

Premium Financing

For: Arthur and Ann Baxter



Presented By: _____

[Licensed user's name appears here]

Preface

Borrower and Policy Owner: Baxter Family Trust

Lender: To be determined

The primary benefit of a life insurance premium financing strategy is to obtain a significant amount of life insurance coverage at a reduced cash flow cost, and virtually any cash value life insurance policy can be funded in this manner. An irrevocable life insurance trust ("ILIT") is typically the policy owner and borrower.

The loan structure, loan interest, fees, collateral requirements, and personal guarantees associated with this technique will be determined by the lender.

Since the policy is typically owned by an ILIT, a secondary benefit of a premium financing strategy is the avoidance, or at least mitigation, of gift taxes. This is because the loan interest associated with premium financing is typically lower than the policy premium particularly during the early years of the arrangement.

A third benefit involves the avoidance of estate taxes on the policy net death benefit retained by the ILIT.

There are several risks associated with premium financing, some of which are outlined below:

Lender risk:

- Is the loan a term loan that is due in fewer years than illustrated? If so, the borrower will likely be subject to new loan conditions.
- If the loan is not a term loan, does the lender have the right to demand full satisfaction of the loan at any time? An unlimited right to demand full satisfaction of the loan provides very little security for the borrower.

Collateral risk:

- The lender may limit the form of acceptable collateral requiring only liquid assets be provided.
- Additional collateral may be required based on a change in the loan requirements of the lender.
- The policy cash values shown on pages that follow are not guaranteed and may be higher or lower than illustrated. Additional collateral may be required if the actual policy cash values turn out to be lower than illustrated.
- A personal guarantee may be required.

Interest rate risk:

- In some premium financing transactions, the loan interest is a variable rate which resets annually.
- If the loan interest is a fixed rate, how long is it fixed? Is this an acceptable condition?

Tax risk:

- Does a personal guarantee interfere with the estate tax free nature of policy death benefit?
- If the loan requires a personal guarantee, will such guarantee be deemed a gift to the ILIT?

Exit strategies:

1. With long-lived insureds, repayment of loans associated with premium financing must be considered, and careful planning should be contemplated in advance to insure a source of funds for this purpose. In some cases, the policy death benefit may be sufficient.
2. Alternatively, a loan to the ILIT from an interested family member may be appropriate. In some cases, the sale of the policy to a third party may provide funds to repay outstanding loans.

Conclusion:

Based on creditworthiness of the borrower, the terms of the lender, and the life insurance company involved, the actual terms of a premium financing arrangement will be different. It is important that the right combination of these three issues be carefully evaluated.

Important note:

In all cases, be sure to consult with your own legal and tax advisers before entering into this or any other arrangement involving tax, legal, and economic considerations. The approval of these advisers must be secured regarding the implementation or modification of any planning technique as well as the applicability and consequences of new cases, rulings, or legislation upon existing or impending plans.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Illustration of Policy Values Funding the Plan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

| | | Indexed SUL Interest Rate 7.00% | Initial Premium 1,000,000 | Initial Policy Death Benefit 26,681,680 | | |
|------|-------------|---------------------------------------|---------------------------------------|---|-----------------------------------|-------------------------------------|
| Year | Male Age | (1) Policy Premium | (2) Net Policy Loan Proceeds | (3) Cash Value* Increase | (4) Year End Cash Value* | (5) Year End Death Benefit |
| 1 | 50 | 1,000,000 | 0 | 792,724 | 792,724 | 26,681,680 |
| 2 | 51 | 1,000,000 | 0 | 850,687 | 1,643,411 | 26,681,680 |
| 3 | 52 | 1,000,000 | 0 | 911,918 | 2,555,329 | 26,681,680 |
| 4 | 53 | 1,000,000 | 0 | 977,701 | 3,533,030 | 26,681,680 |
| 5 | 54 | 1,000,000 | 0 | 1,048,389 | 4,581,419 | 26,681,680 |
| 6 | 55 | 1,000,000 | 0 | 1,125,362 | 5,706,781 | 26,681,680 |
| 7 | 56 | 1,000,000 | 0 | 1,209,639 | 6,916,420 | 26,681,680 |
| 8 | 57 | 0 | 0 | 293,059 | 7,209,479 | 26,681,680 |
| 9 | 58 | 0 | 0 | 318,703 | 7,528,182 | 26,681,680 |
| 10 | 59 | 0 | 0 | 346,735 | 7,874,917 | 26,681,680 |
| 11 | 60 | 0 | 0 | 588,450 | 8,463,367 | 26,681,680 |
| 12 | 61 | 0 | 0 | 631,826 | 9,095,193 | 26,681,680 |
| 13 | 62 | 0 | 0 | 678,147 | 9,773,340 | 26,681,680 |
| 14 | 63 | 0 | 0 | 728,272 | 10,501,612 | 26,681,680 |
| 15 | 64 | 0 | 0 | 782,758 | 11,284,370 | 26,681,680 |
| 16 | 65 | 0 | 6,804,730 | -6,386,637 | 4,897,733 | 19,536,714 |
| 17 | 66 | 0 | 0 | 450,564 | 5,348,297 | 19,179,465 |
| 18 | 67 | 0 | 0 | 485,865 | 5,834,162 | 18,804,354 |
| 19 | 68 | 0 | 0 | 524,564 | 6,358,726 | 18,410,488 |
| 20 | 69 | 0 | 0 | 567,074 | 6,925,800 | 17,996,929 |
| 21 | 70 | 0 | 0 | 613,467 | 7,539,267 | 17,562,691 |
| 22 | 71 | 0 | 0 | 666,112 | 8,205,379 | 17,106,742 |
| 23 | 72 | 0 | 0 | 725,998 | 8,931,377 | 16,627,995 |
| 24 | 73 | 0 | 0 | 794,507 | 9,725,884 | 16,125,310 |
| 25 | 74 | 0 | 0 | 873,615 | 10,599,499 | 15,597,492 |
| 26 | 75 | 0 | 0 | 965,853 | 11,565,352 | 15,043,282 |
| 27 | 76 | 0 | 0 | 1,074,294 | 12,639,646 | 14,461,363 |
| 28 | 77 | 0 | 0 | 1,201,231 | 13,840,877 | 15,174,487 |
| 29 | 78 | 0 | 0 | 1,317,444 | 15,158,321 | 16,589,882 |
| 30 | 79 | 0 | 0 | 1,429,364 | 16,587,685 | 18,124,396 |
| | | 7,000,000 | 6,804,730 | | | |

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Illustration of Policy Values Funding the Plan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

| | | Indexed SUL Interest Rate 7.00% | Initial Premium 1,000,000 | Initial Policy Death Benefit 26,681,680 | | | |
|------|-------------|---------------------------------------|---------------------------------------|---|-----------------------------------|-------------------------------------|--|
| Year | Male Age | (1) Policy Premium | (2) Net Policy Loan Proceeds | (3) Cash Value* Increase | (4) Year End Cash Value* | (5) Year End Death Benefit | |
| 31 | 80 | 0 | 0 | 1,549,434 | 18,137,119 | 19,786,668 | |
| 32 | 81 | 0 | 0 | 1,675,833 | 19,812,952 | 21,583,427 | |
| 33 | 82 | 0 | 0 | 1,810,467 | 21,623,419 | 23,523,410 | |
| 34 | 83 | 0 | 0 | 1,953,499 | 23,576,918 | 25,615,524 | |
| 35 | 84 | 0 | 0 | 2,104,358 | 25,681,276 | 27,868,089 | |
| 36 | 85 | 0 | 0 | 2,261,327 | 27,942,603 | 30,287,620 | |
| 37 | 86 | 0 | 0 | 2,427,903 | 30,370,506 | 32,884,311 | |
| 38 | 87 | 0 | 0 | 2,601,020 | 32,971,526 | 35,665,147 | |
| 39 | 88 | 0 | 0 | 2,779,220 | 35,750,746 | 38,635,580 | |
| 40 | 89 | 0 | 0 | 2,961,676 | 38,712,422 | 41,800,205 | |
| 41 | 90 | 0 | 0 | 3,145,909 | 41,858,331 | 45,161,017 | |
| 42 | 91 | 0 | 0 | 3,426,414 | 45,284,745 | 48,112,342 | |
| 43 | 92 | 0 | 0 | 3,756,224 | 49,040,969 | 51,312,460 | |
| 44 | 93 | 0 | 0 | 4,149,824 | 53,190,793 | 54,814,793 | |
| 45 | 94 | 0 | 0 | 4,624,717 | 57,815,510 | 58,687,762 | |
| 46 | 95 | 0 | 0 | 5,195,928 | 63,011,438 | 63,011,438 | |
| 47 | 96 | 0 | 0 | 5,641,293 | 68,652,731 | 68,652,731 | |
| 48 | 97 | 0 | 0 | 6,123,865 | 74,776,596 | 74,776,596 | |
| 49 | 98 | 0 | 0 | 6,646,708 | 81,423,304 | 81,423,304 | |
| 50 | 99 | 0 | 0 | 7,213,132 | 88,636,436 | 88,636,436 | |
| | | <hr/> | <hr/> | | | | |
| | | 7,000,000 | 6,804,730 | | | | |

