

Various Financial Alternatives vs. Index Universal Life

For: Mr. Valued Client



Presented By:

Valued Agent

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Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

Preface

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 these alternatives:

Taxable Account;

Tax Deferred Account;

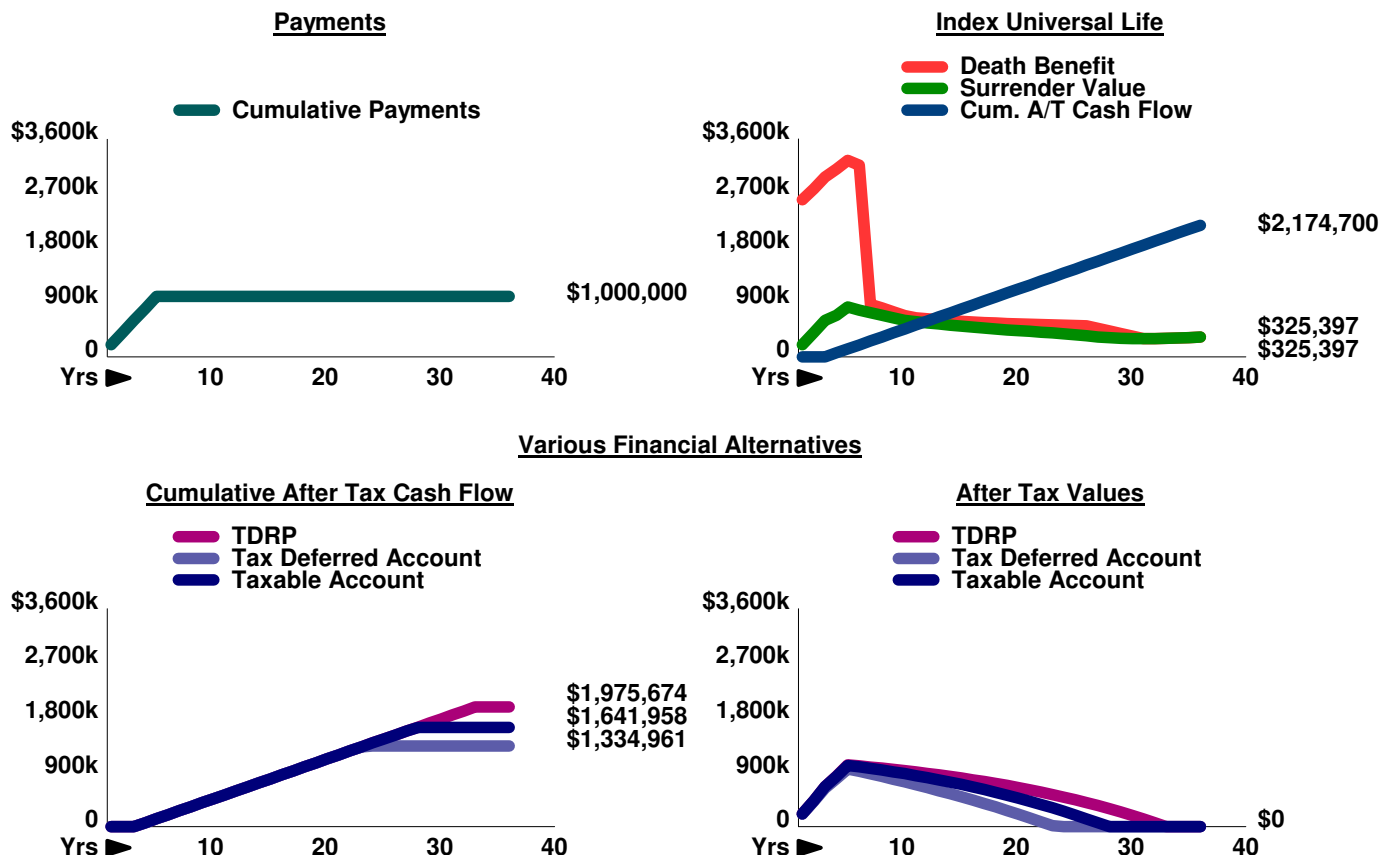
Tax Deductible Retirement Plan (TDRP).

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. Income tax free death benefits;
2. Probate free death benefits;
3. Accumulating cash values;
4. Income tax deferred growth of cash values;
5. Competitive current interest rate;
6. Tax free access to cash values via policy loans;
7. Privacy of all transactions;
8. Advance of death benefits in certain adverse health circumstances -- as defined in the policy contract.

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.



