

Loan-Based Split Dollar

For Frank Contini



Presented By: _____

[Licensed user's name appears here]

Preface

This executive fringe benefit involves a series of employer-sponsored loans to a valued executive for the purpose of purchasing a cash value life insurance policy.

Promissory Notes: The loans associated with the arrangement 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 will help offset the executive's loan interest payments via a 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 interest is imputed by the IRS on the transaction. For illustrative purposes, the entire series of premium loans illustrated in the accompanying material reflects a constant 3.37% interest rate, the long-term AFR in effect for the month in which this report is written (May 2014).

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 significant offset.
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 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 plan: In this case, the loaned funds in excess of the amount 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.

Preface (continued)

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 following ways. A check mark indicates the method illustrated in the accompanying material.

- 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 bonuses an amount to the executive to offset the repayment of the loans.
- 4. The employer grosses up bonuses to the executive to offset both the repayment of the loans and the tax on the bonus.

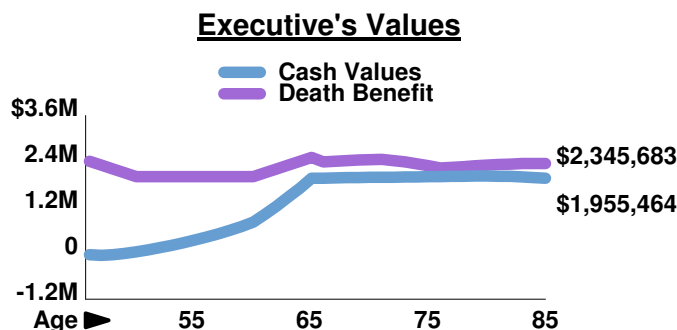
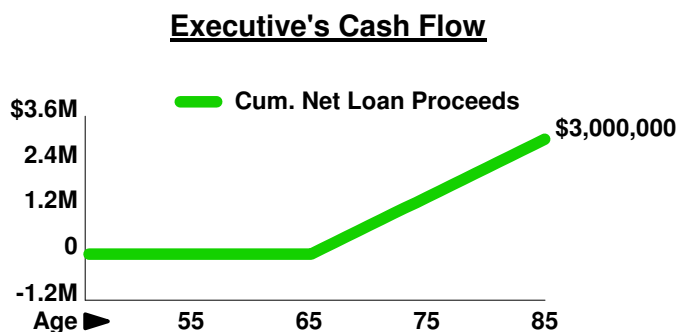
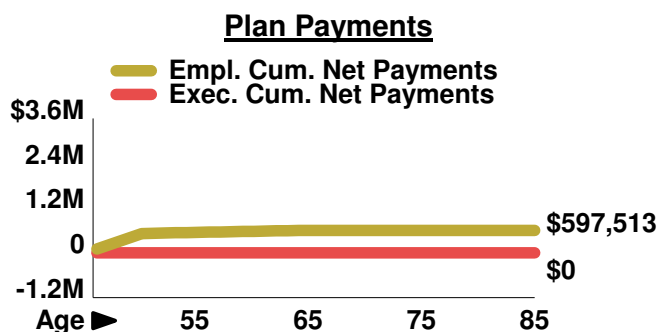
Living Benefits for the Executive

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.

If the loans have been repaid, the executive has free access to the cash values. The cash values can be accessed via: 1) policy loans or 2) policy withdrawals or 3) a combination of loans and withdrawals.

Death Benefits for 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

IRC Section 409A: Section 409A should not apply to loan regime collateral assignment split dollar plans unless the employer is bound by the agreement between the parties to forgive the loan, waive payments, etc.

Be sure to consult with your own tax attorney and accountant before entering into this or any other arrangement involving tax, legal, and economic considerations.

Supplemental Report: Duration of Loans

Contini Brothers, Inc.

Each premium payment is considered a new loan, and the accompanying illustrations reflect loans that may remain in effect for many years. Most 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 3.37% for May 2014. Other Applicable Federal Rates in effect for May 2014 are:

Mid-term loans (over 3 years but not over 9): 1.93%;

Short-term loans (3 years or less): 0.33%;

Demand loans: 0.33%.

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 2014 blended rate for demand loans will not be announced until late June 2014.

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.