*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Summary

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

Indexed SUL Interest Rate 7.00%
Initial Policy Death Benefit 26,681,680

| | | Gift and Loan Summary | | | | | | Trust's Values | | |
|------|----------|-----------------------|---|---|--|-----------------------------------|---|--------------------------------------|---|---|
| Year | Male Age | (1) Policy Premium | (2) Gift to Trust for Premium and Loan Repayment | (3) Balance of Premium Due Borrowed from Bank* | (4) Assumed Bank Loan Interest Rate | (5) Cumulative Loan Due Bank** | (6) Net Policy Loan Proceeds Used to Reduce Loan | (7) Year End Policy Cash Value*** | (8) Year End Policy Cash Value*** Net of Bank Loan | (9) Year End Policy Death Benefit Net of Bank Loan |
| 1 | 50 | 1,000,000 | 300,000 | 700,000 | 3.00% | 721,000 | 0 | 792,724 | 71,724 | 25,960,680 |
| 2 | 51 | 1,000,000 | 300,000 | 700,000 | 3.14% | 1,465,619 | 0 | 1,643,411 | 177,792 | 25,216,061 |
| 3 | 52 | 1,000,000 | 300,000 | 700,000 | 3.29% | 2,236,868 | 0 | 2,555,329 | 318,461 | 24,444,812 |
| 4 | 53 | 1,000,000 | 300,000 | 700,000 | 3.43% | 3,037,603 | 0 | 3,533,030 | 495,427 | 23,644,077 |
| 5 | 54 | 1,000,000 | 300,000 | 700,000 | 3.57% | 3,871,035 | 0 | 4,581,419 | 710,384 | 22,810,645 |
| 6 | 55 | 1,000,000 | 300,000 | 700,000 | 3.71% | 4,740,620 | 0 | 5,706,781 | 966,161 | 21,941,060 |
| 7 | 56 | 1,000,000 | 300,000 | 700,000 | 3.86% | 5,650,628 | 0 | 6,916,420 | 1,265,792 | 21,031,052 |
| 8 | 57 | 0 | 300,000 | -300,000 | 4.00% | 5,564,653 | 0 | 7,209,479 | 1,644,826 | 21,117,027 |
| 9 | 58 | 0 | 300,000 | -300,000 | 4.14% | 5,482,610 | 0 | 7,528,182 | 2,045,572 | 21,199,070 |
| 10 | 59 | 0 | 300,000 | -300,000 | 4.29% | 5,404,944 | 0 | 7,874,917 | 2,469,973 | 21,276,736 |
| 11 | 60 | 0 | 0 | 0 | 4.43% | 5,644,383 | 0 | 8,463,367 | 2,818,984 | 21,037,297 |
| 12 | 61 | 0 | 0 | 0 | 4.57% | 5,902,331 | 0 | 9,095,193 | 3,192,862 | 20,779,349 |
| 13 | 62 | 0 | 0 | 0 | 4.71% | 6,180,331 | 0 | 9,773,340 | 3,593,009 | 20,501,349 |
| 14 | 63 | 0 | 0 | 0 | 4.86% | 6,480,695 | 0 | 10,501,612 | 4,020,917 | 20,200,985 |
| 15 | 64 | 0 | 0 | 0 | 5.00% | 6,804,730 | 0 | 11,284,370 | 4,479,640 | 19,876,950 |
| 16 | 65 | 0 | 0 | 0 | | 0 | 6,804,730 | 4,897,733 | 4,897,733 | 19,536,714 |
| 17 | 66 | 0 | 0 | 0 | | 0 | 0 | 5,348,297 | 5,348,297 | 19,179,465 |
| 18 | 67 | 0 | 0 | 0 | | 0 | 0 | 5,834,162 | 5,834,162 | 18,804,354 |
| 19 | 68 | 0 | 0 | 0 | | 0 | 0 | 6,358,726 | 6,358,726 | 18,410,488 |
| 20 | 69 | 0 | 0 | 0 | | 0 | 0 | 6,925,800 | 6,925,800 | 17,996,929 |
| 21 | 70 | 0 | 0 | 0 | | 0 | 0 | 7,539,267 | 7,539,267 | 17,562,691 |
| 22 | 71 | 0 | 0 | 0 | | 0 | 0 | 8,205,379 | 8,205,379 | 17,106,742 |
| 23 | 72 | 0 | 0 | 0 | | 0 | 0 | 8,931,377 | 8,931,377 | 16,627,995 |
| 24 | 73 | 0 | 0 | 0 | | 0 | 0 | 9,725,884 | 9,725,884 | 16,125,310 |
| 25 | 74 | 0 | 0 | 0 | | 0 | 0 | 10,599,499 | 10,599,499 | 15,597,492 |
| 26 | 75 | 0 | 0 | 0 | | 0 | 0 | 11,565,352 | 11,565,352 | 15,043,282 |
| 27 | 76 | 0 | 0 | 0 | | 0 | 0 | 12,639,646 | 12,639,646 | 14,461,363 |
| 28 | 77 | 0 | 0 | 0 | | 0 | 0 | 13,840,877 | 13,840,877 | 15,174,487 |
| 29 | 78 | 0 | 0 | 0 | | 0 | 0 | 15,158,321 | 15,158,321 | 16,589,882 |
| 30 | 79 | 0 | 0 | 0 | | 0 | 0 | 16,587,685 | 16,587,685 | 18,124,396 |
| | | 7,000,000 | 3,000,000 | 4,000,000 | | | 6,804,730 | | | |

*Negatives in Column (3) assume bank repayment.

**Includes accrued loan interest. See "Analysis of Bank Loan" for details.

***This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

30 Year Analysis

| | Living Values | Death Benefit |
|-------------------------------|---------------|---------------|
| Indexed Survivor UL | 16,587,685 | 18,124,396 |
| Less Loan Repayment Due: | 0 | 0 |
| Equals Value to Policy Owner: | 16,587,685 | 18,124,396 |

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Summary

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

Indexed SUL Interest Rate 7.00%
Initial Policy Death Benefit 26,681,680

| | | Gift and Loan Summary | | | | | | Trust's Values | | |
|------|----------|-----------------------|---|---|--|-----------------------------------|---|--------------------------------------|---|---|
| Year | Male Age | (1) Policy Premium | (2) Gift to Trust for Premium and Loan Repayment | (3) Balance of Premium Due Borrowed from Bank* | (4) Assumed Bank Loan Interest Rate | (5) Cumulative Loan Due Bank** | (6) Net Policy Loan Proceeds Used to Reduce Loan | (7) Year End Policy Cash Value*** | (8) Year End Policy Cash Value*** Net of Bank Loan | (9) Year End Policy Death Benefit Net of Bank Loan |
| 31 | 80 | 0 | 0 | 0 | | 0 | 0 | 18,137,119 | 18,137,119 | 19,786,668 |
| 32 | 81 | 0 | 0 | 0 | | 0 | 0 | 19,812,952 | 19,812,952 | 21,583,427 |
| 33 | 82 | 0 | 0 | 0 | | 0 | 0 | 21,623,419 | 21,623,419 | 23,523,410 |
| 34 | 83 | 0 | 0 | 0 | | 0 | 0 | 23,576,918 | 23,576,918 | 25,615,524 |
| 35 | 84 | 0 | 0 | 0 | | 0 | 0 | 25,681,276 | 25,681,276 | 27,868,089 |
| 36 | 85 | 0 | 0 | 0 | | 0 | 0 | 27,942,603 | 27,942,603 | 30,287,620 |
| 37 | 86 | 0 | 0 | 0 | | 0 | 0 | 30,370,506 | 30,370,506 | 32,884,311 |
| 38 | 87 | 0 | 0 | 0 | | 0 | 0 | 32,971,526 | 32,971,526 | 35,665,147 |
| 39 | 88 | 0 | 0 | 0 | | 0 | 0 | 35,750,746 | 35,750,746 | 38,635,580 |
| 40 | 89 | 0 | 0 | 0 | | 0 | 0 | 38,712,422 | 38,712,422 | 41,800,205 |
| 41 | 90 | 0 | 0 | 0 | | 0 | 0 | 41,858,331 | 41,858,331 | 45,161,017 |
| 42 | 91 | 0 | 0 | 0 | | 0 | 0 | 45,284,745 | 45,284,745 | 48,112,342 |
| 43 | 92 | 0 | 0 | 0 | | 0 | 0 | 49,040,969 | 49,040,969 | 51,312,460 |
| 44 | 93 | 0 | 0 | 0 | | 0 | 0 | 53,190,793 | 53,190,793 | 54,814,793 |
| 45 | 94 | 0 | 0 | 0 | | 0 | 0 | 57,815,510 | 57,815,510 | 58,687,762 |
| 46 | 95 | 0 | 0 | 0 | | 0 | 0 | 63,011,438 | 63,011,438 | 63,011,438 |
| 47 | 96 | 0 | 0 | 0 | | 0 | 0 | 68,652,731 | 68,652,731 | 68,652,731 |
| 48 | 97 | 0 | 0 | 0 | | 0 | 0 | 74,776,596 | 74,776,596 | 74,776,596 |
| 49 | 98 | 0 | 0 | 0 | | 0 | 0 | 81,423,304 | 81,423,304 | 81,423,304 |
| 50 | 99 | 0 | 0 | 0 | | 0 | 0 | 88,636,436 | 88,636,436 | 88,636,436 |