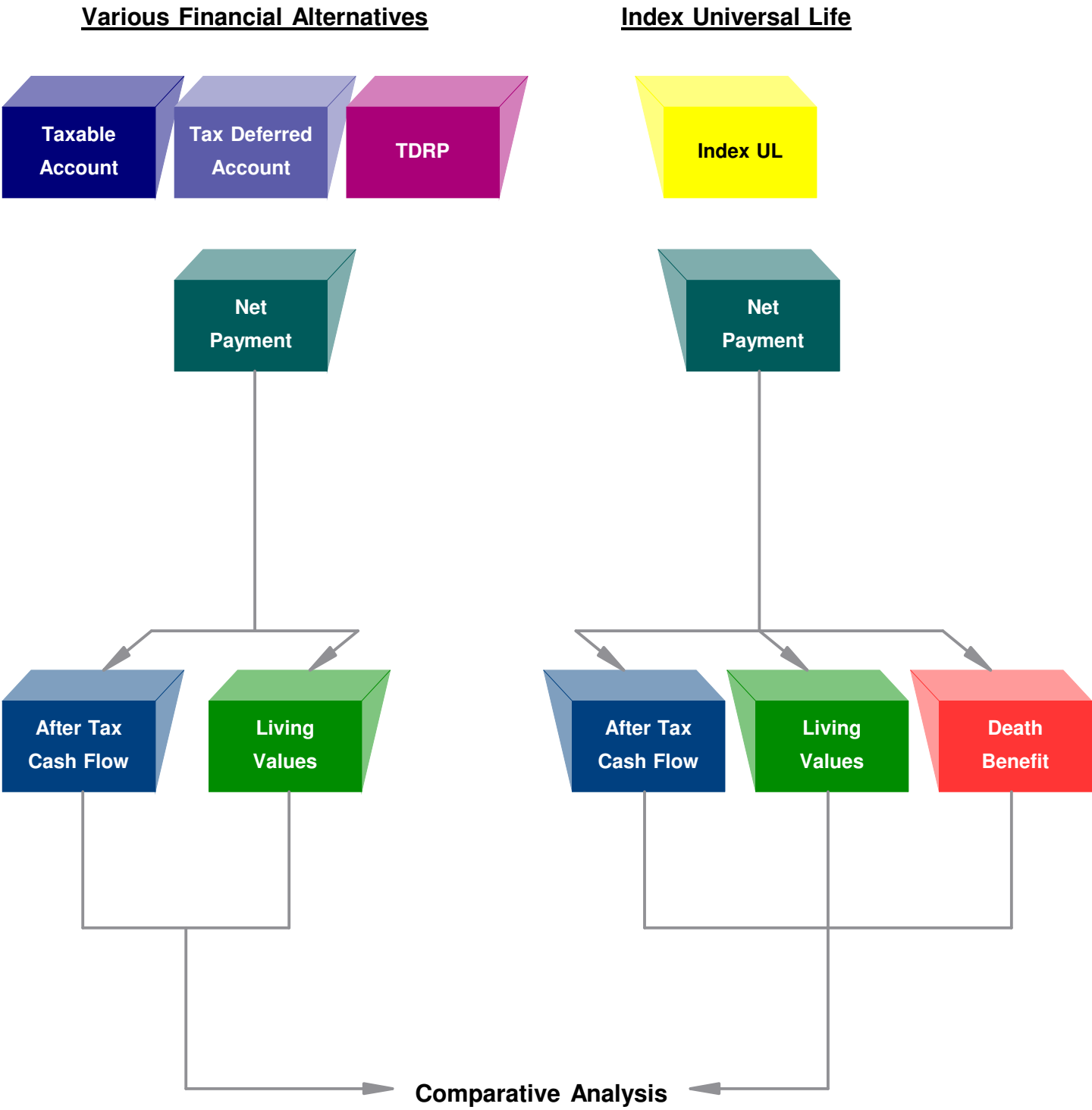
This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

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Flow Chart



Various Financial Alternatives vs. Index Universal Life

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Comparison of Values

Taxable Account Growth 6.42% Tax Deferred Account Yield 6.42% TDRP Yield 6.42% Income Tax Rate 35.00% Index UL Interest Rate 6.42% Initial Death Benefit 2,593,831