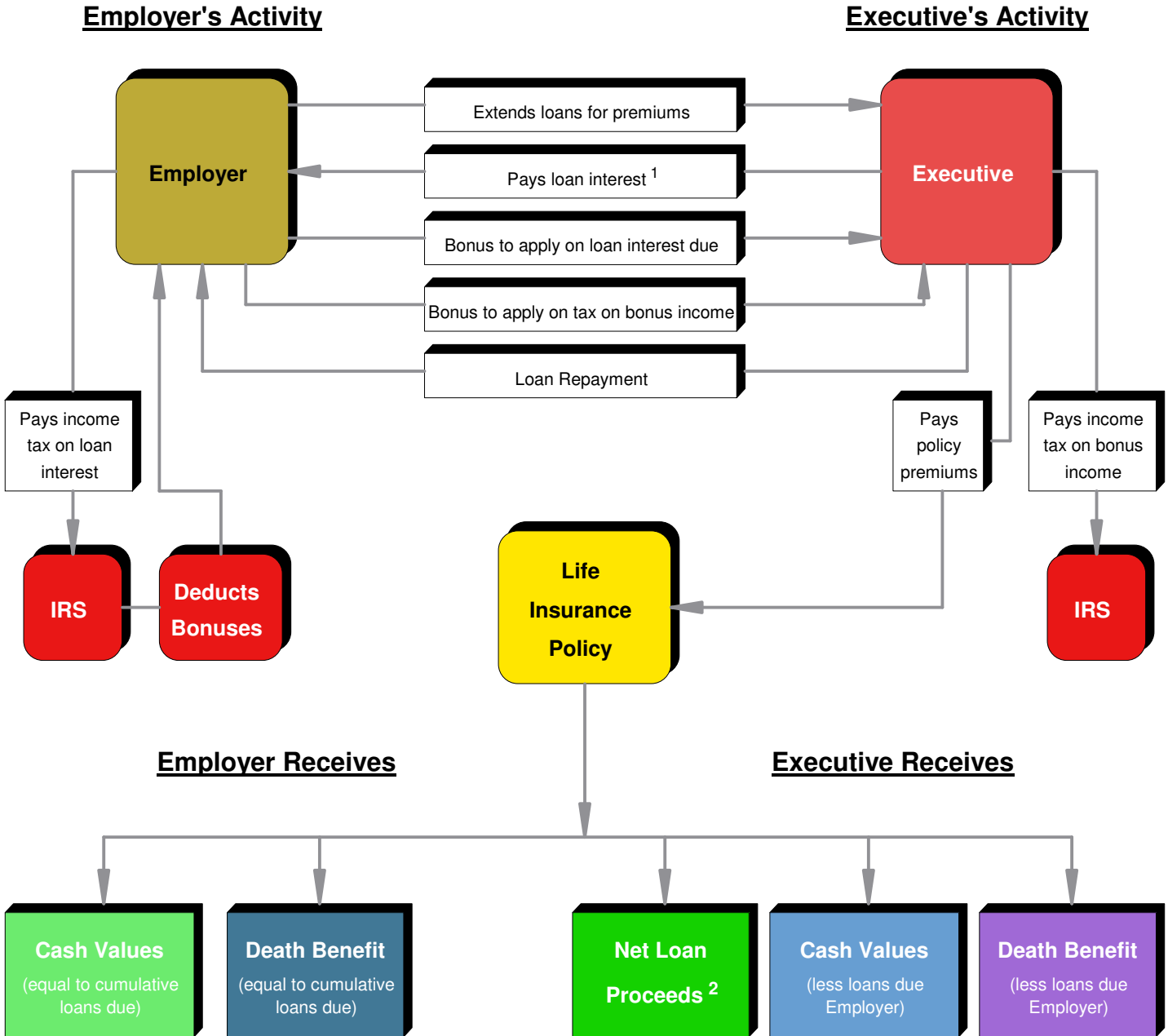
Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Contini Brothers, Inc.

Flow Chart



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), then no additional loan interest will be imputed to the Executive.

² For retirement income for the executive.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Contini Brothers, Inc.

Illustration of Policy Values Funding The Plan

Indexed UL Interest Rate 8.50%
 Initial Premium 100,000
 Initial Policy Death Benefit 2,500,000

Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) 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
21	65	0	150,000	1,961,556	1,961,556	2,385,667
22	66	0	150,000	1,967,262	1,967,262	2,403,274
23	67	0	150,000	1,972,460	1,972,460	2,418,617
24	68	0	150,000	1,977,043	1,977,043	2,431,386
25	69	0	150,000	1,980,880	1,980,880	2,441,229
26	70	0	150,000	1,983,846	1,983,846	2,447,784
27	71	0	150,000	1,986,681	1,986,681	2,418,450
28	72	0	150,000	1,989,643	1,989,643	2,381,610
29	73	0	150,000	1,993,116	1,993,116	2,336,937
30	74	0	150,000	1,997,640	1,997,640	2,284,178
		500,000	1,500,000			

30 Year Summary

Cum. Payments	500,000
Cum. Net Policy Loan Proceeds	1,500,000
Cash Value	1,997,640
Death Benefit	2,284,178

*This is an example of an InsMark supplemental illustration for universal life. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Illustration of Policy Values Funding The Plan

Contini Brothers, Inc.

