

# Various Financial Alternatives vs. Index Universal Life

For: Mr. Valued Client



Presented By:

Valued Agent  
BGA Insurance  
2900 Bristol Street Suite B-300  
Costa Mesa CA 92626  
Phone: 949-955-0255  
Email: [info@bgainsurance.com](mailto:info@bgainsurance.com)

# Various Financial Alternatives vs. Index Universal Life

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;

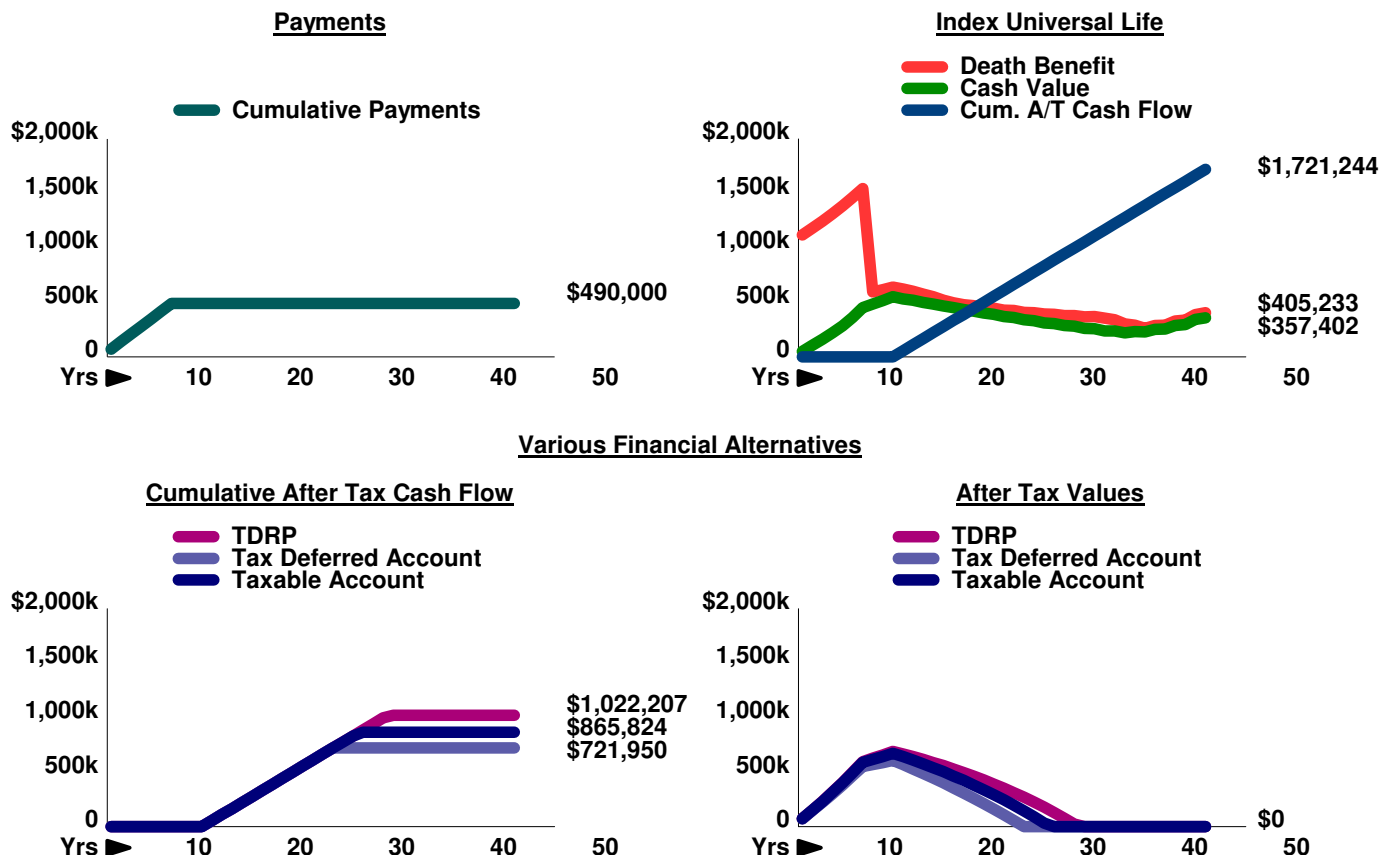
Tax Deductible Retirement Plan (TDRP).

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.



