,070,159
38	82	0	0	0	0	135,000	1,767,268	1,767,268	2,076,762
39	83	0	0	0	0	135,000	1,750,240	1,750,240	2,079,305
40	84	0	0	0	0	135,000	1,727,211	1,727,211	2,076,773
		500,000	200,000		59,184	2,700,000			

Executive's 40 Year Summary

	Living Values †	Death Benefit
Indexed Universal Life:	1,727,211	2,076,773
Less Loan Due Employer:	0	0
Equals Executive's Net Value:	1,727,211	2,076,773
Plus Cum. After Tax Cash Flow:	2,700,000	2,700,000
Equals Executive's Net Value:	4,427,211	4,776,773

†Cash value less employer's loans plus cum. after tax cash flow.

***Cash Flow is a mix of partial withdrawals and policy loans.

*See appropriate Net Payment Analysis for details.

**This is an example of an InsMark supplemental illustration for 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.

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Matching Interest Rate Page: 1

Insured: Robert Huntington
Employer: Bay Area Medical Center

Male Age 45	Executive's Tax Bracket 40.00%	Indexed UL Interest Rate 8.50%
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Gross Interest Rate Required on a Hypothetical Taxable Investment to Match Indexed Universal Life Policy Values over 40 Years

	Hypothetical Taxable Alternative
To match Accumulation Value of: \$1,727,211	38.24%
To match Cash Value of: \$1,727,211	38.24%
To match Death Benefit of: \$2,076,773	38.32%

Income Tax Considerations

1. Hypothetical Taxable Investment: Interest is taxed as earned.
2. 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 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.

Employer's Net Payment Analysis

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Employer's Net Payment Page: 1

Insured: Robert Huntington
Employer: Bay Area Medical Center

		Male Age 45	Employer's Tax Bracket 0.00%	Assumed Long-Term AFR for All Years Illustrated 4.11%*	Promissory Note Interest Rate 4.11%			
Year	Age	(1) Bonus to Executive for Premium Payment	(2) After Tax Cost of Bonus for Premium Payment	(3) Loan to Executive for Income Tax on Bonus	(4) Loan Repayment from Executive	(5) Loan Interest Received from Executive	(6) Additional Bonus Paid to Executive	(7) Employer's Net Payment**
1	45	100,000	100,000	40,000	0	1,644	1,644	140,000
2	46	100,000	100,000	40,000	0	3,288	3,288	140,000
3	47	100,000	100,000	40,000	0	4,932	4,932	140,000
4	48	100,000	100,000	40,000	0	6,576	6,576	140,000
5	49	100,000	100,000	40,000	0	8,220	8,220	140,000
6	50	0	0	0	0	8,220	8,220	0
7	51	0	0	0	0	8,220	8,220	0
8	52	0	0	0	0	8,220	8,220	0
9	53	0	0	0	0	8,220	8,220	0
10	54	0	0	0	0	8,220	8,220	0
11	55	0	0	0	0	8,220	8,220	0
12	56	0	0	0	0	8,220	8,220	0
13	57	0	0	0	0	8,220	8,220	0
14	58	0	0	0	0	8,220	8,220	0
15	59	0	0	0	0	8,220	8,220	0
16	60	0	0	0	0	8,220	8,220	0
17	61	0	0	0	0	8,220	8,220	0
18	62	0	0	0	0	8,220	8,220	0
19	63	0	0	0	0	8,220	8,220	0
20	64	0	0	0	0	8,220	8,220	0
		500,000	500,000	200,000	0	147,960	147,960	700,000

*As of the date of this illustration. (See accompanying "Leveraged Executive Bonus (Preface)" for remarks regarding loan interest rates used in this illustration.)