7,000,000

3,000,000

4,000,000

6,804,730

*Negatives in Column (3) assume bank repayment.

**Includes accrued loan interest. See "Analysis of Bank Loan" for details.

***This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

50 Year Analysis

| | Living Values | Death Benefit |
|-------------------------------|---------------|---------------|
| Indexed Survivor UL | 88,636,436 | 88,636,436 |
| Less Loan Repayment Due: | 0 | 0 |
| Equals Value to Policy Owner: | 88,636,436 | 88,636,436 |

Premium Financing Using Indexed Survivor UL

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

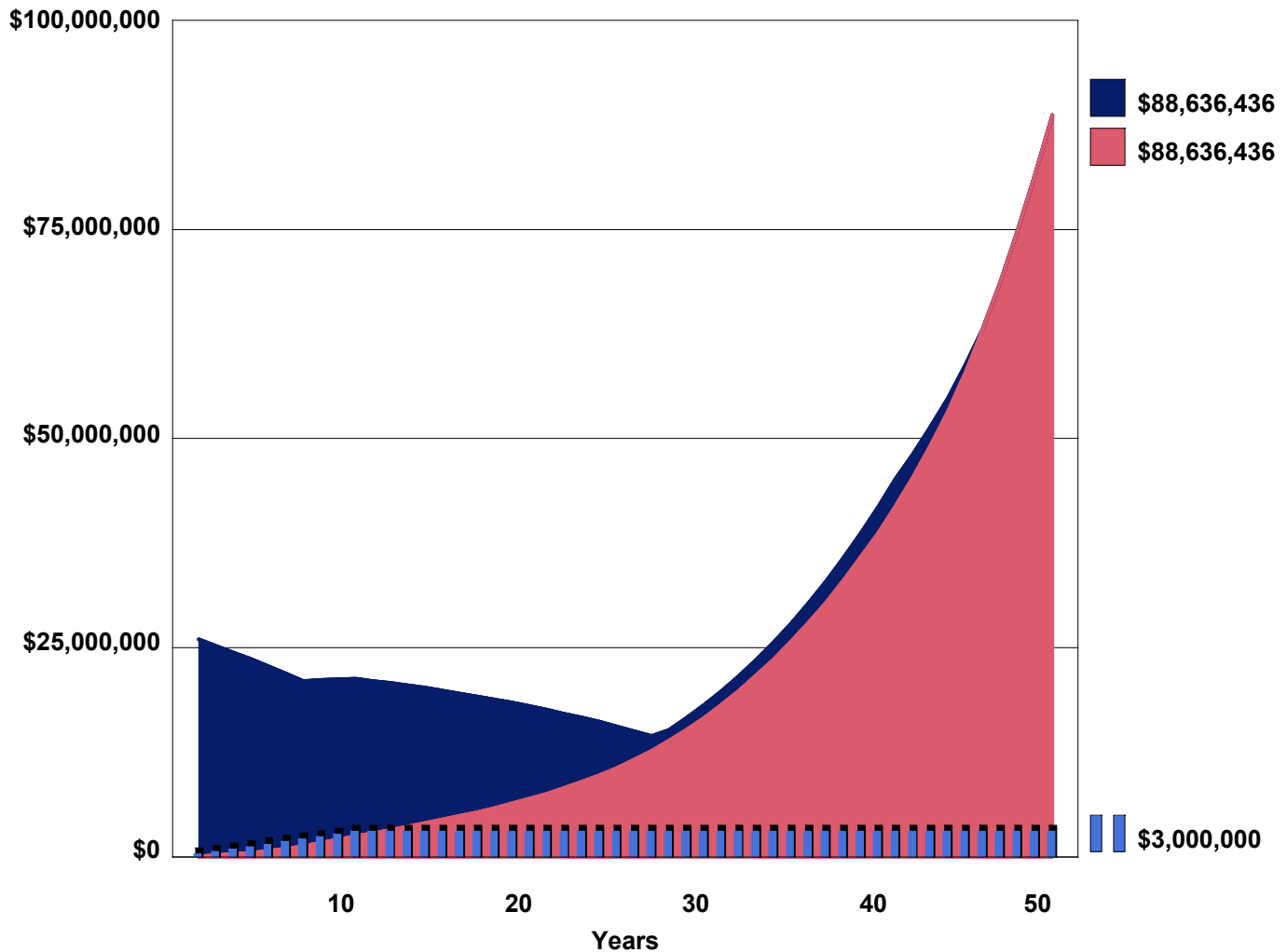
Insured: Arthur Baxter

Trust's 50 Year Graphic Analysis

Borrower and Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter



| | <u>At Year 50</u> |
|---|-------------------|
| Cumulative Gifts for Premiums | \$3,000,000 |
| Trust's Cash Value Less Loan Due Bank ¹ | \$88,636,436 |
| Trust's Estate Tax Free Death Benefit Less Loan Due Bank ¹ | \$88,636,436 |

¹The cumulative loan due bank of \$6,804,730 is assumed paid off at the beginning of year 16 from policy loans.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Trust's Required Cash Flow

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

| Year | Male Age | (1) Portion of Policy Premium* | (2) Loan Repayment* | (3) Trust's Required Cash Flow* |
|------|----------|-----------------------------------|------------------------|------------------------------------|
| 1 | 50 | 300,000 | 0 | 300,000 |
| 2 | 51 | 300,000 | 0 | 300,000 |
| 3 | 52 | 300,000 | 0 | 300,000 |
| 4 | 53 | 300,000 | 0 | 300,000 |
| 5 | 54 | 300,000 | 0 | 300,000 |
| 6 | 55 | 300,000 | 0 | 300,000 |
| 7 | 56 | 300,000 | 0 | 300,000 |
| 8 | 57 | 0 | 300,000 | 300,000 |
| 9 | 58 | 0 | 300,000 | 300,000 |
| 10 | 59 | 0 | 300,000 | 300,000 |
| 11 | 60 | 0 | 0 | 0 |
| 12 | 61 | 0 | 0 | 0 |
| 13 | 62 | 0 | 0 | 0 |
| 14 | 63 | 0 | 0 | 0 |
| 15 | 64 | 0 | 0 | 0 |
| 16 | 65 | 0 | 0 | 0 |
| 17 | 66 | 0 | 0 | 0 |
| 18 | 67 | 0 | 0 | 0 |
| 19 | 68 | 0 | 0 | 0 |
| 20 | 69 | 0 | 0 | 0 |
| 21 | 70 | 0 | 0 | 0 |
| 22 | 71 | 0 | 0 | 0 |
| 23 | 72 | 0 | 0 | 0 |
| 24 | 73 | 0 | 0 | 0 |
| 25 | 74 | 0 | 0 | 0 |
| 26 | 75 | 0 | 0 | 0 |
| 27 | 76 | 0 | 0 | 0 |
| 28 | 77 | 0 | 0 | 0 |
| 29 | 78 | 0 | 0 | 0 |
| 30 | 79 | 0 | 0 | 0 |
| | | 2,100,000 | 900,000 | 3,000,000 |

*Assumed gifted from Trust Grantor.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Trust's Required Cash Flow