		After Tax Values of Identical Allocation to Various Financial Alternatives							Index UL		
		(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(5c)
Yr	Male Age	Life Insurance Premium	After Tax Cash Flow from Taxable Account	Taxable Account	After Tax Cash Flow from Tax Deferred Account	Tax Deferred Account	After Tax Cash Flow from TDRP	Year End After Tax Value of TDRP if Distributed	After Tax Policy Loan Proceeds	Year End Surrender Value*	Death Benefit
1	65	200,000	0	210,127	0	205,717	0	210,179	0	200,000	2,593,831
2	66	200,000	0	430,522	0	417,404	0	431,057	0	400,000	2,777,007
3	67	200,000	0	661,391	0	635,322	0	663,176	0	600,000	2,968,607
4	68	200,000	65,900	833,081	65,900	791,961	65,900	837,855	65,900	684,371	3,103,057
5	69	200,000	65,900	1,012,364	65,900	953,425	65,900	1,021,425	65,900	824,806	3,243,492
6	70	0	65,900	989,228	65,900	913,194	65,900	1,004,158	65,900	771,101	3,168,122
7	71	0	65,900	963,930	65,900	871,515	65,900	986,013	65,900	730,919	864,176
8	72	0	65,900	936,656	65,900	828,646	65,900	966,945	65,900	689,204	806,585
9	73	0	65,900	907,531	65,900	784,550	65,900	946,905	65,900	645,904	745,994
10	74	0	65,900	876,640	65,900	739,194	65,900	925,846	65,900	600,993	682,213
11	75	0	65,900	844,030	65,900	692,541	65,900	903,715	65,900	581,020	642,943
12	76	0	65,900	809,720	65,900	644,554	65,900	880,457	65,900	561,625	627,750
13	77	0	65,900	773,709	65,900	595,197	65,900	856,016	65,900	542,763	613,398
14	78	0	65,900	735,980	65,900	544,428	65,900	830,330	65,900	524,382	599,846
15	79	0	65,900	696,501	65,900	492,208	65,900	803,338	65,900	506,416	587,042
16	80	0	65,900	655,228	65,900	438,495	65,900	774,971	65,900	488,785	574,918
17	81	0	65,900	612,108	65,900	383,246	65,900	745,161	65,900	473,749	565,865
18	82	0	65,900	567,079	65,900	326,418	65,900	713,833	65,900	459,280	557,772
19	83	0	65,900	520,074	65,900	267,965	65,900	680,911	65,900	445,470	550,757
20	84	0	65,900	471,017	65,900	207,842	65,900	646,314	65,900	432,414	544,938
21	85	0	65,900	419,828	65,900	146,000	65,900	609,955	65,900	420,015	540,236
22	86	0	65,900	366,423	65,900	82,389	65,900	571,747	65,900	407,181	535,530
23	87	0	65,900	310,709	65,900	16,961	65,900	531,593	65,900	393,656	530,572
24	88	0	65,900	252,591	16,961	0	65,900	489,395	65,900	379,207	525,146
25	89	0	65,900	191,968	0	0	65,900	445,049	65,900	363,463	518,888
26	90	0	65,900	128,735	0	0	65,900	398,447	65,900	346,015	511,398
27	91	0	65,900	62,780	0	0	65,900	349,472	65,900	329,814	470,606
28	92	0	60,358	0	0	0	65,900	298,005	65,900	315,833	428,229
29	93	0	0	0	0	0	65,900	243,918	65,900	305,343	385,139
30	94	0	0	0	0	0	65,900	187,079	65,900	300,008	342,528
		1,000,000	1,641,958		1,334,961		1,779,300		1,779,300		

See the accompanying reports for year-by-year details:
Equity Account Details; Portfolio Turnover Details
Tax Deferred Account
Tax Deductible Retirement Plan (TDRP) Details

Note: Tax Deferred Account values do not reflect surrender charges or market rate adjustments, if any.

Management fees reflected in columns (2b), (3b) & (4b):
TA = 1.00%, TDA = 0.70%, TDRP = 1.25%

*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 proposal from Quality Insurance Company.

Tax Deferred Account is assessed:
Death benefit guarantee of principal: 1.20%
Income tax each year. Column (3b) values are after tax.

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Comparison of Values

Taxable Account Growth 6.42% Tax Deferred Account Yield 6.42% TDRP Yield 6.42% Income Tax Rate 35.00% Index UL Interest Rate 6.42% Initial Death Benefit 2,593,831

		After Tax Values of Identical Allocation to Various Financial Alternatives							Index UL		
		(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)	(5a)	(5b)	(5c)
		Life Insurance Premium	After Tax Cash Flow from Taxable Account	Taxable Account	After Tax Cash Flow from Tax Deferred Account	Tax Deferred Account	After Tax Cash Flow from TDRP	Year End After Tax Value of TDRP if Distributed	After Tax Policy Loan Proceeds	Year End Surrender Value*	Death Benefit
Male Yr	Age										
31	95	0	0	0	0	0	65,900	127,347	65,900	300,682	300,682
32	96	0	0	0	0	0	65,900	64,574	65,900	302,780	302,780
33	97	0	0	0	0	0	64,574	0	65,900	306,313	306,313
34	98	0	0	0	0	0	0	0	65,900	311,278	311,278
35	99	0	0	0	0	0	0	0	65,900	317,653	317,653
36	100	0	0	0	0	0	0	0	65,900	325,397	325,397

1,000,000

1,641,958

1,334,961

1,975,674

2,174,700

See the accompanying reports for year-by-year details:
Equity Account Details; Portfolio Turnover Details
Tax Deferred Account
Tax Deductible Retirement Plan (TDRP) Details

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Management fees reflected in columns (2b), (3b) & (4b):
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Income tax each year. Column (3b) values are after tax.