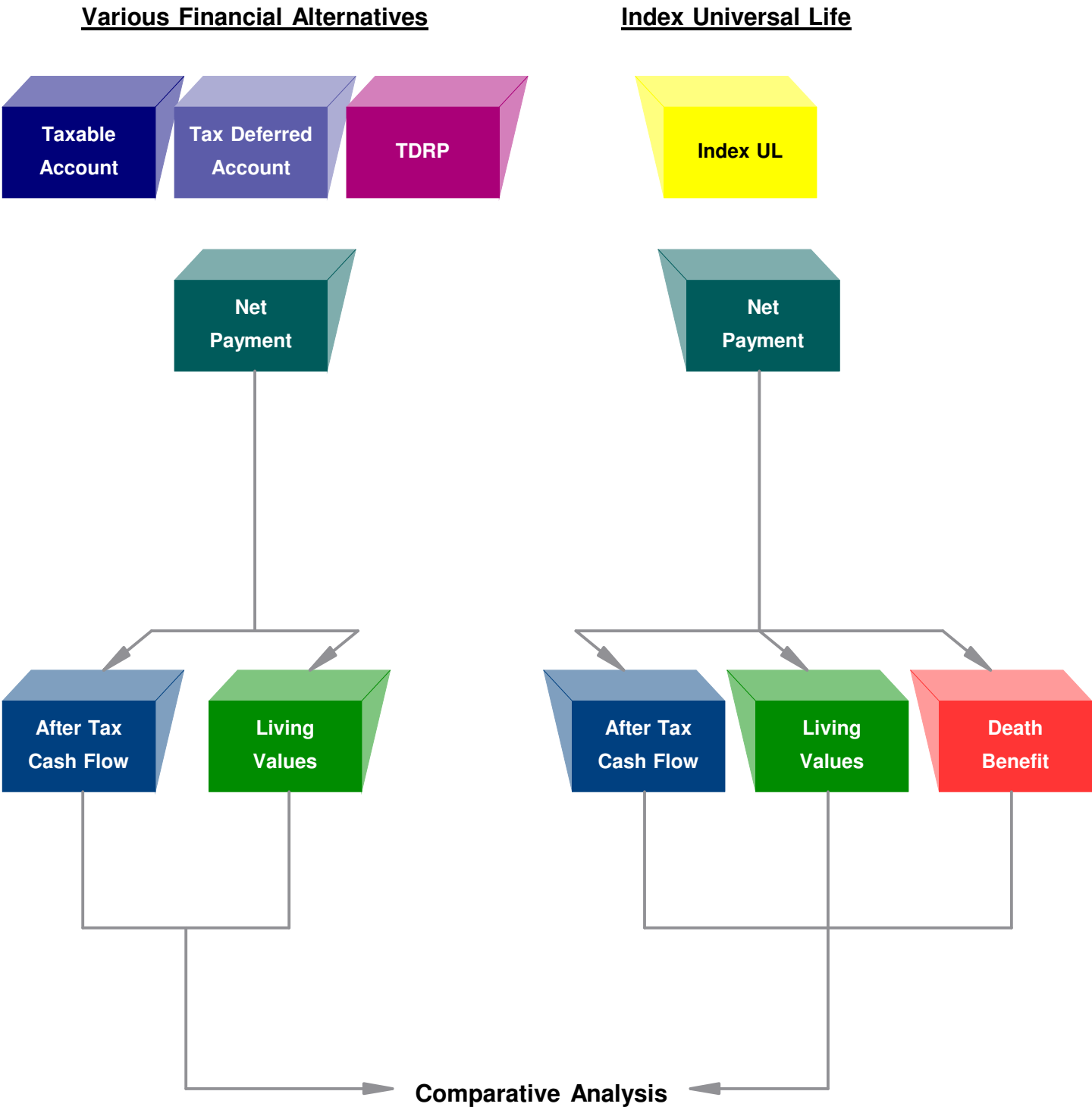
This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

# Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Flow Chart



# Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Comparison of Values

Taxable Account Growth 6.58%    Tax Deferred Account Yield 6.58%    TDRP Yield 6.58%    Income Tax Rate 35.00%    Index UL Interest Rate 6.58%    Initial Death Benefit 1,117,482

