

[REDACTED]

A Wealth Accumulation Strategy Utilizing Tax Free Life Insurance Taxation in Retirement

For: Hard Worker - 40 yr old male Current Non-Guaranteed Interest Rate: 7.40%

Accumulation Phase (age ____ - 70):

- | | |
|--------------------------------|---|
| - Surrender value at age 70 | \$ <u>182,784</u> |
| - Total premiums paid | \$ <u>40,000</u> ($\$8,000 \times 5 \text{ years}$) |
| - Net gain during accumulation | \$ <u>142,784</u> |

Distribution Phase (age 71-100):

- | | | | |
|-------------------------------------|-------------------|----------------------|---|
| - Average annual tax-free benefit | \$ <u>12,000</u> | for <u>31</u> years; | (But as U can see, can continue to age 120) |
| - Average annual tax-free benefit | \$ _____ | for _____ years; | |
| - Average annual tax-free benefit | \$ _____ | for _____ years; | |
| - Average annual tax-free benefit | \$ _____ | for _____ years; | |
| - Number of years of benefits | <u>31</u> | | |
| - Total living benefits paid to you | \$ <u>372,000</u> | | |

Life Insurance Death Benefits:

- | | |
|---------------------------------------|-------------------|
| - At issue - Age _____ | \$ <u>275,000</u> |
| - End of Accumulation Phase - Age 70 | \$ <u>262,503</u> |
| - End of Distribution Phase - Age 100 | \$ <u>775,358</u> |
| - Tax-free transfer to beneficiary | \$ <u>775,358</u> |

Total Living & Death Benefits paid:

\$ 1,147,358

Total Taxes paid from age 71-100:

\$ Ø

(NOTE: Accumulation Phase, Distribution Phase, etc, can be adjusted to suit individual's needs)

[REDACTED]

40 YR OLD

w/ Income

Flexible Premium Life Insurance Illustration with Indexed Interest Option

Tabular Detail

Hard Worker at [REDACTED]
Male Age 40 Preferred Nontobacco
Riders: ABR

Annual Premium: \$8,000.00
Death Benefit Option: Level
Initial Face Amount: \$275,000

		Guaranteed Assumptions Guaranteed Interest of 0.00% End of Year				Non-Guaranteed Assumptions Current Interest of 7.40% End of Year			
Age	Year	Planned Premium Outlay	Withdrawals/ Loans	Account Value	Surrender Value	Net Death Benefit	Account Value	Surrender Value	Net Death Benefit
41	1	8,000	0	7,020	5,070	275,000	7,041	5,070	275,000
42	2	8,000	0	14,003	10,131	275,000	14,584	10,515	275,000
43	3	8,000	0	20,957	15,191	275,000	22,657	16,669	275,000
44	4	8,000	0	27,877	22,023	275,000	31,299	25,445	275,000
45	5	8,000	0	34,759	29,066	275,000	40,552	34,859	275,000
46	6	0*	0	34,052	28,493	275,000	42,892	37,332	275,000
47	7	0*	0	33,288	27,889	275,000	45,408	40,008	275,000
48	8	0*	0	32,476	27,237	275,000	48,118	42,879	275,000
49	9	0*	0	31,625	26,519	275,000	51,058	45,953	275,000
50	10	0*	0	30,724	25,779	275,000	54,260	49,315	275,000
		40,000	0						
51	11	0*	0	29,760	25,313	275,000	57,735	52,923	275,000
52	12	0*	0	28,714	25,313	275,000	61,466	56,788	275,000
53	13	0*	0	27,567	25,313	275,000	65,473	61,464	275,000
54	14	0*	0	26,304	25,313	275,000	69,744	67,071	275,000
55	15	0*	0	24,892	24,892	275,000	74,333	72,996	275,000
56	16	0*	0	23,312	23,312	275,000	79,228	79,228	275,000
57	17	0*	0	21,556	21,556	275,000	84,450	84,450	275,000
58	18	0*	0	19,625	19,625	275,000	90,024	90,024	275,000
59	19	0*	0	17,516	17,516	275,000	95,974	95,974	275,000
60	20	0*	0	15,195	15,195	275,000	102,327	102,327	275,000
		40,000	0						
61	21	0*	0	12,617	12,617	275,000	109,084	109,084	275,000
62	22	0*	0	9,720	9,720	275,000	116,274	116,274	275,000
63	23	0*	0	6,446	6,446	275,000	123,953	123,953	275,000
64	24	0*	0	2,751	2,751	275,000	132,160	132,160	275,000
65	25	0*	0	0	0	0	140,938	140,938	275,000
66	26	0*	0	0	0	0	150,337	150,337	275,000
67	27	0*	0	0	0	0	160,401	160,401	275,000
68	28	0*	0	0	0	0	171,196	171,196	275,000
69	29	0*	0	0	0	0	182,795	182,795	275,000
70	30	0*	12,000	0	0	0	195,281	182,784	262,503
		40,000	12,000						
71	31	0*	12,000	0	0	0	208,752	183,241	249,489
72	32	0*	12,000	0	0	0	223,347	184,283	235,936
73	33	0*	12,000	0	0	0	239,195	186,017	221,822
74	34	0*	12,000	0	0	0	256,375	188,499	211,572
75	35	0*	12,000	0	0	0	274,881	191,698	210,940
76	36	0*	12,000	0	0	0	294,817	195,693	210,434
77	37	0*	12,000	0	0	0	316,169	200,444	216,253
78	38	0*	12,000	0	0	0	339,023	206,011	222,962
79	39	0*	12,000	0	0	0	363,470	212,454	230,628
80	40	0*	12,000	0	0	0	389,603	219,838	239,319
		40,000	132,000						