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

| Year | Male Age | (1) Portion of Policy Premium* | + | (2) Loan Repayment* | = | (3) Trust's Required Cash Flow* |
|------|----------|-----------------------------------|---|------------------------|---|------------------------------------|
| 31 | 80 | 0 | | 0 | | 0 |
| 32 | 81 | 0 | | 0 | | 0 |
| 33 | 82 | 0 | | 0 | | 0 |
| 34 | 83 | 0 | | 0 | | 0 |
| 35 | 84 | 0 | | 0 | | 0 |
| 36 | 85 | 0 | | 0 | | 0 |
| 37 | 86 | 0 | | 0 | | 0 |
| 38 | 87 | 0 | | 0 | | 0 |
| 39 | 88 | 0 | | 0 | | 0 |
| 40 | 89 | 0 | | 0 | | 0 |
| 41 | 90 | 0 | | 0 | | 0 |
| 42 | 91 | 0 | | 0 | | 0 |
| 43 | 92 | 0 | | 0 | | 0 |
| 44 | 93 | 0 | | 0 | | 0 |
| 45 | 94 | 0 | | 0 | | 0 |
| 46 | 95 | 0 | | 0 | | 0 |
| 47 | 96 | 0 | | 0 | | 0 |
| 48 | 97 | 0 | | 0 | | 0 |
| 49 | 98 | 0 | | 0 | | 0 |
| 50 | 99 | 0 | | 0 | | 0 |
| | | 2,100,000 | | 900,000 | | 3,000,000 |

*Assumed gifted from Trust Grantor.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Analysis of Bank Loan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

Loan Interest
Payment Method
Accrued in all Years

| Year | Male Age | (1) Loan from Bank to Trust for Policy Premium | (2) Amount Paid by Trust to Repay Loan | (3) Net Loan Policy Proceeds Used to Reduce Loan | (4) Loan Balance Subject to Interest | (5) Assumed Bank Loan Interest Rate | (6) Loan Interest to Accrue | (7) Year End Cumulative Loan Due Bank (4)+(6) |
|------|----------|---|---|---|---|--|--------------------------------|--|
| 1 | 50 | 700,000 | 0 | 0 | 700,000 | 3.00% | 21,000 | 721,000 |
| 2 | 51 | 700,000 | 0 | 0 | 1,421,000 | 3.14% | 44,619 | 1,465,619 |
| 3 | 52 | 700,000 | 0 | 0 | 2,165,619 | 3.29% | 71,249 | 2,236,868 |
| 4 | 53 | 700,000 | 0 | 0 | 2,936,868 | 3.43% | 100,735 | 3,037,603 |
| 5 | 54 | 700,000 | 0 | 0 | 3,737,603 | 3.57% | 133,432 | 3,871,035 |
| 6 | 55 | 700,000 | 0 | 0 | 4,571,035 | 3.71% | 169,585 | 4,740,620 |
| 7 | 56 | 700,000 | 0 | 0 | 5,440,620 | 3.86% | 210,008 | 5,650,628 |
| 8 | 57 | 0 | 300,000 | 0 | 5,350,628 | 4.00% | 214,025 | 5,564,653 |
| 9 | 58 | 0 | 300,000 | 0 | 5,264,653 | 4.14% | 217,957 | 5,482,610 |
| 10 | 59 | 0 | 300,000 | 0 | 5,182,610 | 4.29% | 222,334 | 5,404,944 |
| 11 | 60 | 0 | 0 | 0 | 5,404,944 | 4.43% | 239,439 | 5,644,383 |
| 12 | 61 | 0 | 0 | 0 | 5,644,383 | 4.57% | 257,948 | 5,902,331 |
| 13 | 62 | 0 | 0 | 0 | 5,902,331 | 4.71% | 278,000 | 6,180,331 |
| 14 | 63 | 0 | 0 | 0 | 6,180,331 | 4.86% | 300,364 | 6,480,695 |
| 15 | 64 | 0 | 0 | 0 | 6,480,695 | 5.00% | 324,035 | 6,804,730 |
| 16 | 65 | 0 | 0 | 6,804,730 | 0 | 0 | 0 | 0 |
| 17 | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | 67 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 | 69 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | 70 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 22 | 71 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 23 | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 24 | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 25 | 74 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 26 | 75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 27 | 76 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28 | 77 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 29 | 78 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 | 79 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 4,900,000 | 900,000 | 6,804,730 | | | 2,804,730 | |

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Analysis of Bank Loan

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

Loan Interest
Payment Method
Accrued in all Years

| Year | Male Age | (1) Loan from Bank to Trust for Policy Premium | (2) Amount Paid by Trust to Repay Loan | (3) Net Loan Policy Proceeds Used to Reduce Loan | (4) Loan Balance Subject to Interest | (5) Assumed Bank Loan Interest Rate | (6) Loan Interest to Accrue | (7) Year End Cumulative Loan Due Bank (4)+(6) |
|------|----------|---|---|---|---|--|--------------------------------|--|
| 31 | 80 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 32 | 81 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 33 | 82 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 34 | 83 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 35 | 84 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 36 | 85 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 37 | 86 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 38 | 87 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 39 | 88 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 40 | 89 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 41 | 90 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 42 | 91 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 43 | 92 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 44 | 93 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 45 | 94 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 46 | 95 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 47 | 96 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 48 | 97 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 49 | 98 | 0 | 0 | 0 | 0 | | 0 | 0 |
| 50 | 99 | 0 | 0 | 0 | 0 | | 0 | 0 |
| | | 4,900,000 | 900,000 | 6,804,730 | | | 2,804,730 | |

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Rate of Return (ROR) Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

| | | Indexed SUL Interest Rate 7.00% | Initial Policy Death Benefit 26,681,680 | Trust Grantor's Income Tax Tax Bracket 48.00% | Trust Grantor's Estate Tax Tax Bracket 40.00% | Loan Interest Payment Method Accrued in All Years | | | | | |
|------|-------------|--|---|--|---|---|---|--|--|--|--|
| | | Trust's Year End Cash Value | | | Trust's Year End Death Benefit | | | | | | |
| Year | Male Age | (1) Portion of Policy Premium Paid by Trust | (2) Cumulative Cash Flow Required from Trust | (3) Net Policy Cash Value* | (4) Pre-Tax** Equivalent ROR of Net Policy Cash Value | (5) Net ROR of Net Policy Cash Value | (6) Net Policy Death Benefit* | (7) Pre-Tax** Equivalent ROR of Net Policy Death Benefit | (8) Net ROR of Net Policy Death Benefit | | |
| 1 | 50 | 300,000 | 300,000 | 71,724 | -60.15% | -76.09% | 25,960,680 | 27,543.46% | 8,553.56% | | |
| 2 | 51 | 300,000 | 600,000 | 177,792 | -38.75% | -58.20% | 25,216,061 | 1,989.71% | 768.17% | | |
| 3 | 52 | 300,000 | 900,000 | 318,461 | -24.17% | -43.60% | 24,444,812 | 724.39% | 295.54% | | |
| 4 | 53 | 300,000 | 1,200,000 | 495,427 | -14.41% | -32.39% | 23,644,077 | 399.47% | 166.19% | | |
| 5 | 54 | 300,000 | 1,500,000 | 710,384 | -7.79% | -23.95% | 22,810,645 | 262.72% | 109.98% | | |
| 6 | 55 | 300,000 | 1,800,000 | 966,161 | -3.17% | -17.56% | 21,941,060 | 189.81% | 79.44% | | |
| 7 | 56 | 300,000 | 2,100,000 | 1,265,792 | 0.22% | -12.69% | 21,031,052 | 145.18% | 60.49% | | |
| 8 | 57 | 300,000 | 2,400,000 | 1,644,826 | 5.67% | -8.47% | 21,117,027 | 117.63% | 48.85% | | |
| 9 | 58 | 300,000 | 2,700,000 | 2,045,572 | 8.91% | -5.61% | 21,199,070 | 98.04% | 40.53% | | |
| 10 | 59 | 300,000 | 3,000,000 | 2,469,973 | 10.92% | -3.57% | 21,276,736 | 83.47% | 34.32% | | |
| 11 | 60 | 0 | 3,000,000 | 2,818,984 | 13.17% | -0.96% | 21,037,297 | 72.15% | 29.59% | | |
| 12 | 61 | 0 | 3,000,000 | 3,192,862 | 14.66% | 0.83% | 20,779,349 | 63.25% | 25.88% | | |
| 13 | 62 | 0 | 3,000,000 | 3,593,009 | 15.67% | 2.12% | 20,501,349 | 56.10% | 22.90% | | |
| 14 | 63 | 0 | 3,000,000 | 4,020,917 | 16.38% | 3.09% | 20,200,985 | 50.24% | 20.46% | | |
| 15 | 64 | 0 | 3,000,000 | 4,479,640 | 16.87% | 3.83% | 19,876,950 | 45.35% | 18.43% | | |
| 16 | 65 | 0 | 3,000,000 | 4,897,733 | 16.96% | 4.29% | 19,536,714 | 41.22% | 16.71% | | |
| 17 | 66 | 0 | 3,000,000 | 5,348,297 | 17.01% | 4.66% | 19,179,465 | 37.69% | 15.24% | | |
| 18 | 67 | 0 | 3,000,000 | 5,834,162 | 17.04% | 4.97% | 18,804,354 | 34.64% | 13.97% | | |
| 19 | 68 | 0 | 3,000,000 | 6,358,726 | 17.06% | 5.24% | 18,410,488 | 31.96% | 12.86% | | |
| 20 | 69 | 0 | 3,000,000 | 6,925,800 | 17.07% | 5.47% | 17,996,929 | 29.60% | 11.88% | | |
| 21 | 70 | 0 | 3,000,000 | 7,539,267 | 17.06% | 5.66% | 17,562,691 | 27.50% | 11.00% | | |
| 22 | 71 | 0 | 3,000,000 | 8,205,379 | 17.06% | 5.84% | 17,106,742 | 25.61% | 10.22% | | |
| 23 | 72 | 0 | 3,000,000 | 8,931,377 | 17.06% | 5.99% | 16,627,995 | 23.90% | 9.50% | | |
| 24 | 73 | 0 | 3,000,000 | 9,725,884 | 17.06% | 6.14% | 16,125,310 | 22.34% | 8.84% | | |
| 25 | 74 | 0 | 3,000,000 | 10,599,499 | 17.07% | 6.27% | 15,597,492 | 20.91% | 8.24% | | |
| 26 | 75 | 0 | 3,000,000 | 11,565,352 | 17.09% | 6.40% | 15,043,282 | 19.58% | 7.68% | | |
| 27 | 76 | 0 | 3,000,000 | 12,639,646 | 17.12% | 6.52% | 14,461,363 | 18.34% | 7.15% | | |
| 28 | 77 | 0 | 3,000,000 | 13,840,877 | 17.17% | 6.65% | 15,174,487 | 17.97% | 7.05% | | |
| 29 | 78 | 0 | 3,000,000 | 15,158,321 | 17.22% | 6.76% | 16,589,882 | 17.97% | 7.14% | | |
| 30 | 79 | 0 | 3,000,000 | 16,587,685 | 17.25% | 6.86% | 18,124,396 | 17.96% | 7.22% | | |
| | | 3,000,000 | | | | | | | | | |