Indexed UL Interest Rate 8.50% Initial Premium 100,000 Initial Policy Death Benefit 2,500,000

Year	Male Age	(1) Policy Premium	(2) Net Policy Loan Proceeds	(3) Year End Accum Value*	(4) Year End Cash Value*	(5) Death Benefit
31	75	0	150,000	2,003,971	2,003,971	2,223,194
32	76	0	150,000	2,009,247	2,009,247	2,243,825
33	77	0	150,000	2,013,132	2,013,132	2,263,902
34	78	0	150,000	2,015,219	2,015,219	2,283,050
35	79	0	150,000	2,015,025	2,015,025	2,300,821
36	80	0	150,000	2,011,979	2,011,979	2,316,675
37	81	0	150,000	2,005,387	2,005,387	2,329,949
38	82	0	150,000	1,994,442	1,994,442	2,339,864
39	83	0	150,000	1,978,179	1,978,179	2,345,479
40	84	0	150,000	1,955,464	1,955,464	2,345,683

500,000 3,000,000

*This is an example of an InsMark supplemental illustration for universal life. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

40 Year Summary

Cum. Payments	500,000
Cum. Net Policy Loan Proceeds	3,000,000
Cash Value	1,955,464
Death Benefit	2,345,683

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Contini Brothers, Inc.

Summary

Employer's Tax Bracket 34.00%	Executive's Tax Bracket 35.00%	Indexed UL Interest Rate 8.50%	Initial Policy Death Benefit 2,500,000	Assumed Long-Term AFR for All Years Illustrated 3.37%	Promissory Note Interest Rate 3.37%
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		Employer				Executive				
				Loan Collateral						
Year	Male Age	(1) Net Payment*	(2) Cumulative Net Payments	(3) Portion of Col. (2) Due as a Loan Receivable	(4) Cumulative Charge to Earnings (2) - (3)	(5) Net Payment*	(6) Net Policy Loan Proceeds Available for Retirement Income	(7) Accum Value**	(8) Cash Value**	(9) Death Benefit
1	45	101,198	101,198	100,000	1,198	0	0	102,198	67,198	2,500,000
2	46	102,396	203,594	200,000	3,594	0	0	213,869	143,869	2,500,000
3	47	103,593	307,187	300,000	7,187	0	0	335,427	260,927	2,500,000
4	48	104,790	411,977	400,000	11,977	0	0	467,797	393,297	2,500,000
5	49	105,988	517,965	500,000	17,965	0	0	612,010	537,510	2,500,000
6	50	5,988	523,953	500,000	23,953	0	0	659,828	589,053	2,500,000
7	51	5,988	529,941	500,000	29,941	0	0	711,459	645,154	2,500,000
8	52	5,988	535,929	500,000	35,929	0	0	767,257	706,167	2,500,000
9	53	5,988	541,917	500,000	41,917	0	0	827,578	772,448	2,500,000
10	54	5,988	547,905	500,000	47,905	0	0	892,823	844,398	2,500,000
11	55	5,988	553,893	500,000	53,893	0	0	963,473	922,498	2,500,000
12	56	5,988	559,881	500,000	59,881	0	0	1,040,048	1,007,268	2,500,000
13	57	5,988	565,869	500,000	65,869	0	0	1,123,108	1,099,268	2,500,000
14	58	5,988	571,857	500,000	71,857	0	0	1,213,329	1,199,174	2,500,000
15	59	5,988	577,845	500,000	77,845	0	0	1,311,468	1,311,468	2,500,000
16	60	6,329	584,174	400,000	184,174	0	0	1,418,351	1,418,351	2,500,000
17	61	5,131	589,305	300,000	289,305	0	0	1,534,977	1,534,977	2,500,000
18	62	3,934	593,239	200,000	393,239	0	0	1,662,474	1,662,474	2,500,000
19	63	2,736	595,975	100,000	495,975	0	0	1,802,130	1,802,130	2,500,000
20	64	1,538	597,513	0	597,513	0	0	1,955,453	1,955,453	2,500,000
21	65	0	597,513	0	597,513	0	150,000	1,961,556	1,961,556	2,385,667
22	66	0	597,513	0	597,513	0	150,000	1,967,262	1,967,262	2,403,274
23	67	0	597,513	0	597,513	0	150,000	1,972,460	1,972,460	2,418,617
24	68	0	597,513	0	597,513	0	150,000	1,977,043	1,977,043	2,431,386
25	69	0	597,513	0	597,513	0	150,000	1,980,880	1,980,880	2,441,229
26	70	0	597,513	0	597,513	0	150,000	1,983,846	1,983,846	2,447,784
27	71	0	597,513	0	597,513	0	150,000	1,986,681	1,986,681	2,418,450
28	72	0	597,513	0	597,513	0	150,000	1,989,643	1,989,643	2,381,610
29	73	0	597,513	0	597,513	0	150,000	1,993,116	1,993,116	2,336,937
30	74	0	597,513	0	597,513	0	150,000	1,997,640	1,997,640	2,284,178
		597,513				0	1,500,000			

Executive's 30 Year Summary

	Living Values †	Death Benefit
Indexed Universal Life:	1,997,640	2,284,178
Less Loan Repayment Due Employer:	0	0
Equals Executive's Net Value:	1,997,640	2,284,178
Plus Cumulative After Tax Cash Flow:	1,500,000	1,500,000
Equals Executive's Total Net Value:	3,497,640	3,784,178

†Cash value less employer's loans plus cum. net policy loans.

