

Indexed Universal Life vs. A Taxable Account

Introduction

A decision to acquire additional life insurance can represent one of several significant phases in your overall financial planning. An important part of this decision involves the comparison of the life insurance policy to alternative investment possibilities.

To help you make an informed decision about acquiring the policy, the accompanying presentation shows financial data regarding life insurance compared to a Taxable Account.

The study offers information from which you and your advisers can draw informed conclusions about the suitability of either plan.

Following are major features of the life insurance policy for you to consider as part of your overall assessment:

1. Accumulating cash values;
2. Income tax deferred growth of cash values;
3. Competitive current interest rate;
4. Lifelong income options;
5. Tax free access to cash values through policy loans;
6. Income tax free death benefits for beneficiaries;
7. Probate free death benefits for beneficiaries;
8. Privacy of all transactions.

Favorable income tax consequences combine with significant policy values and benefits to produce a life insurance solution that has a considerable amount of financial leverage. This is particularly evident in the following presentation.

Indexed Universal Life vs. A Taxable Account

Comparison Page: 1
Date: 01/18/2014

Presented By: kevin saia

For: George Baker, MD

Male Age 45	Taxable Account Yield 7.50%	Income Tax Rate 35.00%	Indexed UL Interest Rate 7.50%	Initial Payment 20,000	Initial Death Benefit 500,000
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Year	Taxable Account					Indexed Universal Life				
	(1) Annual Deposit to the Account	(2) After Tax Cash Flow from the Account	(3) Pre-Tax Investment Income	(4) After Tax Investment Income	(5) Year End Account Value	(6) Policy Premium	(7) After Tax Policy Cash Flow	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
1	20,000	0	1,500	975	20,814	20,000	0	20,144	13,144	520,144
2	20,000	0	3,061	1,990	42,474	20,000	0	41,890	27,890	541,890
3	20,000	0	4,686	3,046	65,016	20,000	0	65,264	50,364	565,264
4	20,000	0	6,376	4,145	88,475	20,000	0	90,383	75,483	590,383
5	20,000	0	8,136	5,288	112,889	20,000	0	117,375	102,475	617,375
6	20,000	0	9,967	6,478	138,296	20,000	0	146,383	132,228	646,383
7	20,000	0	11,872	7,717	164,737	20,000	0	177,526	164,265	677,526
8	20,000	0	13,855	9,006	192,253	20,000	0	210,961	198,743	710,961
9	20,000	0	15,919	10,347	220,889	20,000	0	246,847	235,821	746,847
10	20,000	0	18,067	11,743	250,690	20,000	0	285,356	275,671	785,356
11	20,000	0	20,302	13,196	281,704	20,000	0	326,678	318,483	826,678
12	20,000	0	22,628	14,708	313,980	20,000	0	371,015	364,459	871,015
13	20,000	0	25,048	16,282	347,568	20,000	0	418,570	413,802	918,570
14	20,000	0	27,568	17,919	382,524	20,000	0	469,576	466,745	969,576
15	20,000	0	30,189	19,623	418,901	20,000	0	524,279	524,279	1,024,279
16	20,000	0	32,918	21,396	456,759	20,000	0	582,925	582,925	1,082,925
17	20,000	0	35,757	23,242	496,157	20,000	0	645,798	645,798	1,145,798
18	20,000	0	38,712	25,163	537,159	20,000	0	713,194	713,194	1,213,194
19	20,000	0	41,787	27,161	579,828	20,000	0	785,420	785,420	1,285,420
20	20,000	0	44,987	29,242	624,233	20,000	0	862,807	862,807	1,362,807
	400,000	0				400,000	0			

20 Year Summary

	Taxable Account	Indexed UL
After Tax Payments	400,000	400,000
After Tax Cash Flow	0	0
Living Values	624,233	862,807
Death Benefit	624,233	1,362,807

Management fees reflected in column (5): 0.75%

*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.