**Column (7) = (2) + (3) - (4) - (5) + (6)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Employer's Net Payment Analysis

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Employer's Net Payment Page: 2

Insured: Robert Huntington
Employer: Bay Area Medical Center

		Male Age 45	Employer's Tax Bracket 0.00%	Assumed Long-Term AFR for All Years Illustrated 4.11%*	Promissory Note Interest Rate 4.11%				
Year	Age	(1) Bonus to Executive for Premium Payment	(2) After Tax Cost of Bonus for Premium Payment	(3) Loan to Executive for Income Tax on Bonus	(4) Loan Repayment from Executive	(5) Loan Interest Received from Executive	(6) Additional Bonus Paid to Executive	(7) Employer's Net Payment**	
21	65	0	0	0	200,000	0	0	-200,000	
22	66	0	0	0	0	0	0	0	
23	67	0	0	0	0	0	0	0	
24	68	0	0	0	0	0	0	0	
25	69	0	0	0	0	0	0	0	
26	70	0	0	0	0	0	0	0	
27	71	0	0	0	0	0	0	0	
28	72	0	0	0	0	0	0	0	
29	73	0	0	0	0	0	0	0	
30	74	0	0	0	0	0	0	0	
31	75	0	0	0	0	0	0	0	
32	76	0	0	0	0	0	0	0	
33	77	0	0	0	0	0	0	0	
34	78	0	0	0	0	0	0	0	
35	79	0	0	0	0	0	0	0	
36	80	0	0	0	0	0	0	0	
37	81	0	0	0	0	0	0	0	
38	82	0	0	0	0	0	0	0	
39	83	0	0	0	0	0	0	0	
40	84	0	0	0	0	0	0	0	
		500,000	500,000	200,000	200,000	147,960	147,960	500,000	

*As of the date of this illustration. (See accompanying "Leveraged Executive Bonus (Preface)" for remarks regarding loan interest rates used in this illustration.)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (7) = (2) + (3) - (4) - (5) + (6)

Executive's Net Payment Analysis

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Executive's Net Payment Page: 1

Insured: Robert Huntington
Employer: Bay Area Medical Center

		Male Age 45	Executive's Tax Bracket 40.00%			Assumed Long-Term AFR for All Years Illustrated 4.11%*			Promissory Note Interest Rate 4.11%		
Year	Age	(1) Policy Premium Due by Executive	(2) Bonus from Employer for Premium Payment	(3) Income Tax on Bonus for Premium Payment	(4) Beginning of Year Loan from Employer	(5) Loan Interest Paid to Employer from Non-Policy Values	(6) Additional Bonus Received from Employer	(7) Income Tax on Additional Bonus	(8) Executive's Net Payment**		
1	45	100,000	100,000	40,000	40,000	1,644	1,644	658	658		
2	46	100,000	100,000	40,000	40,000	3,288	3,288	1,315	1,315		
3	47	100,000	100,000	40,000	40,000	4,932	4,932	1,973	1,973		
4	48	100,000	100,000	40,000	40,000	6,576	6,576	2,630	2,630		
5	49	100,000	100,000	40,000	40,000	8,220	8,220	3,288	3,288		
6	50	0	0	0	0	8,220	8,220	3,288	3,288		
7	51	0	0	0	0	8,220	8,220	3,288	3,288		
8	52	0	0	0	0	8,220	8,220	3,288	3,288		
9	53	0	0	0	0	8,220	8,220	3,288	3,288		
10	54	0	0	0	0	8,220	8,220	3,288	3,288		
11	55	0	0	0	0	8,220	8,220	3,288	3,288		
12	56	0	0	0	0	8,220	8,220	3,288	3,288		
13	57	0	0	0	0	8,220	8,220	3,288	3,288		
14	58	0	0	0	0	8,220	8,220	3,288	3,288		
15	59	0	0	0	0	8,220	8,220	3,288	3,288		
16	60	0	0	0	0	8,220	8,220	3,288	3,288		
17	61	0	0	0	0	8,220	8,220	3,288	3,288		
18	62	0	0	0	0	8,220	8,220	3,288	3,288		
19	63	0	0	0	0	8,220	8,220	3,288	3,288		
20	64	0	0	0	0	8,220	8,220	3,288	3,288		
		500,000	500,000	200,000	200,000	147,960	147,960	59,184	59,184		

*As of the date of this illustration. (See accompanying "Leveraged Executive Bonus (Preface)" for remarks regarding loan interest rates used in this illustration.)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