Various Financial Alternatives vs. Index Universal Life

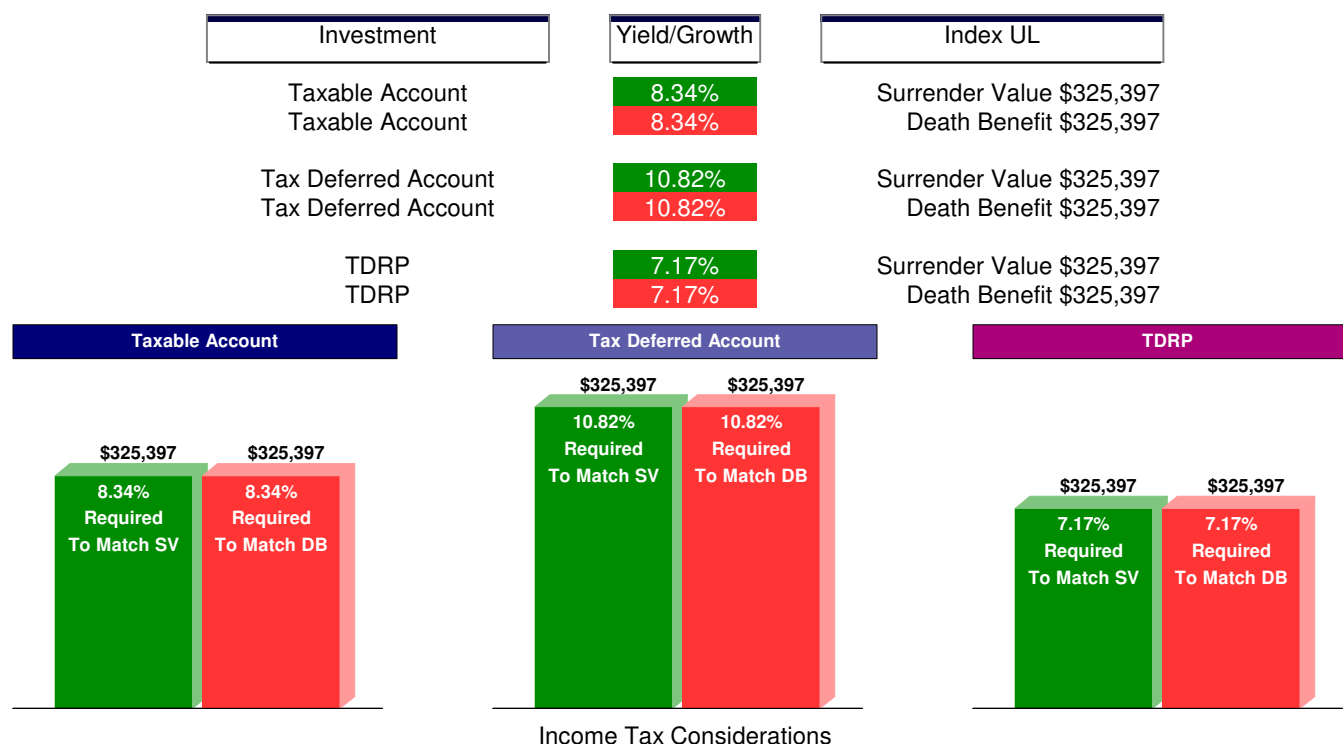
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Matching Values at Age 100 (Year 36)

Taxable Account Growth	Tax Deferred Account Yield	TDRP Yield	Income Tax Rate	Index UL Interest Rate	Initial Death Benefit
6.42%	6.42%	6.42%	35.00%	6.42%	2,593,831

Yield/Growth Required by Various Investments to Match Index UL Policy Values over 36 years



Income Tax Considerations

1. Taxable Account: Capital gains tax calculations are taxed based on a ratio of asset value to remaining cost basis in any given year.
2. Tax Deferred Account: Interest is tax deferred.
(Values assume tax is assessed in year shown only)
3. TDRP: Interest is tax deferred.
4. Index Universal Life:
 - a. Death Benefit including cash value component is income tax free.
 - b. Loans are income tax free as long as the policy is kept in force.
 - c. Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
 - d. Cash values shown assume most favorable combination of b and/or c.

This 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 proposal from Quality Insurance Company.

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Taxable Account Portfolio Turnover Details