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Male Age 45	Taxable Account Yield 7.50%	Income Tax Rate 35.00%	Indexed UL Interest Rate 7.50%	Initial Payment 20,000	Initial Death Benefit 500,000
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Year	Taxable Account					Indexed Universal Life				
	(1) Annual Deposit to the Account	(2) After Tax Cash Flow from the Account	(3) Pre-Tax Investment Income	(4) After Tax Investment Income	(5) Year End Account Value	(6) Policy Premium	(7) After Tax Policy Cash Flow	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
21	0	60,000	42,318	27,506	587,191	0	60,000	859,671	859,671	1,302,782
22	0	60,000	39,539	25,701	548,641	0	60,000	856,539	856,539	1,242,757
23	0	60,000	36,648	23,821	508,522	0	60,000	853,529	853,529	1,182,732
24	0	60,000	33,639	21,865	466,772	0	60,000	850,800	850,800	1,122,707
25	0	60,000	30,508	19,830	423,322	0	60,000	848,539	848,539	1,062,682
26	0	60,000	27,249	17,712	378,105	0	60,000	846,990	846,990	1,002,657
27	0	60,000	23,858	15,508	331,048	0	60,000	847,008	847,008	959,875
28	0	60,000	20,329	13,214	282,076	0	60,000	847,032	847,032	949,674
29	0	60,000	16,656	10,826	231,112	0	60,000	847,137	847,137	937,314
30	0	60,000	12,833	8,342	178,074	0	60,000	847,458	847,458	922,721
31	0	60,000	8,856	5,756	122,878	0	60,000	848,189	848,189	905,848
32	0	60,000	4,716	3,065	65,436	0	60,000	848,572	848,572	910,346
33	0	60,000	408	265	5,657	0	60,000	848,518	848,518	914,630
34	0	5,657	0	0	0	0	60,000	847,919	847,919	918,601
35	0	0	0	0	0	0	60,000	846,647	846,647	922,143
36	0	0	0	0	0	0	60,000	844,552	844,552	925,113
37	0	0	0	0	0	0	60,000	841,456	841,456	927,342
38	0	0	0	0	0	0	60,000	837,150	837,150	928,629
39	0	0	0	0	0	0	60,000	831,386	831,386	928,735
40	0	0	0	0	0	0	60,000	823,877	823,877	927,377
	400,000	785,657				400,000	1,200,000			

40 Year Summary

Management fees reflected in column (5): 0.75%

*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.

	Taxable Account	Indexed UL
After Tax Payments	400,000	400,000
After Tax Cash Flow	785,657	1,200,000
Living Values	0	823,877
Death Benefit	0	927,377

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For: George Baker, MD

Male	Taxable	Income	Indexed UL	Initial	Initial
Age	Account	Tax Rate	Interest Rate	Payment	Death Benefit
45	Yield	35.00%	7.50%	20,000	500,000
	7.50%				

Matching Values

Gross Interest Rate Required on a Taxable Account to Match Indexed Universal Life Policy Values over 40 Years.

	Gross Interest Rate Required
To match Accumulation Value of: \$823,877	12.19%
To match Cash Value of: \$823,877	12.19%
To match Death Benefit of: \$927,377	12.40%

Income Tax Considerations

1. Taxable Account: Interest is taxed as earned.
2. Indexed Universal Life:
 - a. Death Benefit including available 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.

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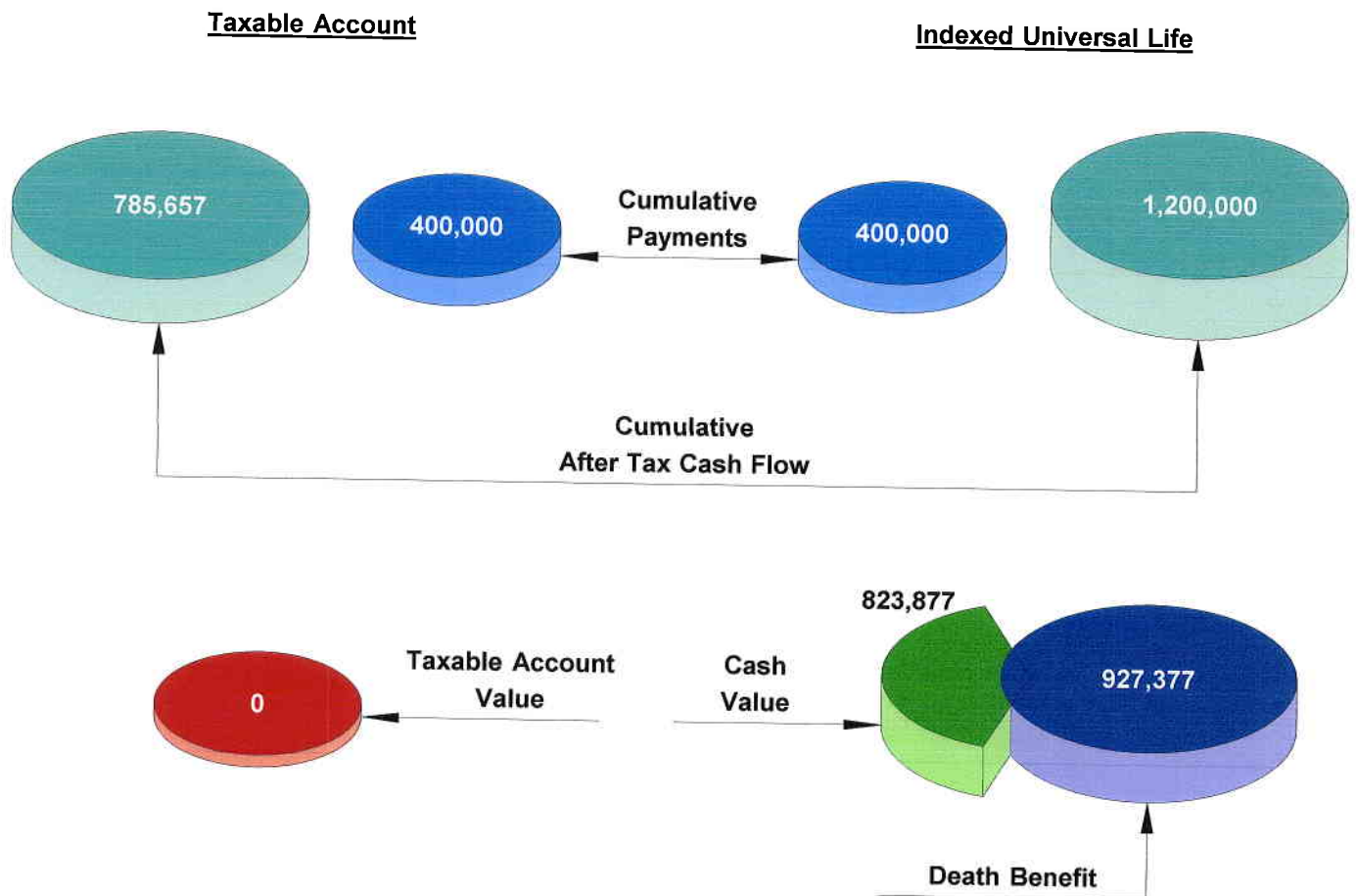
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40th Year Summary Analysis