**Column (8) = (1) - (2) + (3) - (4) + (5) - (6) + (7)

Executive's Net Payment Analysis

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Executive's Net Payment Page: 2

Insured: Robert Huntington
Employer: Bay Area Medical Center

		Male Age 45	Executive's Tax Bracket 40.00%			Assumed Long-Term AFR for All Years Illustrated 4.11%*			Promissory Note Interest Rate 4.11%		
Year	Age	(1) Policy Premium Due by Executive	(2) Bonus from Employer for Premium Payment	(3) Income Tax on Bonus for Premium Payment	(4) Beginning of Year Loan from Employer	(5) Loan Interest Paid to Employer from Non-Policy Values	(6) Additional Bonus Received from Employer	(7) Income Tax on Additional Bonus	(8) Executive's Net Payment**		
21	65	0	0	0	0	0	0	0	0	0	0
22	66	0	0	0	0	0	0	0	0	0	0
23	67	0	0	0	0	0	0	0	0	0	0
24	68	0	0	0	0	0	0	0	0	0	0
25	69	0	0	0	0	0	0	0	0	0	0
26	70	0	0	0	0	0	0	0	0	0	0
27	71	0	0	0	0	0	0	0	0	0	0
28	72	0	0	0	0	0	0	0	0	0	0
29	73	0	0	0	0	0	0	0	0	0	0
30	74	0	0	0	0	0	0	0	0	0	0
31	75	0	0	0	0	0	0	0	0	0	0
32	76	0	0	0	0	0	0	0	0	0	0
33	77	0	0	0	0	0	0	0	0	0	0
34	78	0	0	0	0	0	0	0	0	0	0
35	79	0	0	0	0	0	0	0	0	0	0
36	80	0	0	0	0	0	0	0	0	0	0
37	81	0	0	0	0	0	0	0	0	0	0
38	82	0	0	0	0	0	0	0	0	0	0
39	83	0	0	0	0	0	0	0	0	0	0
40	84	0	0	0	0	0	0	0	0	0	0
		500,000	500,000	200,000	200,000	147,960	147,960	59,184	59,184		

*As of the date of this illustration. (See accompanying "Leveraged Executive Bonus (Preface)" for remarks regarding loan interest rates used in this illustration.)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