**Including a factor for a 48.00% income tax bracket and a 40.00% estate tax bracket.

*After deducting the cumulative loan due to the bank.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Rate of Return (ROR) Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

| | | Indexed SUL Interest Rate 7.00% | Initial Policy Death Benefit 26,681,680 | Trust Grantor's Income Tax Tax Bracket 48.00% | Trust Grantor's Estate Tax Tax Bracket 40.00% | Loan Interest Payment Method Accrued in All Years | | | |
|------|-------------|--|---|--|---|---|---|--|--|
| | | Trust's Year End Cash Value | | | Trust's Year End Death Benefit | | | | |
| Year | Male Age | (1) Portion of Policy Premium Paid by Trust | (2) Cumulative Cash Flow Required from Trust | (3) Net Policy Cash Value* | (4) Pre-Tax** Equivalent ROR of Net Policy Cash Value | (5) Net ROR of Net Policy Cash Value | (6) Net Policy Death Benefit* | (7) Pre-Tax** Equivalent ROR of Net Policy Death Benefit | (8) Net ROR of Net Policy Death Benefit |
| 31 | 80 | 0 | 3,000,000 | 18,137,119 | 17.28% | 6.95% | 19,786,668 | 17.95% | 7.30% |
| 32 | 81 | 0 | 3,000,000 | 19,812,952 | 17.29% | 7.03% | 21,583,427 | 17.93% | 7.36% |
| 33 | 82 | 0 | 3,000,000 | 21,623,419 | 17.30% | 7.10% | 23,523,410 | 17.91% | 7.41% |
| 34 | 83 | 0 | 3,000,000 | 23,576,918 | 17.31% | 7.17% | 25,615,524 | 17.88% | 7.46% |
| 35 | 84 | 0 | 3,000,000 | 25,681,276 | 17.30% | 7.22% | 27,868,089 | 17.85% | 7.51% |
| 36 | 85 | 0 | 3,000,000 | 27,942,603 | 17.29% | 7.27% | 30,287,620 | 17.82% | 7.54% |
| 37 | 86 | 0 | 3,000,000 | 30,370,506 | 17.27% | 7.31% | 32,884,311 | 17.78% | 7.57% |
| 38 | 87 | 0 | 3,000,000 | 32,971,526 | 17.25% | 7.35% | 35,665,147 | 17.73% | 7.60% |
| 39 | 88 | 0 | 3,000,000 | 35,750,746 | 17.22% | 7.38% | 38,635,580 | 17.68% | 7.62% |
| 40 | 89 | 0 | 3,000,000 | 38,712,422 | 17.18% | 7.41% | 41,800,205 | 17.63% | 7.64% |
| 41 | 90 | 0 | 3,000,000 | 41,858,331 | 17.14% | 7.43% | 45,161,017 | 17.57% | 7.65% |
| 42 | 91 | 0 | 3,000,000 | 45,284,745 | 17.11% | 7.45% | 48,112,342 | 17.44% | 7.62% |
| 43 | 92 | 0 | 3,000,000 | 49,040,969 | 17.08% | 7.47% | 51,312,460 | 17.32% | 7.59% |
| 44 | 93 | 0 | 3,000,000 | 53,190,793 | 17.06% | 7.49% | 54,814,793 | 17.21% | 7.57% |
| 45 | 94 | 0 | 3,000,000 | 57,815,510 | 17.05% | 7.52% | 58,687,762 | 17.12% | 7.56% |
| 46 | 95 | 0 | 3,000,000 | 63,011,438 | 17.05% | 7.56% | 63,011,438 | 17.05% | 7.56% |
| 47 | 96 | 0 | 3,000,000 | 68,652,731 | 17.06% | 7.59% | 68,652,731 | 17.06% | 7.59% |
| 48 | 97 | 0 | 3,000,000 | 74,776,596 | 17.06% | 7.62% | 74,776,596 | 17.06% | 7.62% |
| 49 | 98 | 0 | 3,000,000 | 81,423,304 | 17.06% | 7.65% | 81,423,304 | 17.06% | 7.65% |
| 50 | 99 | 0 | 3,000,000 | 88,636,436 | 17.06% | 7.67% | 88,636,436 | 17.06% | 7.67% |

3,000,000

**Including a factor for a 48.00% income tax bracket and a 40.00% estate tax bracket.

*After deducting the cumulative loan due to the bank.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Gifts and Policy Values)

Borrower & Policy Owner: Baxter Family Trust
Lender: To be determined
Trust Grantor: Arthur Baxter