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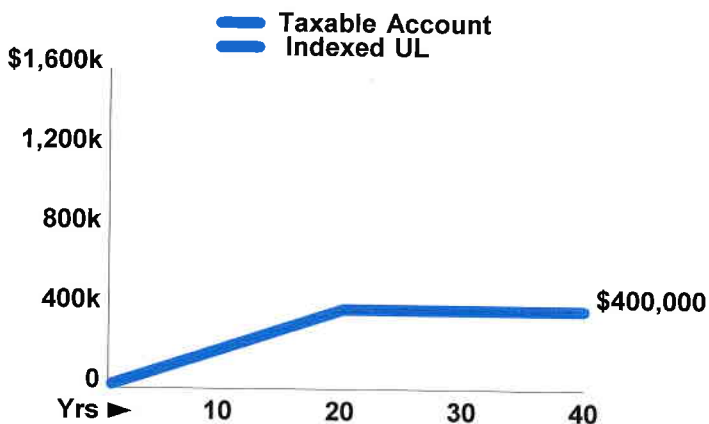
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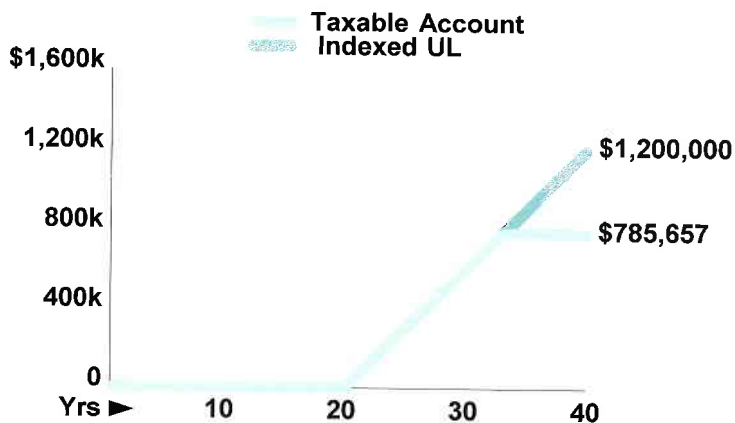
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40 Year Graphic Analysis