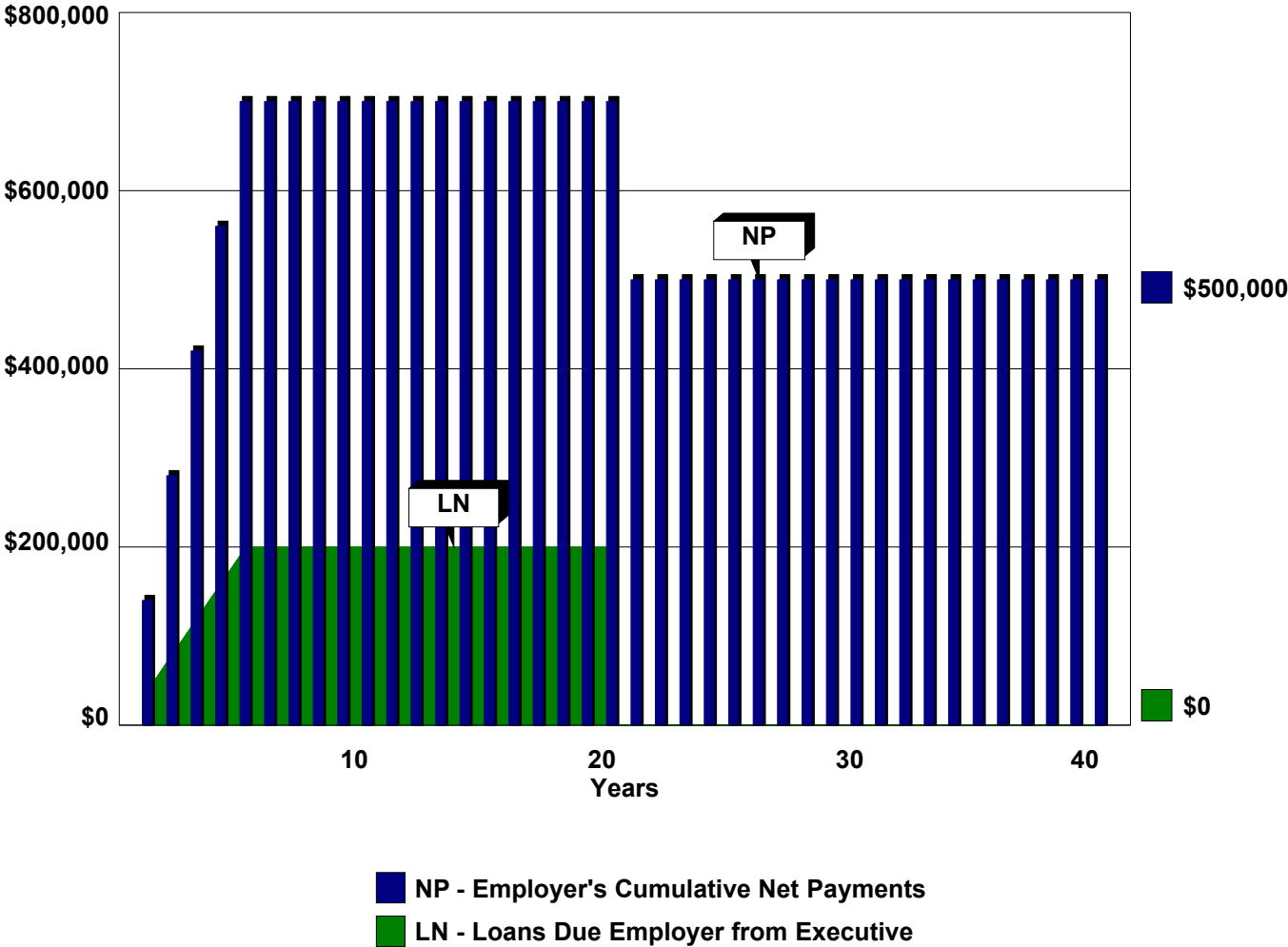
**Column (8) = (1) - (2) + (3) - (4) + (5) - (6) + (7)