Indexed SUL
Interest Rate
7.00%

Indexed SUL
Interest Rate
7.00%

| | | Premium Financing Indexed Survivor UL | | | Gift Full Premium Indexed Survivor UL | | |
|------|----------|--|--|---|--|-----------------------------------|--------------------------------------|
| Year | Male Age | (1) Annual Gift | (2) Year End Net Policy Cash Value* | (3) Year End Net Policy Death Benefit* | (4) Annual Gift | (5) Year End Policy Cash Value | (6) Year End Policy Death Benefit |
| 1 | 50 | 300,000 | 71,724 | 25,960,680 | 1,000,000 | 792,724 | 26,681,680 |
| 2 | 51 | 300,000 | 177,792 | 25,216,061 | 1,000,000 | 1,643,411 | 26,681,680 |
| 3 | 52 | 300,000 | 318,461 | 24,444,812 | 1,000,000 | 2,555,329 | 26,681,680 |
| 4 | 53 | 300,000 | 495,427 | 23,644,077 | 1,000,000 | 3,533,030 | 26,681,680 |
| 5 | 54 | 300,000 | 710,384 | 22,810,645 | 1,000,000 | 4,581,419 | 26,681,680 |
| 6 | 55 | 300,000 | 966,161 | 21,941,060 | 1,000,000 | 5,706,781 | 26,681,680 |
| 7 | 56 | 300,000 | 1,265,792 | 21,031,052 | 1,000,000 | 6,916,420 | 26,681,680 |
| 8 | 57 | 300,000 | 1,644,826 | 21,117,027 | 0 | 7,209,479 | 26,681,680 |
| 9 | 58 | 300,000 | 2,045,572 | 21,199,070 | 0 | 7,528,182 | 26,681,680 |
| 10 | 59 | 300,000 | 2,469,973 | 21,276,736 | 0 | 7,874,917 | 26,681,680 |
| 11 | 60 | 0 | 2,818,984 | 21,037,297 | 0 | 8,463,367 | 26,681,680 |
| 12 | 61 | 0 | 3,192,862 | 20,779,349 | 0 | 9,095,193 | 26,681,680 |
| 13 | 62 | 0 | 3,593,009 | 20,501,349 | 0 | 9,773,340 | 26,681,680 |
| 14 | 63 | 0 | 4,020,917 | 20,200,985 | 0 | 10,501,612 | 26,681,680 |
| 15 | 64 | 0 | 4,479,640 | 19,876,950 | 0 | 11,284,370 | 26,681,680 |
| 16 | 65 | 0 | 4,897,733 | 19,536,714 | -6,804,730 | 4,897,733 | 19,536,714 |
| 17 | 66 | 0 | 5,348,297 | 19,179,465 | 0 | 5,348,297 | 19,179,465 |
| 18 | 67 | 0 | 5,834,162 | 18,804,354 | 0 | 5,834,162 | 18,804,354 |
| 19 | 68 | 0 | 6,358,726 | 18,410,488 | 0 | 6,358,726 | 18,410,488 |
| 20 | 69 | 0 | 6,925,800 | 17,996,929 | 0 | 6,925,800 | 17,996,929 |
| 21 | 70 | 0 | 7,539,267 | 17,562,691 | 0 | 7,539,267 | 17,562,691 |
| 22 | 71 | 0 | 8,205,379 | 17,106,742 | 0 | 8,205,379 | 17,106,742 |
| 23 | 72 | 0 | 8,931,377 | 16,627,995 | 0 | 8,931,377 | 16,627,995 |
| 24 | 73 | 0 | 9,725,884 | 16,125,310 | 0 | 9,725,884 | 16,125,310 |
| 25 | 74 | 0 | 10,599,499 | 15,597,492 | 0 | 10,599,499 | 15,597,492 |
| 26 | 75 | 0 | 11,565,352 | 15,043,282 | 0 | 11,565,352 | 15,043,282 |
| 27 | 76 | 0 | 12,639,646 | 14,461,363 | 0 | 12,639,646 | 14,461,363 |
| 28 | 77 | 0 | 13,840,877 | 15,174,487 | 0 | 13,840,877 | 15,174,487 |
| 29 | 78 | 0 | 15,158,321 | 16,589,882 | 0 | 15,158,321 | 16,589,882 |
| 30 | 79 | 0 | 16,587,685 | 18,124,396 | 0 | 16,587,685 | 18,124,396 |
| | | 3,000,000 | | | 195,270 | | |

*After deducting the cumulative loan due to the bank.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Gifts and Policy Values)

Borrower & Policy Owner: Baxter Family Trust
Lender: To be determined
Trust Grantor: Arthur Baxter

Indexed SUL
Interest Rate
7.00%

Indexed SUL
Interest Rate
7.00%

| | | Premium Financing Indexed Survivor UL | | | Gift Full Premium Indexed Survivor UL | | |
|------|-------------|--|---|--|--|--|---|
| Year | Male Age | (1) Annual Gift | (2) Year End Net Policy Cash Value* | (3) Year End Net Policy Death Benefit* | (4) Annual Gift | (5) Year End Policy Cash Value | (6) Year End Policy Death Benefit |
| 31 | 80 | 0 | 18,137,119 | 19,786,668 | 0 | 18,137,119 | 19,786,668 |
| 32 | 81 | 0 | 19,812,952 | 21,583,427 | 0 | 19,812,952 | 21,583,427 |
| 33 | 82 | 0 | 21,623,419 | 23,523,410 | 0 | 21,623,419 | 23,523,410 |
| 34 | 83 | 0 | 23,576,918 | 25,615,524 | 0 | 23,576,918 | 25,615,524 |
| 35 | 84 | 0 | 25,681,276 | 27,868,089 | 0 | 25,681,276 | 27,868,089 |
| 36 | 85 | 0 | 27,942,603 | 30,287,620 | 0 | 27,942,603 | 30,287,620 |
| 37 | 86 | 0 | 30,370,506 | 32,884,311 | 0 | 30,370,506 | 32,884,311 |
| 38 | 87 | 0 | 32,971,526 | 35,665,147 | 0 | 32,971,526 | 35,665,147 |
| 39 | 88 | 0 | 35,750,746 | 38,635,580 | 0 | 35,750,746 | 38,635,580 |
| 40 | 89 | 0 | 38,712,422 | 41,800,205 | 0 | 38,712,422 | 41,800,205 |
| 41 | 90 | 0 | 41,858,331 | 45,161,017 | 0 | 41,858,331 | 45,161,017 |
| 42 | 91 | 0 | 45,284,745 | 48,112,342 | 0 | 45,284,745 | 48,112,342 |
| 43 | 92 | 0 | 49,040,969 | 51,312,460 | 0 | 49,040,969 | 51,312,460 |
| 44 | 93 | 0 | 53,190,793 | 54,814,793 | 0 | 53,190,793 | 54,814,793 |
| 45 | 94 | 0 | 57,815,510 | 58,687,762 | 0 | 57,815,510 | 58,687,762 |
| 46 | 95 | 0 | 63,011,438 | 63,011,438 | 0 | 63,011,438 | 63,011,438 |
| 47 | 96 | 0 | 68,652,731 | 68,652,731 | 0 | 68,652,731 | 68,652,731 |
| 48 | 97 | 0 | 74,776,596 | 74,776,596 | 0 | 74,776,596 | 74,776,596 |
| 49 | 98 | 0 | 81,423,304 | 81,423,304 | 0 | 81,423,304 | 81,423,304 |
| 50 | 99 | 0 | 88,636,436 | 88,636,436 | 0 | 88,636,436 | 88,636,436 |
| | | | 3,000,000 | | | 195,270 | |

*After deducting the cumulative loan due to the bank.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Pre-Tax Equivalent Rate of Return)

Borrower & Policy Owner: Baxter Family Trust
Lender: To be determined
Trust Grantor: Arthur Baxter

| | | Indexed SUL Interest Rate 7.00% | | | Trust Grantor's Income Tax Tax Bracket 48.00% | | | Trust Grantor's Estate Tax Tax Bracket 40.00% | | |
|------|----------|---|--|---|---|-----------------------------------|--------------------------------------|--|--|--|
| | | Premium Financing Indexed Survivor UL Pre-tax Equivalent Rate of Return Required on Column (1) to Match Net Policy Values** | | | Gift Full Premium Indexed Survivor UL Pre-tax Equivalent Rate of Return Required on Column (4) to Match Policy Values** | | | | | |
| Year | Male Age | (1) Annual Gift | (2) Year End Net Policy Cash Value* | (3) Year End Net Policy Death Benefit* | (4) Annual Gift | (5) Year End Policy Cash Value | (6) Year End Policy Death Benefit | | | |
| 31 | 80 | 0 | 17.28% | 17.95% | 0 | 11.37% | 11.82% | | | |
| 32 | 81 | 0 | 17.29% | 17.93% | 0 | 11.53% | 11.96% | | | |
| 33 | 82 | 0 | 17.30% | 17.91% | 0 | 11.67% | 12.09% | | | |
| 34 | 83 | 0 | 17.31% | 17.88% | 0 | 11.80% | 12.21% | | | |
| 35 | 84 | 0 | 17.30% | 17.85% | 0 | 11.93% | 12.32% | | | |
| 36 | 85 | 0 | 17.29% | 17.82% | 0 | 12.04% | 12.42% | | | |
| 37 | 86 | 0 | 17.27% | 17.78% | 0 | 12.14% | 12.51% | | | |
| 38 | 87 | 0 | 17.25% | 17.73% | 0 | 12.23% | 12.59% | | | |
| 39 | 88 | 0 | 17.22% | 17.68% | 0 | 12.32% | 12.66% | | | |
| 40 | 89 | 0 | 17.18% | 17.63% | 0 | 12.39% | 12.73% | | | |
| 41 | 90 | 0 | 17.14% | 17.57% | 0 | 12.46% | 12.78% | | | |
| 42 | 91 | 0 | 17.11% | 17.44% | 0 | 12.53% | 12.78% | | | |
| 43 | 92 | 0 | 17.08% | 17.32% | 0 | 12.59% | 12.78% | | | |
| 44 | 93 | 0 | 17.06% | 17.21% | 0 | 12.67% | 12.79% | | | |
| 45 | 94 | 0 | 17.05% | 17.12% | 0 | 12.74% | 12.80% | | | |
| 46 | 95 | 0 | 17.05% | 17.05% | 0 | 12.83% | 12.83% | | | |
| 47 | 96 | 0 | 17.06% | 17.06% | 0 | 12.91% | 12.91% | | | |
| 48 | 97 | 0 | 17.06% | 17.06% | 0 | 12.98% | 12.98% | | | |
| 49 | 98 | 0 | 17.06% | 17.06% | 0 | 13.06% | 13.06% | | | |
| 50 | 99 | 0 | 17.06% | 17.06% | 0 | 13.13% | 13.13% | | | |

3,000,000

195,270

*After deducting the cumulative loan due to the bank.