		Taxable Account Growth 6.42%	Income Tax Rate 35.00%	Composite Capital Gains Tax Rate* 23.00%	Turnover Assumption 20.00%							
Yr	Male Age	(1) Beginning of Year Cost Basis	(2) Annual Deposit to the Account	(3) Sale of Equities to Fund Cash Flow	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Account Value Before Turnover	(7) Adjusted Cost Basis	(8) Sale of Equities Caused by Turnover	(9) Cost Basis Used by Turnover	(10) After Tax Reinvested Turnover	(11)** Year End Value of Account After Turnover
1	65	0	200,000	0	12,840	0	212,840	200,000	42,568	40,000	41,977	210,127
2	66	201,977	200,000	0	26,330	0	436,457	401,978	87,291	80,395	85,705	430,522
3	67	407,287	200,000	0	40,480	0	671,002	607,287	134,200	121,457	131,270	661,391
4	68	617,099	200,000	66,689	51,020	0	845,722	753,839	169,144	150,768	164,918	833,081
5	69	767,989	200,000	66,869	62,031	0	1,028,243	905,333	205,649	181,067	199,995	1,012,364
6	70	924,262	0	67,246	60,677	0	1,005,795	862,868	201,159	172,574	194,584	989,228
7	71	884,879	0	67,539	59,172	0	980,861	824,464	196,172	164,893	188,978	963,930
8	72	848,549	0	67,766	57,534	0	953,698	788,894	190,740	157,779	183,159	936,656
9	73	814,274	0	67,942	55,771	0	924,485	755,210	184,897	151,042	177,110	907,531
10	74	781,278	0	68,078	53,893	0	893,346	722,671	178,669	144,534	170,818	876,640
11	75	748,955	0	68,184	51,903	0	860,359	690,702	172,072	138,140	164,268	844,030
12	76	716,829	0	68,266	49,804	0	825,568	658,851	165,114	131,770	157,445	809,720
13	77	684,526	0	68,330	47,597	0	788,987	626,760	157,797	125,352	150,335	773,709
14	78	651,743	0	68,379	45,282	0	750,612	594,143	150,122	118,829	142,925	735,980
15	79	618,240	0	68,417	42,858	0	710,421	560,768	142,084	112,154	135,200	696,501
16	80	583,814	0	68,447	40,321	0	668,375	526,441	133,675	105,288	127,146	655,228
17	81	548,299	0	68,470	37,670	0	624,428	491,003	124,886	98,201	118,748	612,108
18	82	511,550	0	68,488	34,900	0	578,520	454,313	115,704	90,863	109,991	567,079
19	83	473,441	0	68,502	32,009	0	530,586	416,250	106,117	83,250	100,858	520,074
20	84	433,858	0	68,512	28,990	0	480,552	376,704	96,110	75,341	91,333	471,017
21	85	392,697	0	68,521	25,840	0	428,336	335,569	85,667	67,114	81,400	419,828
22	86	349,855	0	68,527	22,554	0	373,855	292,750	74,771	58,550	71,040	366,423
23	87	305,240	0	68,532	19,125	0	317,016	248,151	63,403	49,630	60,235	310,709
24	88	258,756	0	68,536	15,548	0	257,721	201,680	51,544	40,336	48,966	252,591
25	89	210,310	0	68,539	11,816	0	195,868	153,244	39,174	30,649	37,213	191,968
26	90	159,808	0	68,541	7,924	0	131,351	102,749	26,270	20,550	24,955	128,735
27	91	107,154	0	68,543	3,864	0	64,056	50,102	12,811	10,020	12,169	62,780
28	92	52,251	0	62,780	0	0	0	0	0	0	0	0
29	93	0	0	0	0	0	0	0	0	0	0	0
30	94	0	0	0	0	0	0	0	0	0	0	0
		1,000,000										

*The composite capital gains tax rate includes 20.00% short-term gains subject to ordinary income tax and 80.00% long-term gains subject to capital gains tax. The individual tax rates used to create the composite tax rate are:

Capital Gains Tax: 20.00%
Income Tax: 35.00%

**Fees:

Column (11) is reduced by a 1.00% management fee.

Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

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Taxable Account Portfolio Turnover Details

		Taxable Account Growth 6.42%	Income Tax Rate 35.00%	Composite Capital Gains Tax Rate* 23.00%	Turnover Assumption 20.00%							
Yr	Male Age	(1) Beginning of Year Cost Basis	(2) Annual Deposit to the Account	(3) Sale of Equities to Fund Cash Flow	(4) Capital Growth	(5) After Tax Reinvested Dividends	(6) Account Value Before Turnover	(7) Adjusted Cost Basis	(8) Sale of Equities Caused by Turnover	(9) Cost Basis Used by Turnover	(10) After Tax Reinvested Turnover	(11)** Year End Value of Account After Turnover
31	95	0	0	0	0	0	0	0	0	0	0	0
32	96	0	0	0	0	0	0	0	0	0	0	0
33	97	0	0	0	0	0	0	0	0	0	0	0
34	98	0	0	0	0	0	0	0	0	0	0	0
35	99	0	0	0	0	0	0	0	0	0	0	0
36	100	0	0	0	0	0	0	0	0	0	0	0

1,000,000

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Tax Deferred Account

		Tax Deferred Account Yield 6.42%	Income Tax Rate 35.00%	Initial Payment 200,000		
Tax Deferred Account						
		(1)	(2)	(3)	(4)	(5)
Year	Male Age	Annual Deposit	After Tax Cash Flow	Gross Yield 6.42%	Tax Deferred Ending Balance	After Tax Values
1	65	200,000	0	12,840	208,796	205,717
2	66	200,000	0	26,245	426,775	417,404
3	67	200,000	0	40,239	654,341	635,322
4	68	200,000	65,900	50,618	823,117	791,961
5	69	200,000	65,900	61,453	999,315	953,425
6	70	0	65,900	57,647	937,421	913,194
7	71	0	65,900	54,396	884,558	871,515
8	72	0	65,900	51,721	841,047	828,646
9	73	0	65,900	48,968	796,291	784,550
10	74	0	65,900	46,137	750,256	739,194
11	75	0	65,900	43,225	702,905	692,541
12	76	0	65,900	40,230	654,200	644,554
13	77	0	65,900	37,150	604,104	595,197
14	78	0	65,900	33,981	552,576	544,428
15	79	0	65,900	30,722	499,574	492,208
16	80	0	65,900	27,369	445,057	438,495
17	81	0	65,900	23,921	388,982	383,246
18	82	0	65,900	20,374	331,303	326,418
19	83	0	65,900	16,725	271,975	267,965
20	84	0	65,900	12,973	210,952	207,842
21	85	0	65,900	9,113	148,185	146,000
22	86	0	65,900	5,142	83,622	82,389
23	87	0	65,900	1,059	17,215	16,961
24	88	0	16,961	0	0	0
25	89	0	0	0	0	0
26	90	0	0	0	0	0
27	91	0	0	0	0	0
28	92	0	0	0	0	0
29	93	0	0	0	0	0
30	94	0	0	0	0	0
		1,000,000	1,334,961			