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010

Insured: Robert Huntington
Employer: Bay Area Medical Center

Bay Area Medical Center 40 Year Analysis

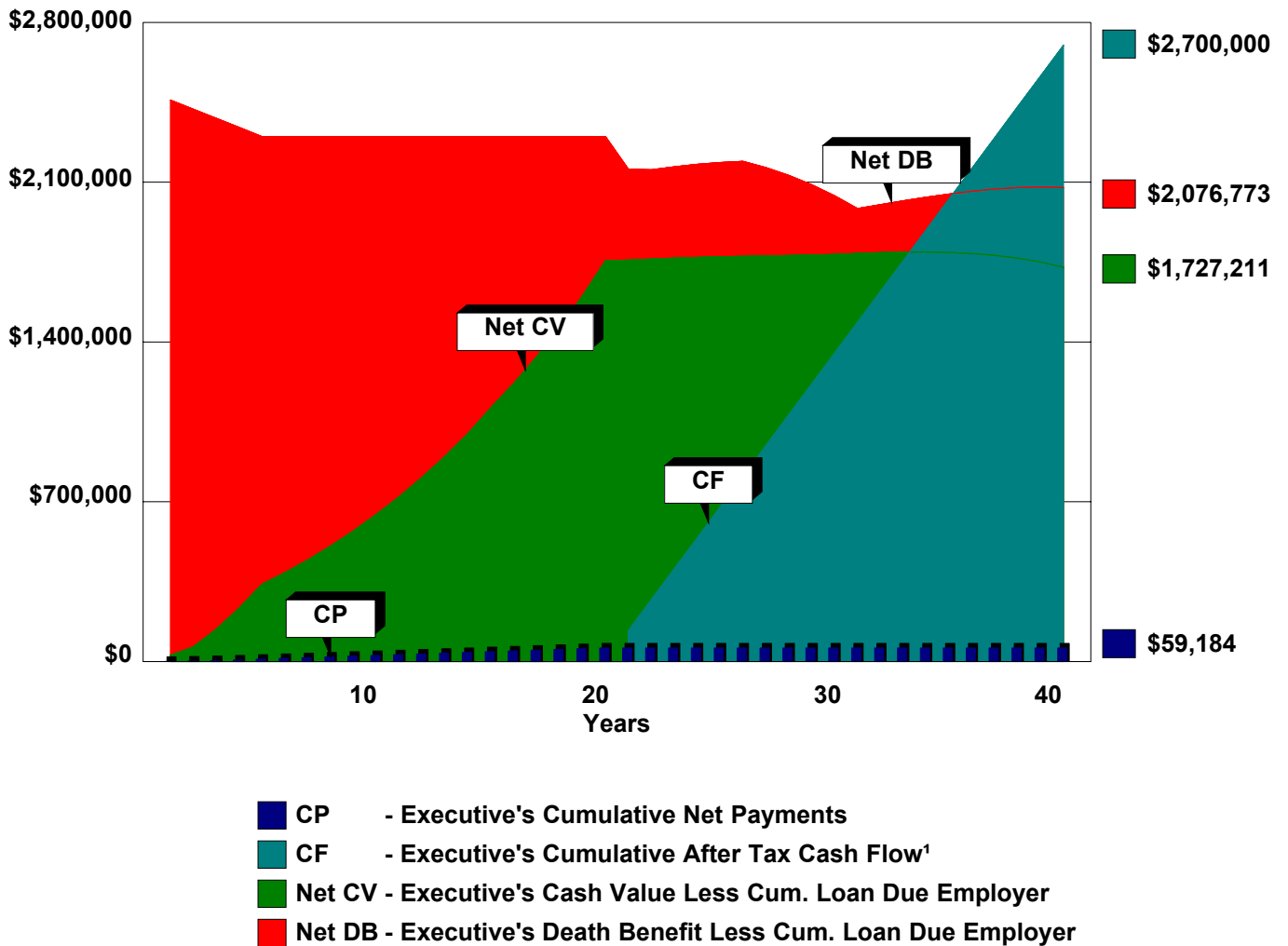


Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010

Insured: Robert Huntington
Employer: Bay Area Medical Center

Robert Huntington 40 Year Analysis



¹ For retirement income.

Promissory Note Analysis

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Promissory Note Analysis Page: 1

Insured: Robert Huntington
Employer: Bay Area Medical Center

Year	Age	(1) Loan to Executive	(2) Annual Loan Interest Paid from Non-Policy Values	(3) Annual Loan Interest Paid from Policy Values	(4) Loan Repayments from Non-Policy Values	(5) Loan Repayments from Policy Values	(6) Cumulative Loan to Executive (Value of Promissory Note)	(7) - (9) Loan Collateral		
								(7) Policy Accum Value*	(8) Policy Cash Value*	(9) Policy Death Benefit*
1	45	40,000	1,644	0	0	0	40,000	102,198	67,198	2,500,000
2	46	40,000	3,288	0	0	0	80,000	213,869	143,869	2,500,000
3	47	40,000	4,932	0	0	0	120,000	335,427	260,927	2,500,000
4	48	40,000	6,576	0	0	0	160,000	467,797	393,297	2,500,000
5	49	40,000	8,220	0	0	0	200,000	612,010	537,510	2,500,000
6	50	0	8,220	0	0	0	200,000	659,828	589,053	2,500,000
7	51	0	8,220	0	0	0	200,000	711,459	645,154	2,500,000
8	52	0	8,220	0	0	0	200,000	767,257	706,167	2,500,000
9	53	0	8,220	0	0	0	200,000	827,578	772,448	2,500,000
10	54	0	8,220	0	0	0	200,000	892,823	844,398	2,500,000
11	55	0	8,220	0	0	0	200,000	963,473	922,498	2,500,000
12	56	0	8,220	0	0	0	200,000	1,040,048	1,007,268	2,500,000
13	57	0	8,220	0	0	0	200,000	1,123,108	1,099,268	2,500,000
14	58	0	8,220	0	0	0	200,000	1,213,329	1,199,174	2,500,000
15	59	0	8,220	0	0	0	200,000	1,311,468	1,311,468	2,500,000
16	60	0	8,220	0	0	0	200,000	1,418,351	1,418,351	2,500,000
17	61	0	8,220	0	0	0	200,000	1,534,977	1,534,977	2,500,000
18	62	0	8,220	0	0	0	200,000	1,662,474	1,662,474	2,500,000
19	63	0	8,220	0	0	0	200,000	1,802,130	1,802,130	2,500,000
20	64	0	8,220	0	0	0	200,000	1,955,453	1,955,453	2,500,000
		200,000	147,960	0	0	0				