Cumulative Payments

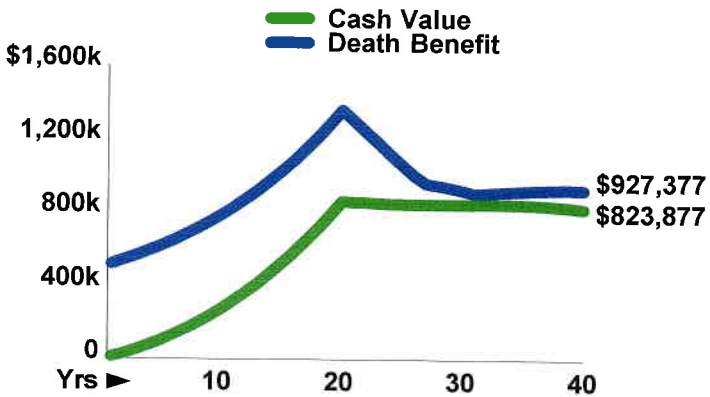
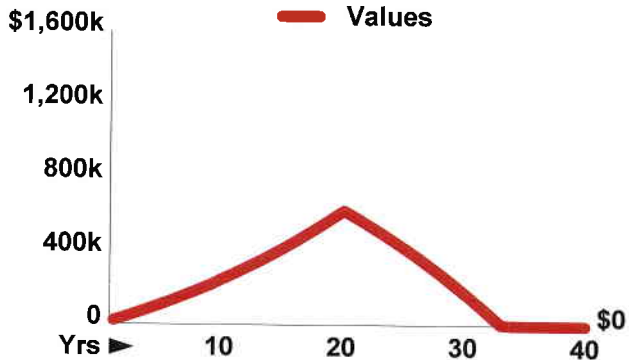


Cumulative After Tax Cash Flow



Taxable Account

Indexed UL



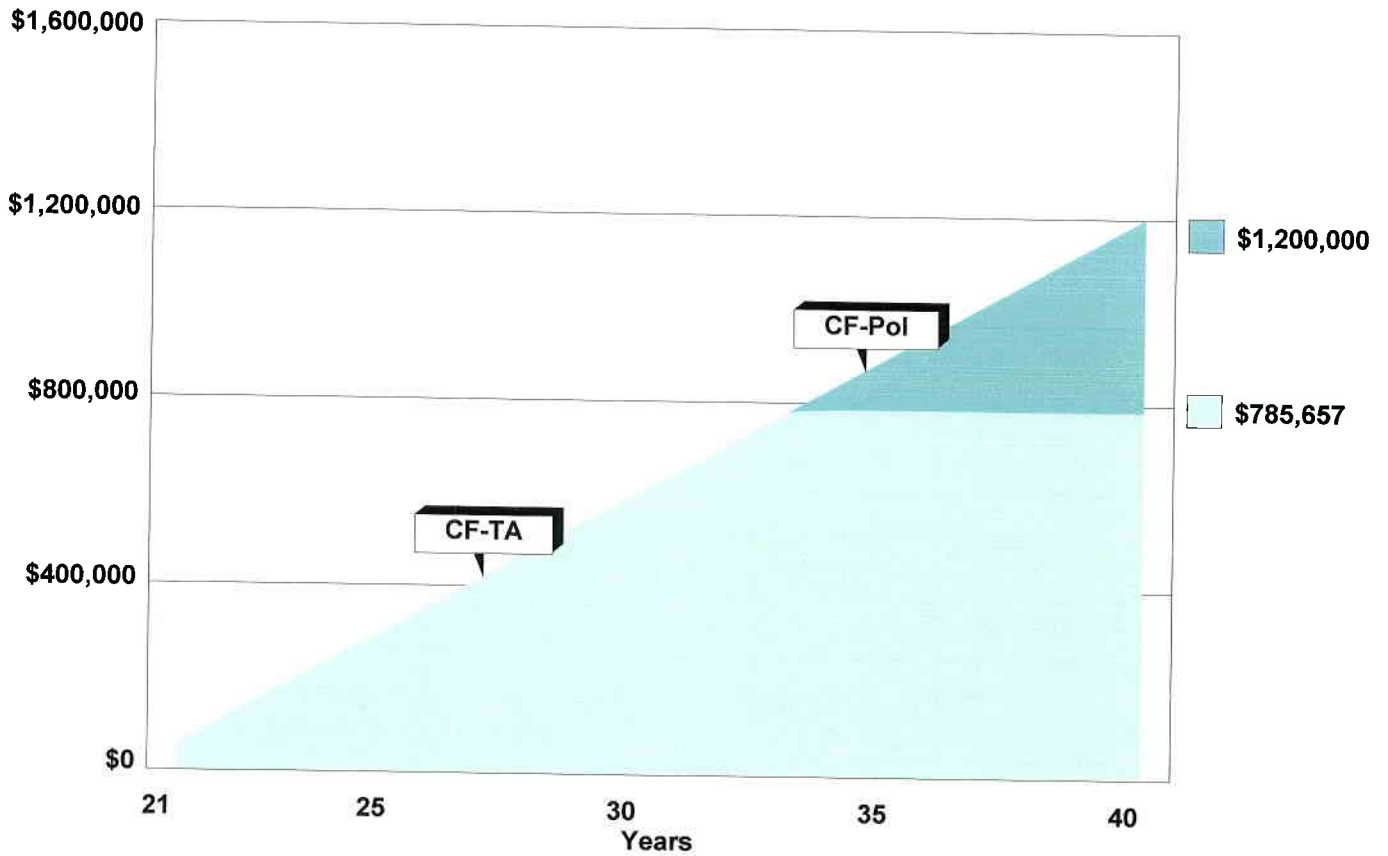
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Cash Flow Comparison Years 21 - 40