Management fees reflected in column (4): 0.70%

Tax Deferred Account values are not guaranteed and may be higher or lower than illustrated.

Note: Tax Deferred Account values do not reflect surrender charges or market rate adjustments, if any.

Tax Deferred Account is assessed:

Death benefit guarantee of principal: 1.20%

Income tax each year. Column (5) values are after tax.

Withdrawals are taxable until gain is exhausted. Due to this, any withdrawals reflected in Column (2) have been grossed up so the after tax net is equal to the amount shown.

30 Year Summary

	Tax Deferred Account
After Tax Payments	1,000,000
After Tax Cash Flow	1,334,961
Living Values	0
Death Benefit	0

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Tax Deferred Account

		Tax Deferred Account Yield 6.42%	Income Tax Rate 35.00%	Initial Payment 200,000			
Tax Deferred Account							
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 6.42%	(4) Tax Deferred Ending Balance	(5) After Tax Values	
31	95	0	0	0	0	0	0
32	96	0	0	0	0	0	0
33	97	0	0	0	0	0	0
34	98	0	0	0	0	0	0
35	99	0	0	0	0	0	0
36	100	0	0	0	0	0	0

1,000,000	1,334,961
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36 Year Summary	
	Tax Deferred Account
After Tax Payments	1,000,000
After Tax Cash Flow	1,334,961
Living Values	0
Death Benefit	0

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Details of the Tax Deferred Account

Tax Deferred
Account
Yield
6.42%

Income
Tax Rate
35.00%

Initial
Payment
200,000

Tax Deferred Account											
Year	Male Age	(1) Beginning of Year Value of Account	(2) Annual Deposit to the Account	(3) Beginning of Year Cost Basis	(4) Beginning of Year Before Tax Withdrawal	(5) Gain in Contract Withdrawn	(6) Taxable Portion of Withdrawal Column (5)	(7) After Tax Value of Column (6)	(8) Tax Free Portion of Withdrawal (4) - (5)	(9) Ending Balance	(10) After Tax Cash Flow (7) + (8)
1	65	0	200,000	200,000	0	0	0	0	0	208,796	0
2	66	208,796	200,000	400,000	0	0	0	0	0	426,775	0
3	67	426,775	200,000	600,000	0	0	0	0	0	654,341	0
4	68	654,341	200,000	734,100	0	0	0	0	0	823,117	65,900
5	69	823,117	200,000	868,200	0	0	0	0	0	999,315	65,900
6	70	999,315	0	868,200	101,385	101,385	101,385	65,900	0	937,421	65,900
7	71	937,421	0	868,200	90,127	69,221	69,221	44,994	20,906	884,558	65,900
8	72	884,558	0	847,294	78,943	37,264	37,264	24,222	41,678	841,047	65,900
9	73	841,047	0	805,615	78,301	35,432	35,432	23,030	42,870	796,291	65,900
10	74	796,291	0	762,746	77,641	33,545	33,545	21,804	44,096	750,256	65,900
11	75	750,256	0	718,650	76,962	31,606	31,606	20,544	45,356	702,905	65,900
12	76	702,905	0	673,294	76,264	29,611	29,611	19,247	46,653	654,200	65,900
13	77	654,200	0	626,641	75,546	27,559	27,559	17,913	47,987	604,104	65,900
14	78	604,104	0	578,654	74,807	25,450	25,450	16,542	49,358	552,576	65,900
15	79	552,576	0	529,297	74,048	23,279	23,279	15,132	50,768	499,574	65,900
16	80	499,574	0	478,528	73,266	21,046	21,046	13,680	52,220	445,057	65,900
17	81	445,057	0	426,308	72,462	18,749	18,749	12,187	53,713	388,982	65,900
18	82	388,982	0	372,595	71,636	16,387	16,387	10,652	55,248	331,303	65,900
19	83	331,303	0	317,346	70,785	13,957	13,957	9,072	56,828	271,975	65,900
20	84	271,975	0	260,518	69,910	11,457	11,457	7,447	58,453	210,952	65,900
21	85	210,952	0	202,065	69,010	8,887	8,887	5,776	60,124	148,185	65,900
22	86	148,185	0	141,942	68,085	6,243	6,243	4,058	61,842	83,622	65,900
23	87	83,622	0	80,100	67,133	3,522	3,522	2,289	63,611	17,215	65,900
24	88	17,215	0	16,489	17,215	726	726	472	16,489	0	16,961
25	89	0	0	0	0	0	0	0	0	0	0
26	90	0	0	0	0	0	0	0	0	0	0
27	91	0	0	0	0	0	0	0	0	0	0
28	92	0	0	0	0	0	0	0	0	0	0
29	93	0	0	0	0	0	0	0	0	0	0
30	94	0	0	0	0	0	0	0	0	0	0
		1,000,000		1,383,526		515,326		334,961	868,200	1,334,961	

Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

Details of the Tax Deferred Account

Tax Deferred
Account
Yield
6.42%

Income
Tax Rate
35.00%

Initial
Payment
200,000

		Tax Deferred Account									
Year	Male Age	(1) Beginning of Year Value of Account	(2) Annual Deposit to the Account	(3) Beginning of Year Cost Basis	(4) Beginning of Year Before Tax Withdrawal	(5) Gain in Contract Withdrawn	(6) Taxable Portion of Withdrawal Column (5)	(7) After Tax Value of Column (6)	(8) Tax Free Portion of Withdrawal (4) - (5)	(9) Ending Balance	(10) After Tax Cash Flow (7) + (8)
31	95	0	0	0	0	0	0	0	0	0	0
32	96	0	0	0	0	0	0	0	0	0	0
33	97	0	0	0	0	0	0	0	0	0	0
34	98	0	0	0	0	0	0	0	0	0	0
35	99	0	0	0	0	0	0	0	0	0	0
36	100	0	0	0	0	0	0	0	0	0	0
		1,000,000		1,383,526		515,326		334,961	868,200	1,334,961	

Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

Details of the Tax Deductible Retirement Plan (TDRP)

TDRP
Yield
6.42%

Income
Tax Rate
35.00%

Year	Male Age	(1) Tax Deductible Deposits to the TDRP	(2) After Tax Equivalent of TDRP Deposit	(3) After Tax Withdrawal from the TDRP*	(4) Year End Value of TDRP	(5) Year End Value of TDRP if Distributed	(6) After Tax Death Benefit of TDRP
1	65	307,692	200,000	0	323,353	210,179	210,179
2	66	307,692	200,000	0	663,164	431,057	431,057
3	67	307,692	200,000	0	1,020,270	663,176	663,176
4	68	307,692	200,000	65,900	1,289,007	837,855	837,855
5	69	307,692	200,000	65,900	1,571,423	1,021,425	1,021,425
6	70	0	0	65,900	1,544,859	1,004,158	1,004,158
7	71	0	0	65,900	1,516,943	986,013	986,013
8	72	0	0	65,900	1,487,607	966,945	966,945
9	73	0	0	65,900	1,456,777	946,905	946,905
10	74	0	0	65,900	1,424,378	925,846	925,846
11	75	0	0	65,900	1,390,330	903,715	903,715
12	76	0	0	65,900	1,354,549	880,457	880,457
13	77	0	0	65,900	1,316,947	856,016	856,016
14	78	0	0	65,900	1,277,431	830,330	830,330
15	79	0	0	65,900	1,235,904	803,338	803,338
16	80	0	0	65,900	1,192,263	774,971	774,971
17	81	0	0	65,900	1,146,401	745,161	745,161
18	82	0	0	65,900	1,098,205	713,833	713,833
19	83	0	0	65,900	1,047,556	680,911	680,911
20	84	0	0	65,900	994,329	646,314	646,314
21	85	0	0	65,900	938,393	609,955	609,955
22	86	0	0	65,900	879,610	571,747	571,747
23	87	0	0	65,900	817,835	531,593	531,593
24	88	0	0	65,900	752,915	489,395	489,395
25	89	0	0	65,900	684,691	445,049	445,049
26	90	0	0	65,900	612,995	398,447	398,447
27	91	0	0	65,900	537,649	349,472	349,472
28	92	0	0	65,900	458,469	298,005	298,005
29	93	0	0	65,900	375,259	243,918	243,918
30	94	0	0	65,900	287,814	187,079	187,079
		1,538,460	1,000,000	1,779,300			

Management fees reflected in column (4): 1.25%

30 Year Summary

*TDRP withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Column (3).

Note: Tax Deductible Retirement Plan (TDRP) values do not reflect market rate adjustments, if any. Tax Deductible Retirement Plan (TDRP) is assessed:

Tax on withdrawals. Entries in Column (2) are after tax.

	TDRP
After Tax Payments	1,000,000
After Tax Cash Flow	1,779,300
Living Values	187,079
Death Benefit	187,079

Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

Details of the Tax Deductible Retirement Plan (TDRP)

		TDRP Yield 6.42%		Income Tax Rate 35.00%			
Year	Male Age	(1) Tax Deductible Deposits to the TDRP	(2) After Tax Equivalent of TDRP Deposit	(3) After Tax Withdrawal from the TDRP*	(4) Year End Value of TDRP	(5) Year End Value of TDRP if Distributed	(6) After Tax Death Benefit of TDRP
31	95	0	0	65,900	195,918	<div><div></div></div> 127,347	127,347
32	96	0	0	65,900	99,344	<div><div></div></div> 64,574	64,574
33	97	0	0	64,574	0	<div><div></div></div> 0	0
34	98	0	0	0	0	<div><div></div></div> 0	0
35	99	0	0	0	0	<div><div></div></div> 0	0
36	100	0	0	0	0	<div><div></div></div> 0	0

1,538,460 1,000,000 1,975,674

Management fees reflected in column (4): 1.25%

36 Year Summary

*TDRP withdrawal has been grossed up to account for the income tax required to produce the after tax number shown in Column (3).