**Including a factor for a 48.00% income tax bracket and a 40.00% estate tax bracket.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Net Rate of Return)

Borrower & Policy Owner: Baxter Family Trust
Lender: To be determined
Trust Grantor: Arthur Baxter

| | | Indexed SUL Interest Rate 7.00% | | | Indexed SUL Interest Rate 7.00% | | |
|------|-------------|---|---|--|---|--|---|
| | | Premium Financing Indexed Survivor UL Net Rate of Return Required on Column (1) to Match Net Policy Values | | | Gift Full Premium Indexed Survivor UL Net Rate of Return Required on Column (4) to Match Policy Values | | |
| Year | Male Age | (1) Annual Gift | (2) Year End Net Policy Cash Value* | (3) Year End Net Policy Death Benefit* | (4) Annual Gift | (5) Year End Policy Cash Value | (6) Year End Policy Death Benefit |
| 1 | 50 | 300,000 | -76.09% | 8,553.56% | 1,000,000 | -20.73% | 2,568.17% |
| 2 | 51 | 300,000 | -58.20% | 768.17% | 1,000,000 | -12.40% | 368.96% |
| 3 | 52 | 300,000 | -43.60% | 295.54% | 1,000,000 | -7.81% | 159.04% |
| 4 | 53 | 300,000 | -32.39% | 166.19% | 1,000,000 | -4.90% | 92.92% |
| 5 | 54 | 300,000 | -23.95% | 109.98% | 1,000,000 | -2.90% | 62.22% |
| 6 | 55 | 300,000 | -17.56% | 79.44% | 1,000,000 | -1.43% | 44.95% |
| 7 | 56 | 300,000 | -12.69% | 60.49% | 1,000,000 | -0.30% | 34.05% |
| 8 | 57 | 300,000 | -8.47% | 48.85% | 0 | 0.59% | 27.67% |
| 9 | 58 | 300,000 | -5.61% | 40.53% | 0 | 1.21% | 23.21% |
| 10 | 59 | 300,000 | -3.57% | 34.32% | 0 | 1.69% | 19.94% |
| 11 | 60 | 0 | -0.96% | 29.59% | 0 | 2.39% | 17.45% |
| 12 | 61 | 0 | 0.83% | 25.88% | 0 | 2.93% | 15.50% |
| 13 | 62 | 0 | 2.12% | 22.90% | 0 | 3.37% | 13.93% |
| 14 | 63 | 0 | 3.09% | 20.46% | 0 | 3.73% | 12.65% |
| 15 | 64 | 0 | 3.83% | 18.43% | 0 | 4.03% | 11.57% |
| 16 | 65 | 0 | 4.29% | 16.71% | -6,804,730 | 4.20% | 10.79% |
| 17 | 66 | 0 | 4.66% | 15.24% | 0 | 4.35% | 10.10% |
| 18 | 67 | 0 | 4.97% | 13.97% | 0 | 4.50% | 9.49% |
| 19 | 68 | 0 | 5.24% | 12.86% | 0 | 4.64% | 8.95% |
| 20 | 69 | 0 | 5.47% | 11.88% | 0 | 4.77% | 8.46% |
| 21 | 70 | 0 | 5.66% | 11.00% | 0 | 4.89% | 8.01% |
| 22 | 71 | 0 | 5.84% | 10.22% | 0 | 5.00% | 7.60% |
| 23 | 72 | 0 | 5.99% | 9.50% | 0 | 5.11% | 7.22% |
| 24 | 73 | 0 | 6.14% | 8.84% | 0 | 5.22% | 6.87% |
| 25 | 74 | 0 | 6.27% | 8.24% | 0 | 5.32% | 6.54% |
| 26 | 75 | 0 | 6.40% | 7.68% | 0 | 5.43% | 6.22% |
| 27 | 76 | 0 | 6.52% | 7.15% | 0 | 5.53% | 5.92% |
| 28 | 77 | 0 | 6.65% | 7.05% | 0 | 5.63% | 5.90% |
| 29 | 78 | 0 | 6.76% | 7.14% | 0 | 5.73% | 5.99% |
| 30 | 79 | 0 | 6.86% | 7.22% | 0 | 5.83% | 6.07% |
| | | 3,000,000 | | | 195,270 | | |

*After deducting the cumulative loan due to the bank.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Premium Financing vs. Gift Full Premium Alternative Funding Comparison (Net Rate of Return)

Borrower & Policy Owner: Baxter Family Trust
Lender: To be determined
Trust Grantor: Arthur Baxter

| | | Indexed SUL Interest Rate 7.00% | | | Indexed SUL Interest Rate 7.00% | | |
|------|-------------|---|---|--|---|--|---|
| | | Premium Financing Indexed Survivor UL Net Rate of Return Required on Column (1) to Match Net Policy Values | | | Gift Full Premium Indexed Survivor UL Net Rate of Return Required on Column (4) to Match Policy Values | | |
| Year | Male Age | (1) Annual Gift | (2) Year End Net Policy Cash Value* | (3) Year End Net Policy Death Benefit* | (4) Annual Gift | (5) Year End Policy Cash Value | (6) Year End Policy Death Benefit |
| 31 | 80 | 0 | 6.95% | 7.30% | 0 | 5.91% | 6.15% |
| 32 | 81 | 0 | 7.03% | 7.36% | 0 | 5.99% | 6.22% |
| 33 | 82 | 0 | 7.10% | 7.41% | 0 | 6.07% | 6.29% |
| 34 | 83 | 0 | 7.17% | 7.46% | 0 | 6.14% | 6.35% |
| 35 | 84 | 0 | 7.22% | 7.51% | 0 | 6.20% | 6.40% |
| 36 | 85 | 0 | 7.27% | 7.54% | 0 | 6.26% | 6.46% |
| 37 | 86 | 0 | 7.31% | 7.57% | 0 | 6.31% | 6.50% |
| 38 | 87 | 0 | 7.35% | 7.60% | 0 | 6.36% | 6.55% |
| 39 | 88 | 0 | 7.38% | 7.62% | 0 | 6.41% | 6.58% |
| 40 | 89 | 0 | 7.41% | 7.64% | 0 | 6.45% | 6.62% |
| 41 | 90 | 0 | 7.43% | 7.65% | 0 | 6.48% | 6.65% |
| 42 | 91 | 0 | 7.45% | 7.62% | 0 | 6.51% | 6.64% |
| 43 | 92 | 0 | 7.47% | 7.59% | 0 | 6.55% | 6.65% |
| 44 | 93 | 0 | 7.49% | 7.57% | 0 | 6.59% | 6.65% |
| 45 | 94 | 0 | 7.52% | 7.56% | 0 | 6.63% | 6.66% |
| 46 | 95 | 0 | 7.56% | 7.56% | 0 | 6.67% | 6.67% |
| 47 | 96 | 0 | 7.59% | 7.59% | 0 | 6.71% | 6.71% |
| 48 | 97 | 0 | 7.62% | 7.62% | 0 | 6.75% | 6.75% |
| 49 | 98 | 0 | 7.65% | 7.65% | 0 | 6.79% | 6.79% |
| 50 | 99 | 0 | 7.67% | 7.67% | 0 | 6.83% | 6.83% |
| | | 3,000,000 | | | 195,270 | | |

*After deducting the cumulative loan due to the bank.