- CF-TA - Cumulative After Tax Cash Flow - Taxable Account
- CF-Pol - Cumulative After Tax Policy Cash Flow - Indexed UL

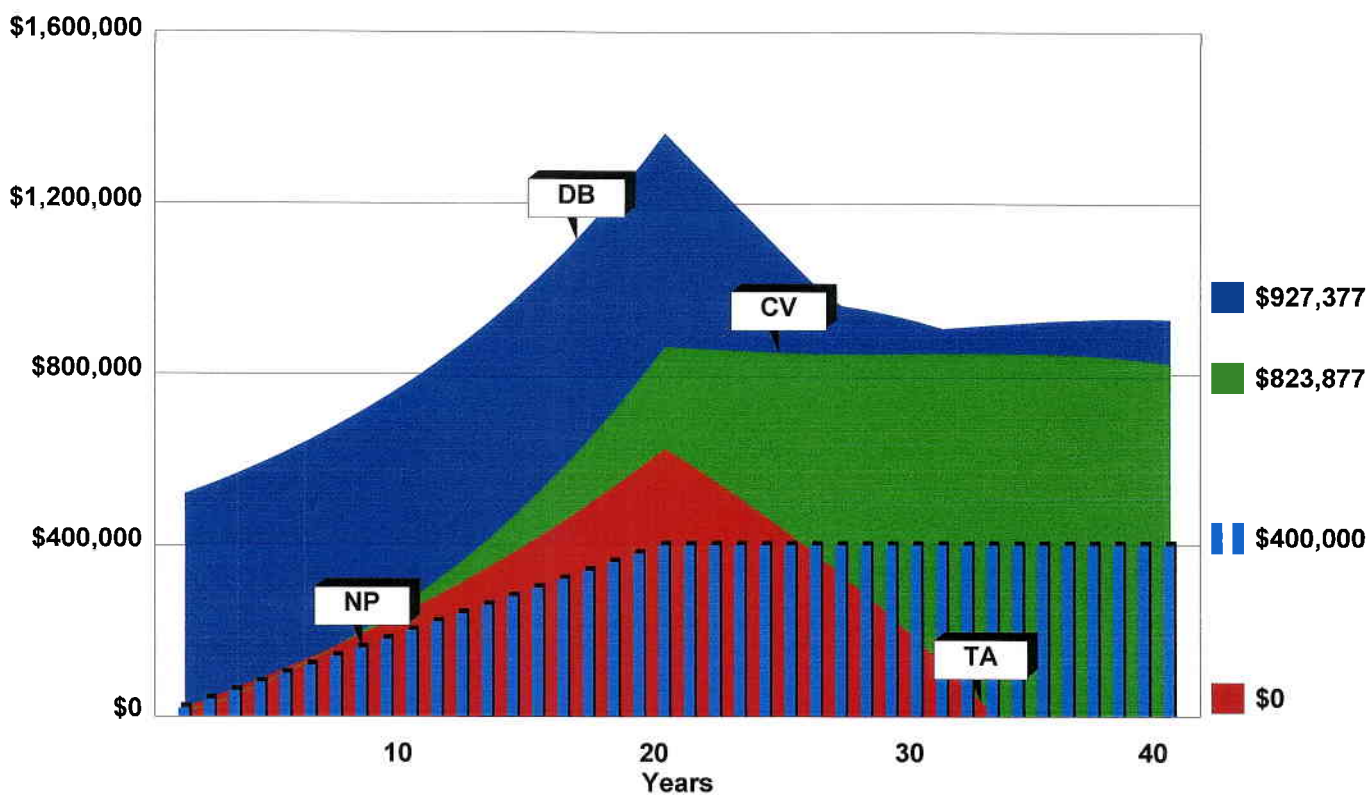
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40 Year Graphic Analysis



- NP - Cumulative Payments
- TA - Taxable Account Values
- CV - Cash Value of Indexed UL
- DB - Death Benefit of Indexed UL