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Flexible Premium Life Insurance Illustration with Indexed Interest Option
Tabular Detail

Hard Worker at [REDACTED]
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Riders: ABR

Annual Premium: \$8,000.00
Death Benefit Option: Level
Initial Face Amount: \$275,000

		Guaranteed Assumptions Guaranteed Interest of 0.00% End of Year				Non-Guaranteed Assumptions Current Interest of 7.40% End of Year			
Age	Year	Planned Premium Outlay	Withdrawals/ Loans	Account Value	Surrender Value	Net Death Benefit	Account Value	Surrender Value	Net Death Benefit
81	41	0 *	12,000	0	0	0	417,521	228,231	249,108
82	42	0 *	12,000	0	0	0	447,337	237,714	260,088
83	43	0 *	12,000	0	0	0	479,167	248,369	272,327
84	44	0 *	12,000	0	0	0	513,124	260,274	285,931
85	45	0 *	12,000	0	0	0	549,323	273,508	300,974
86	46	0 *	12,000	0	0	0	587,874	288,144	317,537
87	47	0 *	12,000	0	0	0	628,873	304,237	335,681
88	48	0 *	12,000	0	0	0	672,424	321,852	355,473
89	49	0 *	12,000	0	0	0	718,633	341,050	376,982
90	50	0 *	12,000	0	0	0	767,606	361,894	400,274
		40,000	252,000						
91	51	0 *	12,000	0	0	0	819,448	384,443	425,415
92	52	0 *	12,000	0	0	0	875,479	409,967	444,987
93	53	0 *	12,000	0	0	0	936,250	438,970	467,058
94	54	0 *	12,000	0	0	0	1,002,412	472,048	492,096
95	55	0 *	12,000	0	0	0	1,074,736	509,918	520,666
96	56	0 *	12,000	0	0	0	1,154,146	553,448	553,448
97	57	0 *	12,000	0	0	0	1,239,432	601,368	601,368
98	58	0 *	12,000	0	0	0	1,331,030	654,053	654,053
99	59	0 *	12,000	0	0	0	1,429,405	711,905	711,905
100	60	0 *	12,000	0	0	0	1,535,060	775,358	775,358
		40,000	372,000						
101	61	0 *	12,000	0	0	0	1,648,534	844,884	844,884
102	62	0 *	12,000	0	0	0	1,770,405	920,987	920,987
103	63	0 *	12,000	0	0	0	1,901,294	1,004,213	1,004,213
104	64	0 *	12,000	0	0	0	2,041,869	1,095,152	1,095,152
105	65	0 *	12,000	0	0	0	2,192,847	1,194,439	1,194,439
106	66	0 *	12,000	0	0	0	2,354,996	1,302,758	1,302,758
107	67	0 *	12,000	0	0	0	2,529,145	1,420,847	1,420,847
108	68	0 *	12,000	0	0	0	2,716,181	1,549,503	1,549,503
109	69	0 *	12,000	0	0	0	2,917,058	1,689,582	1,689,582
110	70	0 *	12,000	0	0	0	3,132,800	1,842,010	1,842,010
		40,000	492,000						
111	71	0 *	12,000	0	0	0	3,364,506	2,007,781	2,007,781
112	72	0 *	12,000	0	0	0	3,613,359	2,187,968	2,187,968
113	73	0 *	12,000	0	0	0	3,880,627	2,383,728	2,383,728
114	74	0 *	12,000	0	0	0	4,167,672	2,596,305	2,596,305
115	75	0 *	12,000	0	0	0	4,475,959	2,827,041	2,827,041
116	76	0 *	12,000	0	0	0	4,807,060	3,077,379	3,077,379
117	77	0 *	12,000	0	0	0	5,162,661	3,348,875	3,348,875
118	78	0 *	12,000	0	0	0	5,544,577	3,643,204	3,643,204
119	79	0 *	12,000	0	0	0	5,954,755	3,962,168	3,962,168
120	80	0 *	12,000	0	0	0	6,395,286	4,307,709	4,307,709
		40,000	612,000						