*See appropriate Net Payment Analysis for details.

**This is an example of an InsMark supplemental illustration for universal life. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Contini Brothers, Inc.

Summary

Employer's Tax Bracket 34.00%	Executive's Tax Bracket 35.00%	Indexed UL Interest Rate 8.50%	Initial Policy Death Benefit 2,500,000	Assumed Long-Term AFR for All Years Illustrated 3.37%	Promissory Note Interest Rate 3.37%
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		Employer				Executive				
						Loan Collateral				
Year	Male Age	(1) Net Payment*	(2) Cumulative Net Payments	(3) Portion of Col. (2) Due as a Loan Receivable	(4) Cumulative Charge to Earnings (2) - (3)	(5) Net Payment*	(6) Net Policy Loan Proceeds Available for Retirement Income	(7) Accum Value**	(8) Cash Value**	(9) Death Benefit
31	75	0	597,513	0	597,513	0	150,000	2,003,971	2,003,971	2,223,194
32	76	0	597,513	0	597,513	0	150,000	2,009,247	2,009,247	2,243,825
33	77	0	597,513	0	597,513	0	150,000	2,013,132	2,013,132	2,263,902
34	78	0	597,513	0	597,513	0	150,000	2,015,219	2,015,219	2,283,050
35	79	0	597,513	0	597,513	0	150,000	2,015,025	2,015,025	2,300,821
36	80	0	597,513	0	597,513	0	150,000	2,011,979	2,011,979	2,316,675
37	81	0	597,513	0	597,513	0	150,000	2,005,387	2,005,387	2,329,949
38	82	0	597,513	0	597,513	0	150,000	1,994,442	1,994,442	2,339,864
39	83	0	597,513	0	597,513	0	150,000	1,978,179	1,978,179	2,345,479
40	84	0	597,513	0	597,513	0	150,000	1,955,464	1,955,464	2,345,683

597,513

0 3,000,000

Executive's 40 Year Summary

	Living Values †	Death Benefit
Indexed Universal Life:	1,955,464	2,345,683
Less Loan Repayment Due Employer:	0	0
Equals Executive's Net Value:	1,955,464	2,345,683
Plus Cumulative After Tax Cash Flow:	3,000,000	3,000,000
Equals Executive's Total Net Value:	4,955,464	5,345,683

*See appropriate Net Payment Analysis for details.

**This is an example of an InsMark supplemental illustration for universal life. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

†Cash value less employer's loans plus cum. net policy loans.

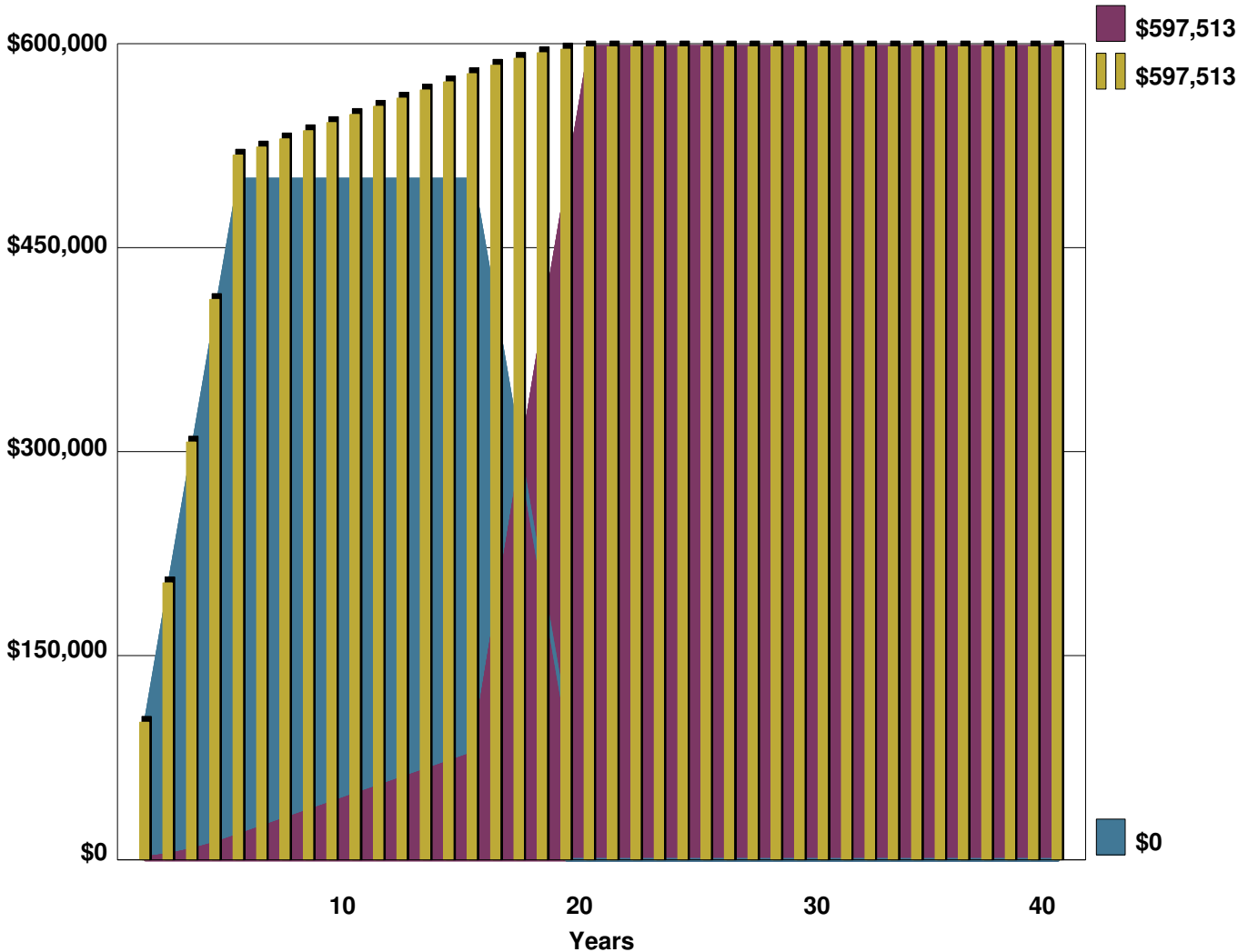
Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Contini Brothers, Inc.