*This is an example of an InsMark supplemental illustration for 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.

**As of the date of this illustration. (See accompanying "Leveraged Executive Bonus (Preface)" for remarks regarding loan interest rates used in this illustration.)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Promissory Note Analysis

Leveraged Executive Bonus Funded With Indexed Universal Life

Presented By: [Licensed user's name appears here]
Date: 01/30/2010
Promissory Note Analysis Page: 2

Insured: Robert Huntington
Employer: Bay Area Medical Center

		Male Age 45	Assumed Long-Term AFR for All Years Illustrated 4.11%**			Promissory Note Interest Rate 4.11%				
Year	Age	(1) Loan to Executive	(2) Annual Loan Interest Paid from Non-Policy Values	(3) Annual Loan Interest Paid from Policy Values	(4) Loan Repayments from Non-Policy Values	(5) Loan Repayments from Policy Values	(6) Cumulative Loan to Executive (Value of Promissory Note)	(7) (8) (9) Loan Collateral		
								Policy Accum Value*	Policy Cash Value*	Policy Death Benefit*
21	65	0	0	0	0	200,000	0	1,758,738	1,758,738	2,156,875
22	66	0	0	0	0	0	0	1,763,289	1,763,289	2,154,324
23	67	0	0	0	0	0	0	1,767,334	1,767,334	2,167,457
24	68	0	0	0	0	0	0	1,770,771	1,770,771	2,178,224
25	69	0	0	0	0	0	0	1,773,478	1,773,478	2,186,302
26	70	0	0	0	0	0	0	1,775,338	1,775,338	2,191,364
27	71	0	0	0	0	0	0	1,777,008	1,777,008	2,164,170
28	72	0	0	0	0	0	0	1,778,713	1,778,713	2,130,168
29	73	0	0	0	0	0	0	1,780,790	1,780,790	2,089,058
30	74	0	0	0	0	0	0	1,783,718	1,783,717	2,040,610
31	75	0	0	0	0	0	0	1,788,161	1,788,161	1,984,691
32	76	0	0	0	0	0	0	1,791,548	1,791,548	2,001,830
33	77	0	0	0	0	0	0	1,793,567	1,793,567	2,018,347
34	78	0	0	0	0	0	0	1,793,842	1,793,842	2,033,897
35	79	0	0	0	0	0	0	1,791,930	1,791,930	2,048,066
36	80	0	0	0	0	0	0	1,787,303	1,787,303	2,060,355
37	81	0	0	0	0	0	0	1,779,329	1,779,329	2,070,159
38	82	0	0	0	0	0	0	1,767,268	1,767,268	2,076,762
39	83	0	0	0	0	0	0	1,750,240	1,750,240	2,079,305
40	84	0	0	0	0	0	0	1,727,211	1,727,211	2,076,773
		200,000	147,960	0	0	200,000				

*This is an example of an InsMark supplemental illustration for 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.

**As of the date of this illustration. (See accompanying "Leveraged Executive Bonus (Preface)" for remarks regarding loan interest rates used in this illustration.)

Loan repayment presumed completed in year 21; however, the employer's loans must be repaid no later than the date specified in the plan documentation.