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Assume you put \$6,000 annually into your IRA for your retirement;

And assume you are in the 33% tax bracket (25 Federal, 8% CA);

This \$6,000 deduction saves you \$2,000 annually in taxes. Is this a good deal?

What you saved in 30 years		Annual withdrawals starting age 70		33% taxes you will pay annually	
1- \$2,000	16 - \$2,000	70 - \$6,000	85 - 36,000	70 - 12,000	85 - 12,000
2- \$2,000	17 - \$2,000	71 -36,000	86 - 36,000	71 - 12,000	86 - 12,000
3- \$2,000	18 - \$2,000	72 -36,000	87 - 36,000	72 - 12,000	87 - 12,000
4- \$2,000	19 - \$2,000	73 -36,000	88 - 36,000	73 - 12,000	88 - 12,000
5- \$2,000	20 - \$2,000	74- 36,000	89 - 36,000	74 - 12,000	89 - 12,000
6- \$2,000	21 - \$2,000	75 -36,000	90 - 36,000	75 - 12,000	90 - 12,000
7- \$2,000	22 - \$2,000	76 -36,000	91 - 36,000	76 - 12,000	91 - 12,000
8- \$2,000	23 - \$2,000	77 -36,000	92 - 36,000	77 - 12,000	92 - 12,000
9- \$2,000	24 - \$2,000	78 -36,000	93 - 36,000	78 - 12,000	93 - 12,000
10- \$2,000	25 - \$2,000	79 -36,000	94 - 36,000	79 - 12,000	94 - 12,000
11- \$2,000	26 - \$2,000	80 -36,000	95 - 36,000	80 - 12,000	95 - 12,000
12- \$2,000	27 - \$2,000	81 -36,000	96 - 36,000	81 - 12,000	96 - 12,000
13- \$2,000	28 - \$2,000	82 -36,000	97 - 36,000	82 - 12,000	97 - 12,000
14- \$2,000	29 - \$2,000	83 -36,000	98 - 36,000	83 - 12,000	98 - 12,000
15- \$2,000	30 - \$2,000	84 -36,000	99 - 36,000	84 - 12,000	99 - 12,000
Total taxes saved:		Total income withdrawn:		Total taxes you will pay:	
\$60,000		\$1,080,000		\$360,000	