Employer's 40 Year Analysis



At Year 40

Employer's Cumulative Net Payments	\$597,513
Cumulative Charge to Earnings	\$597,513
Loans Due Employer from Executive	\$0

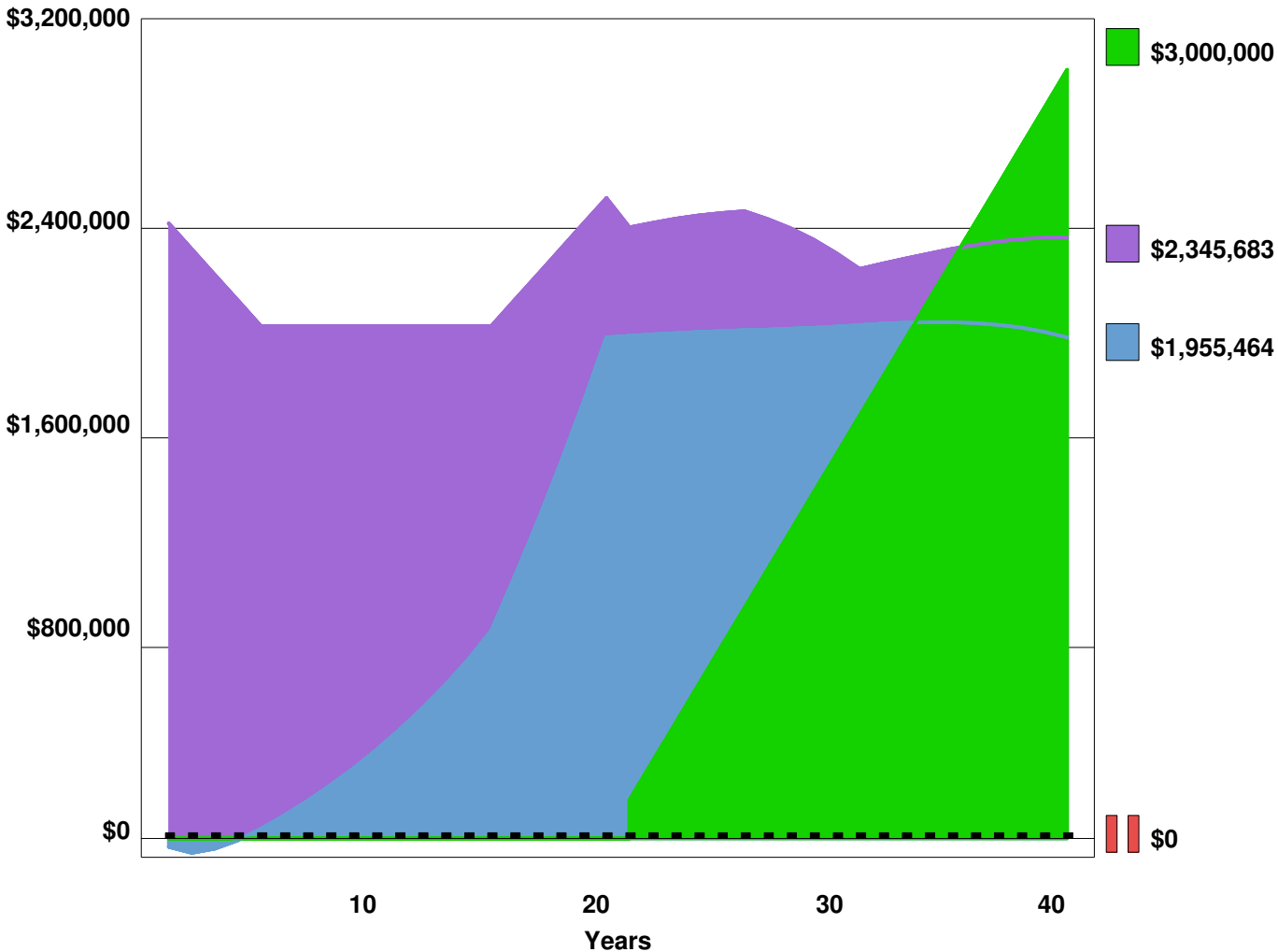
Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Executive's 40 Year Analysis