Rate of Return Calculation Logic

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

There are four key columns on the accompanying Rate of Return Analysis report:

| | |
|---|--|
| Net Rate of Return of Net Policy Cash Value | Net Rate of Return of Net Policy Death Benefit |
|---|--|

Calculations for the Net Rate of Return column show the interest rate that would have to be earned on the out-of-pocket cash flow included in plan funding in order to match the net cash value and net death benefit of the policy. Such out-of-pocket cash flow can include one or more of the following: 1) Loan origination fee and/or other loan fees when not added to the loan; 2) Cost of letter of credit; 3) Gifts to the trust for premium; 4) Gifts to the trust for loan interest due the lender; and 5) A loan repayment from an outside source. The Net Rate of Return indicated in these columns would be required for the Trust Grantor to produce a similar result for heirs.

| | |
|---|--|
| Pre-Tax Equivalent Rate of Return of Net Policy Cash Value | Pre-Tax Equivalent Rate of Return of Net Policy Death Benefit |
|---|--|

Calculations for the Pre-Tax Equivalent Rate of Return column show the pre-tax equivalent interest rate that would have to be earned on the out-of-pocket cash flow included in plan funding in order to match the net cash value and net death benefit of the policy. Such out-of-pocket cash flow can include one or more of the following: 1) Loan origination fee and/or other loan fees when not added to the loan; 2) Cost of letter of credit; 3) Gifts to the trust for premium; 4) Gifts to the trust for loan interest due the lender; and 5) A loan repayment from an outside source. This calculation grosses up the Net Rate of Return by a factor that accounts for the Trust Grantor's income and estate tax brackets. The Pre-Tax Rate of Return indicated in these columns would be required for the policy owner to produce a similar result using an alternative taxable account.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Gift Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

| | | Annual Gift Exclusions 8 | | Beginning Lifetime Gift Exemption 10,980,000 | | | |
|------|----------|---------------------------------|--|---|----------------------------------|---|--|
| Year | Male Age | (1) Lifetime Gift Exemption* | (2) Annual Gift Exclusion Indexed @ 3.00% | (3) Maximum Tax Free Gifts Available (1) + (2) | (4) Gift to Trust for Premium | (5) Remaining Tax Free Gifts Available (3) - (4) | |
| 1 | 50 | 10,980,000 | 112,000 | 11,092,000 | 300,000 | 10,792,000 | |
| 2 | 51 | 11,132,000 | 120,000 | 11,252,000 | 300,000 | 10,952,000 | |
| 3 | 52 | 11,292,000 | 120,000 | 11,412,000 | 300,000 | 11,112,000 | |
| 4 | 53 | 11,452,000 | 128,000 | 11,580,000 | 300,000 | 11,280,000 | |
| 5 | 54 | 11,640,000 | 128,000 | 11,768,000 | 300,000 | 11,468,000 | |
| 6 | 55 | 11,848,000 | 136,000 | 11,984,000 | 300,000 | 11,684,000 | |
| 7 | 56 | 12,064,000 | 136,000 | 12,200,000 | 300,000 | 11,900,000 | |
| 8 | 57 | 12,300,000 | 144,000 | 12,444,000 | 300,000 | 12,144,000 | |
| 9 | 58 | 12,544,000 | 144,000 | 12,688,000 | 300,000 | 12,388,000 | |
| 10 | 59 | 12,808,000 | 152,000 | 12,960,000 | 300,000 | 12,660,000 | |
| 11 | 60 | 13,080,000 | 160,000 | 13,240,000 | 0 | 13,240,000 | |
| 12 | 61 | 13,540,000 | 160,000 | 13,700,000 | 0 | 13,700,000 | |
| 13 | 62 | 13,980,000 | 168,000 | 14,148,000 | 0 | 14,148,000 | |
| 14 | 63 | 14,460,000 | 176,000 | 14,636,000 | 0 | 14,636,000 | |
| 15 | 64 | 14,940,000 | 176,000 | 15,116,000 | 0 | 15,116,000 | |
| 16 | 65 | 15,440,000 | 184,000 | 15,624,000 | 0 | 15,624,000 | |
| 17 | 66 | 15,960,000 | 192,000 | 16,152,000 | 0 | 16,152,000 | |
| 18 | 67 | 16,480,000 | 192,000 | 16,672,000 | 0 | 16,672,000 | |
| 19 | 68 | 17,020,000 | 200,000 | 17,220,000 | 0 | 17,220,000 | |
| 20 | 69 | 17,580,000 | 208,000 | 17,788,000 | 0 | 17,788,000 | |
| 21 | 70 | 18,160,000 | 216,000 | 18,376,000 | 0 | 18,376,000 | |
| 22 | 71 | 18,760,000 | 216,000 | 18,976,000 | 0 | 18,976,000 | |
| 23 | 72 | 19,380,000 | 224,000 | 19,604,000 | 0 | 19,604,000 | |
| 24 | 73 | 20,000,000 | 232,000 | 20,232,000 | 0 | 20,232,000 | |
| 25 | 74 | 20,660,000 | 240,000 | 20,900,000 | 0 | 20,900,000 | |
| 26 | 75 | 21,320,000 | 248,000 | 21,568,000 | 0 | 21,568,000 | |
| 27 | 76 | 22,020,000 | 256,000 | 22,276,000 | 0 | 22,276,000 | |
| 28 | 77 | 22,740,000 | 264,000 | 23,004,000 | 0 | 23,004,000 | |
| 29 | 78 | 23,460,000 | 272,000 | 23,732,000 | 0 | 23,732,000 | |
| 30 | 79 | 24,220,000 | 280,000 | 24,500,000 | 0 | 24,500,000 | |
| | | 5,584,000 | | 3,000,000 | | | |

*Client's Unified Credit Equivalent is indexed for inflation at 3.00%.

Values in Column (3) are based on client input assumptions.

Premium Financing Using Indexed Survivor UL

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

Insured: Arthur Baxter

Gift Analysis

Borrower & Policy Owner: Baxter Family Trust

Lender: To be determined

Trust Grantor: Arthur Baxter

Annual Gift Exclusions
8

Beginning Lifetime Gift Exemption
10,980,000

| Year | Male Age | (1) Lifetime Gift Exemption* | (2) Annual Gift Exclusion Indexed @ 3.00% | (3) Maximum Tax Free Gifts Available (1) + (2) | (4) Gift to Trust for Premium | (5) Remaining Tax Free Gifts Available (3) - (4) |
|------|----------|---------------------------------|--|---|----------------------------------|---|
| 31 | 80 | 25,000,000 | 288,000 | 25,288,000 | 0 | 25,288,000 |
| 32 | 81 | 25,800,000 | 296,000 | 26,096,000 | 0 | 26,096,000 |
| 33 | 82 | 26,620,000 | 304,000 | 26,924,000 | 0 | 26,924,000 |
| 34 | 83 | 27,460,000 | 312,000 | 27,772,000 | 0 | 27,772,000 |
| 35 | 84 | 28,340,000 | 320,000 | 28,660,000 | 0 | 28,660,000 |
| 36 | 85 | 29,240,000 | 336,000 | 29,576,000 | 0 | 29,576,000 |
| 37 | 86 | 30,160,000 | 344,000 | 30,504,000 | 0 | 30,504,000 |
| 38 | 87 | 31,120,000 | 352,000 | 31,472,000 | 0 | 31,472,000 |
| 39 | 88 | 32,100,000 | 368,000 | 32,468,000 | 0 | 32,468,000 |
| 40 | 89 | 33,120,000 | 376,000 | 33,496,000 | 0 | 33,496,000 |
| 41 | 90 | 34,160,000 | 384,000 | 34,544,000 | 0 | 34,544,000 |
| 42 | 91 | 35,240,000 | 400,000 | 35,640,000 | 0 | 35,640,000 |
| 43 | 92 | 36,360,000 | 408,000 | 36,768,000 | 0 | 36,768,000 |
| 44 | 93 | 37,500,000 | 424,000 | 37,924,000 | 0 | 37,924,000 |
| 45 | 94 | 38,660,000 | 440,000 | 39,100,000 | 0 | 39,100,000 |
| 46 | 95 | 39,880,000 | 448,000 | 40,328,000 | 0 | 40,328,000 |
| 47 | 96 | 41,120,000 | 464,000 | 41,584,000 | 0 | 41,584,000 |
| 48 | 97 | 42,400,000 | 480,000 | 42,880,000 | 0 | 42,880,000 |
| 49 | 98 | 43,740,000 | 488,000 | 44,228,000 | 0 | 44,228,000 |
| 50 | 99 | 45,100,000 | 504,000 | 45,604,000 | 0 | 45,604,000 |

13,320,000

3,000,000

*Client's Unified Credit Equivalent is indexed for inflation at 3.00%.

Values in Column (3) are based on client input assumptions.