Note: Tax Deductible Retirement Plan (TDRP) values do not reflect market rate adjustments, if any. Tax Deductible Retirement Plan (TDRP) is assessed:

Tax on withdrawals. Entries in Column (2) are after tax.

	TDRP
After Tax Payments	1,000,000
After Tax Cash Flow	1,975,674
Living Values	0
Death Benefit	0

Taxation of Tax Deferred Account Cash Flow

With tax deferred accounts, withdrawals (partial surrenders) are taxable until gain is exhausted. Due to this, cash flow illustrated from the tax deferred account in this presentation is the after tax result of withdrawals of a higher amount.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are income-tax free up to cost basis and taxable thereafter. Policy loans are income-tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this issue.

Cash Flow Analysis In Year 6

Below is an analysis of tax calculations on cash flow in the first year that cash flow from the Tax Deferred Account and Index Universal Life is illustrated.

Tax Deferred Account

\$101,385	gain in contract withdrawn @ 35.00% tax to net	\$65,900
+ \$0	additional non-taxed withdrawal to net	+ \$0
<hr/>		<hr/>
\$101,385	total withdrawal which nets, after tax	\$65,900

Index Universal Life

There are no tax calculations required for the life insurance policy since policy loans are not taxable

Tax deferred account surrender charges, if any, will further reduce tax deferred account values.

Taxation of TDRP Cash Flow

With tax deductible retirement plans, withdrawals (partial surrenders) are taxable. Due to this, cash flow illustrated from the tax deductible retirement plan in this presentation is the after tax result of withdrawals of a higher amount.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are income-tax free up to cost basis and taxable thereafter. Policy loans are income-tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this issue.

Cash Flow Analysis In Year 6

Below is an analysis of tax calculations on cash flow in the first year that cash flow from the Tax Deductible Retirement Plans and Index Universal Life is illustrated.

Tax Deductible Retirement Plans

\$101,385	total withdrawal @ 35.00% tax which nets	\$65,900
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Index Universal Life

There are no tax calculations required for the life insurance policy since policy loans are not taxable

On the life insurance policy, withdrawals up to cost basis (not in violation of IRC Section 7702) are income tax free.

Taxation of Taxable Account Cash Flow

With equity accounts, dividends are taxed and the after tax balance is either reinvested or used for scheduled cash flow. Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

With cash value life insurance policies, withdrawals (also known as partial surrenders) are income-tax free up to cost basis and taxable thereafter. Policy loans are income-tax free so long as the policy stays in force until death. The source of the cash flow from the life insurance policy in this presentation is policy loans.

Note: Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this issue.

Tax Calculations

The tax deferred investment illustrated in the accompanying material reflects after tax values. Since withdrawals are taxable until any gain is exhausted, account values are illustrated on an after tax basis.

The Tax Deferred Retirement Plan (TDRP) illustrated in the accompanying material reflects after tax values. Since all withdrawals are taxable, account values are illustrated on an after tax basis.

With equity accounts, dividends are taxed and the after tax balance is either reinvested or used for scheduled cash flow. Capital gains tax calculations are based upon a ratio of asset value to remaining cost basis in any given year.

A cash value life insurance policy (that is not designed as a modified endowment contract*) is taxed on a first-in-first-out basis which means that withdrawals (also known as partial surrenders) have different taxation. Withdrawals up to cost basis are income-tax free; subsequent withdrawals are taxable. However, the contractual loan provision in the policy allows you to access additional cash flow from the policy cash value which is income-tax free so long as the policy stays in force. This feature avoids the problem of taxable withdrawals in excess of cost basis. Interest on such loans can be added to the outstanding loan, and with most life insurance policies, the loan balance is credited with interest earnings at (or near) the level of the loan interest charged resulting in a wash (or near wash) of the loan interest. If the policy is kept in force until death, the policy death benefit, including any internal deferred gain, is income-tax free.

Policy loans reduce policy cash values and death benefits, and the lapse of a loaned policy could result in severe tax ramifications to the policy owner. Be sure to consult a professional tax adviser if you have any questions about this.

*With a life insurance policy that is characterized as a modified endowment contract ("MEC"), both withdrawals and loans are taxed on a gain first basis. In almost all circumstances, it is advisable to avoid purchasing a MEC, and the basic illustration that is provided to you from the issuing life insurance company should indicate if it is a MEC.

Legal and tax information is for general use only and may not be applicable to specific circumstances. Clients should consult their own legal, tax and accounting advisors to assist in the evaluation of any potential transaction or strategy.