Contini Brothers, Inc.



	<u>At Year 40</u>
Executive's Cumulative Net Payments	\$0
Executive's Cumulative Net Loan Proceeds ¹	\$3,000,000
Executive's Cash Value Less Cum. Loan Due Employer	\$1,955,464
Executive's Death Benefit Less Cum. Loan Due Employer	\$2,345,683

¹ For retirement income.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Employer's Net Payment Analysis

Contini Brothers, Inc.

Employer's Tax Bracket 34.00%
 Assumed Long-Term AFR for All Years Illustrated 3.37%*
 Promissory Note Interest Rate 3.37%

Year	Male Age	(1) Beginning of Year Loan to Executive	(2) Loan Repayment from Executive	(3) Cumulative Loan to Executive	(4) Loan Interest Received from Executive	(5) After Tax Loan Interest Received from Executive	(6) Bonus Paid to Executive	(7) After Tax Cost of Bonus Paid to Executive	(8) Employer's Net Payment (1)-(2)-(5)+(7)	(9) Employer's Annual Charge to Earnings (7) - (5)	(10) Employer's Cumulative Charge to Earnings
1	45	100,000	0	100,000	3,370	2,224	5,185	3,422	101,198	1,198	1,198
2	46	100,000	0	200,000	6,740	4,448	10,369	6,844	102,396	2,396	3,594
3	47	100,000	0	300,000	10,110	6,673	15,554	10,266	103,593	3,593	7,187
4	48	100,000	0	400,000	13,480	8,897	20,738	13,687	104,790	4,790	11,977
5	49	100,000	0	500,000	16,850	11,121	25,923	17,109	105,988	5,988	17,965
6	50	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	23,953
7	51	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	29,941
8	52	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	35,929
9	53	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	41,917
10	54	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	47,905
11	55	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	53,893
12	56	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	59,881
13	57	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	65,869
14	58	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	71,857
15	59	0	0	500,000	16,850	11,121	25,923	17,109	5,988	5,988	77,845
16	60	0	100,000	400,000	13,480	8,897	174,585	115,226	6,329	106,329	184,174
17	61	0	100,000	300,000	10,110	6,673	169,400	111,804	5,131	105,131	289,305
18	62	0	100,000	200,000	6,740	4,448	164,215	108,382	3,934	103,934	393,239
19	63	0	100,000	100,000	3,370	2,224	159,031	104,960	2,736	102,736	495,975
20	64	0	100,000	0	0	0	153,846	101,538	1,538	101,538	597,513
21	65	0	0	0	0	0	0	0	0	0	597,513
22	66	0	0	0	0	0	0	0	0	0	597,513
23	67	0	0	0	0	0	0	0	0	0	597,513
24	68	0	0	0	0	0	0	0	0	0	597,513
25	69	0	0	0	0	0	0	0	0	0	597,513
26	70	0	0	0	0	0	0	0	0	0	597,513
27	71	0	0	0	0	0	0	0	0	0	597,513
28	72	0	0	0	0	0	0	0	0	0	597,513
29	73	0	0	0	0	0	0	0	0	0	597,513
30	74	0	0	0	0	0	0	0	0	0	597,513
		500,000	500,000		252,750	166,815	1,158,076	764,328	597,513	597,513	

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Employer's Net Payment Analysis

Contini Brothers, Inc.

Employer's Tax Bracket 34.00% Assumed Long-Term AFR for All Years Illustrated 3.37%* Promissory Note Interest Rate 3.37%

Year	Male Age	(1) Beginning of Year Loan to Executive	(2) Loan Repayment from Executive	(3) Cumulative Loan to Executive	(4) Loan Interest Received from Executive	(5) After Tax Loan Interest Received from Executive	(6) Bonus Paid to Executive	(7) After Tax Cost of Bonus Paid to Executive	(8) Employer's Net Payment (1)-(2)-(5)+(7)	(9) Employer's Annual Charge to Earnings (7) - (5)	(10) Employer's Cumulative Charge to Earnings
31	75	0	0	0	0	0	0	0	0	0	597,513
32	76	0	0	0	0	0	0	0	0	0	597,513
33	77	0	0	0	0	0	0	0	0	0	597,513
34	78	0	0	0	0	0	0	0	0	0	597,513
35	79	0	0	0	0	0	0	0	0	0	597,513
36	80	0	0	0	0	0	0	0	0	0	597,513
37	81	0	0	0	0	0	0	0	0	0	597,513
38	82	0	0	0	0	0	0	0	0	0	597,513
39	83	0	0	0	0	0	0	0	0	0	597,513
40	84	0	0	0	0	0	0	0	0	0	597,513

500,000 500,000

252,750 166,815 1,158,076 764,328 597,513 597,513

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Executive's Net Payment Analysis

Contini Brothers, Inc.

Executive's Tax Bracket 35.00%
 Assumed Long-Term AFR for All Years Illustrated 3.37%*
 Promissory Note Interest Rate 3.37%

Year	Male Age	(1) Policy Premium Due by Executive	(2) Beginning of Year Loan from Employer	(3) Loan Repayment from Personal Funds	(4) Cumulative Loan Due Employer	(5) Loan Interest Paid to Employer	(6) Bonus Received from Employer	(7) After Tax Bonus Received from Employer	(8) Executive's Net Payment**	(9) Net Policy Loan Proceeds Available for Retirement Income
1	45	100,000	100,000	0	100,000	3,370	5,185	3,370	0	0
2	46	100,000	100,000	0	200,000	6,740	10,369	6,740	0	0
3	47	100,000	100,000	0	300,000	10,110	15,554	10,110	0	0
4	48	100,000	100,000	0	400,000	13,480	20,738	13,480	0	0
5	49	100,000	100,000	0	500,000	16,850	25,923	16,850	0	0
6	50	0	0	0	500,000	16,850	25,923	16,850	0	0
7	51	0	0	0	500,000	16,850	25,923	16,850	0	0
8	52	0	0	0	500,000	16,850	25,923	16,850	0	0
9	53	0	0	0	500,000	16,850	25,923	16,850	0	0
10	54	0	0	0	500,000	16,850	25,923	16,850	0	0
11	55	0	0	0	500,000	16,850	25,923	16,850	0	0
12	56	0	0	0	500,000	16,850	25,923	16,850	0	0
13	57	0	0	0	500,000	16,850	25,923	16,850	0	0
14	58	0	0	0	500,000	16,850	25,923	16,850	0	0
15	59	0	0	0	500,000	16,850	25,923	16,850	0	0
16	60	0	0	100,000	400,000	13,480	174,585	113,480	0	0
17	61	0	0	100,000	300,000	10,110	169,400	110,110	0	0
18	62	0	0	100,000	200,000	6,740	164,215	106,740	0	0
19	63	0	0	100,000	100,000	3,370	159,031	103,370	0	0
20	64	0	0	100,000	0	0	153,846	100,000	0	0
21	65	0	0	0	0	0	0	0	0	150,000
22	66	0	0	0	0	0	0	0	0	150,000
23	67	0	0	0	0	0	0	0	0	150,000
24	68	0	0	0	0	0	0	0	0	150,000
25	69	0	0	0	0	0	0	0	0	150,000
26	70	0	0	0	0	0	0	0	0	150,000
27	71	0	0	0	0	0	0	0	0	150,000
28	72	0	0	0	0	0	0	0	0	150,000
29	73	0	0	0	0	0	0	0	0	150,000
30	74	0	0	0	0	0	0	0	0	150,000
		500,000	500,000	500,000		252,750	1,158,076	752,750	0	1,500,000

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

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

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Executive's Net Payment Analysis

Contini Brothers, Inc.

Executive's Tax Bracket 35.00% Assumed Long-Term AFR for All Years Illustrated 3.37%* Promissory Note Interest Rate 3.37%

Year	Male Age	(1) Policy Premium Due by Executive	(2) Beginning of Year Loan from Employer	(3) Loan Repayment from Personal Funds	(4) Cumulative Loan Due Employer	(5) Loan Interest Paid to Employer	(6) Bonus Received from Employer	(7) After Tax Bonus Received from Employer	(8) Executive's Net Payment**	(9) Net Policy Loan Proceeds Available for Retirement Income
31	75	0	0	0	0	0	0	0	0	150,000
32	76	0	0	0	0	0	0	0	0	150,000
33	77	0	0	0	0	0	0	0	0	150,000
34	78	0	0	0	0	0	0	0	0	150,000
35	79	0	0	0	0	0	0	0	0	150,000
36	80	0	0	0	0	0	0	0	0	150,000
37	81	0	0	0	0	0	0	0	0	150,000
38	82	0	0	0	0	0	0	0	0	150,000
39	83	0	0	0	0	0	0	0	0	150,000
40	84	0	0	0	0	0	0	0	0	150,000

500,000 500,000 500,000 252,750 1,158,076 752,750 0 3,000,000

*See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

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

The promissory note between the employer and the executive is presumed to be secured by a collateral assignment of the policy.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Contini Brothers, Inc.

Promissory Note Analysis

Assumed Long-Term AFR
for All Years Illustrated
3.37%**

Promissory Note
Interest Rate
3.37%

Year	Male Age	Loan Collateral								
		(1) Beginning of Year 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) Year End Cumulative Loan to Executive	(7) Year End Policy Accum Value*	(8) Year End Policy Cash Value*	(9) Year End Policy Death Benefit*
1	45	100,000	3,370	0	0	0	100,000	102,198	67,198	2,500,000
2	46	100,000	6,740	0	0	0	200,000	213,869	143,869	2,500,000
3	47	100,000	10,110	0	0	0	300,000	335,427	260,927	2,500,000
4	48	100,000	13,480	0	0	0	400,000	467,797	393,297	2,500,000
5	49	100,000	16,850	0	0	0	500,000	612,010	537,510	2,500,000
6	50	0	16,850	0	0	0	500,000	659,828	589,053	2,500,000
7	51	0	16,850	0	0	0	500,000	711,459	645,154	2,500,000
8	52	0	16,850	0	0	0	500,000	767,257	706,167	2,500,000
9	53	0	16,850	0	0	0	500,000	827,578	772,448	2,500,000
10	54	0	16,850	0	0	0	500,000	892,823	844,398	2,500,000
11	55	0	16,850	0	0	0	500,000	963,473	922,498	2,500,000
12	56	0	16,850	0	0	0	500,000	1,040,048	1,007,268	2,500,000
13	57	0	16,850	0	0	0	500,000	1,123,108	1,099,268	2,500,000
14	58	0	16,850	0	0	0	500,000	1,213,329	1,199,174	2,500,000
15	59	0	16,850	0	0	0	500,000	1,311,468	1,311,468	2,500,000
16	60	0	13,480	0	100,000	0	400,000	1,418,351	1,418,351	2,500,000
17	61	0	10,110	0	100,000	0	300,000	1,534,977	1,534,977	2,500,000
18	62	0	6,740	0	100,000	0	200,000	1,662,474	1,662,474	2,500,000
19	63	0	3,370	0	100,000	0	100,000	1,802,130	1,802,130	2,500,000
20	64	0	0	0	100,000	0	0	1,955,453	1,955,453	2,500,000
21	65	0	0	0	0	0	0	1,961,556	1,961,556	2,385,667
22	66	0	0	0	0	0	0	1,967,262	1,967,262	2,403,274
23	67	0	0	0	0	0	0	1,972,460	1,972,460	2,418,617
24	68	0	0	0	0	0	0	1,977,043	1,977,043	2,431,386
25	69	0	0	0	0	0	0	1,980,880	1,980,880	2,441,229
26	70	0	0	0	0	0	0	1,983,846	1,983,846	2,447,784
27	71	0	0	0	0	0	0	1,986,681	1,986,681	2,418,450
28	72	0	0	0	0	0	0	1,989,643	1,989,643	2,381,610
29	73	0	0	0	0	0	0	1,993,116	1,993,116	2,336,937
30	74	0	0	0	0	0	0	1,997,640	1,997,640	2,284,178
		500,000	252,750	0	500,000	0				

*This is an example of an InsMark supplemental illustration for universal life. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

**See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.

Loan-Based Split Dollar Funded With Indexed Universal Life

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

Insured: Frank Contini

Contini Brothers, Inc.

Promissory Note Analysis

Assumed Long-Term AFR
for All Years Illustrated
3.37%**

Promissory Note
Interest Rate
3.37%

Year	Male Age								Loan Collateral		
		(1) Beginning of Year 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) Year End Cumulative Loan to Executive	(7) Year End Policy Accum Value*	(8) Year End Policy Cash Value*	(9) Year End Policy Death Benefit*	
31	75	0	0	0	0	0	0	2,003,971	2,003,971	2,223,194	
32	76	0	0	0	0	0	0	2,009,247	2,009,247	2,243,825	
33	77	0	0	0	0	0	0	2,013,132	2,013,132	2,263,902	
34	78	0	0	0	0	0	0	2,015,219	2,015,219	2,283,050	
35	79	0	0	0	0	0	0	2,015,025	2,015,025	2,300,821	
36	80	0	0	0	0	0	0	2,011,979	2,011,979	2,316,675	
37	81	0	0	0	0	0	0	2,005,387	2,005,387	2,329,949	
38	82	0	0	0	0	0	0	1,994,442	1,994,442	2,339,864	
39	83	0	0	0	0	0	0	1,978,179	1,978,179	2,345,479	
40	84	0	0	0	0	0	0	1,955,464	1,955,464	2,345,683	

500,000 252,750 0 500,000 0

*This is an example of an InsMark supplemental illustration for universal life. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

**See the accompanying supplemental report entitled "Loan-Based Split Dollar (Preface)" for remarks regarding loan interest rates used in this illustration.

Loan arrangement presumed terminated in year 20; however, the employer's loans must be repaid no later than the date specified in the plan documentation.