		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 Cash Value*	Death Benefit
1	60	70,000	0	73,464	0	72,072	0	73,486	0	49,636	1,117,482
2	61	70,000	0	150,439	0	146,312	0	150,634	0	106,495	1,179,567
3	62	70,000	0	230,991	0	222,817	0	231,624	0	160,692	1,243,857
4	63	70,000	0	315,207	0	301,691	0	316,648	0	220,651	1,313,195
5	64	70,000	0	403,189	0	383,041	0	405,908	0	283,925	1,385,137
6	65	70,000	0	495,052	0	466,982	0	499,615	0	361,598	1,462,810
7	66	70,000	0	590,925	0	553,630	0	597,989	0	451,921	1,543,392
8	67	0	0	617,485	0	571,036	0	627,777	0	484,996	595,272
9	68	0	0	644,838	0	589,234	0	659,048	0	516,249	615,396
10	69	0	0	673,079	0	608,262	0	691,877	0	552,345	640,720
11	70	0	55,524	642,524	55,524	570,103	55,524	668,051	55,524	532,747	621,234
12	71	0	55,524	610,376	55,524	530,206	55,524	643,039	55,524	518,586	601,274
13	72	0	55,524	576,640	55,524	488,736	55,524	616,781	55,524	499,351	574,200
14	73	0	55,524	541,308	55,524	446,038	55,524	589,215	55,524	485,463	551,494
15	74	0	55,524	504,357	55,524	402,076	55,524	560,275	55,524	465,899	520,844
16	75	0	55,524	465,751	55,524	356,812	55,524	529,894	55,524	452,738	495,063
17	76	0	55,524	425,446	55,524	310,209	55,524	497,999	55,524	433,002	478,281
18	77	0	55,524	383,389	55,524	262,226	55,524	464,516	55,524	420,592	469,408
19	78	0	55,524	339,521	55,524	212,822	55,524	429,365	55,524	400,713	452,921
20	79	0	55,524	293,775	55,524	161,955	55,524	392,463	55,524	389,418	445,690
21	80	0	55,524	246,083	55,524	109,582	55,524	353,723	55,524	369,584	429,746
22	81	0	55,524	196,366	55,524	55,658	55,524	313,053	55,524	359,733	424,554
23	82	0	55,524	144,544	55,524	138	55,524	270,357	55,524	340,032	409,301
24	83	0	55,524	90,533	138	0	55,524	225,534	55,524	331,854	406,448
25	84	0	55,524	34,243	0	0	55,524	178,479	55,524	312,275	391,938
26	85	0	32,964	0	0	0	55,524	129,080	55,524	305,808	391,529
27	86	0	0	0	0	0	55,524	77,219	55,524	286,125	377,593
28	87	0	0	0	0	0	55,524	22,775	55,524	281,473	379,811
29	88	0	0	0	0	0	22,775	0	55,524	261,361	366,186
30	89	0	0	0	0	0	0	0	55,524	258,108	370,675
		490,000	865,824		721,950		1,022,207		1,110,480		

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 = 1.25%, TDA = 0.70%, TDRP = 1.50%

\*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 a Quality Insurance Carrier

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

# Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Comparison of Values

Taxable Account Growth 6.58%    Tax Deferred Account Yield 6.58%    TDRP Yield 6.58%    Income Tax Rate 35.00%    Index UL Interest Rate 6.58%    Initial Death Benefit 1,117,482

		After Tax Values of Identical Allocation to Various Financial Alternatives							Index UL		
		(1)	(2a)	(2b)	(3a)	(3b)	(4a)	(4b)			
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 Cash Value*	Death Benefit
31	90	0	0	0	0	0	0	0	55,524	236,642	356,475
32	91	0	0	0	0	0	0	0	55,524	237,243	340,173
33	92	0	0	0	0	0	0	0	55,524	221,077	303,358
34	93	0	0	0	0	0	0	0	55,524	232,716	291,720
35	94	0	0	0	0	0	0	0	55,524	228,257	259,780
36	95	0	0	0	0	0	0	0	55,524	252,970	286,921
37	96	0	0	0	0	0	0	0	55,524	253,904	290,163
38	97	0	0	0	0	0	0	0	55,524	288,747	327,782
39	98	0	0	0	0	0	0	0	55,524	296,275	337,944
40	99	0	0	0	0	0	0	0	55,524	342,622	387,455
41	100	0	0	0	0	0	0	0	55,524	357,402	405,233

490,000

865,824

721,950

1,022,207

1,721,244

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 = 1.25%, TDA = 0.70%, TDRP = 1.50%

\*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 a Quality Insurance Carrier

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



# Various Financial Alternatives vs. Index Universal Life

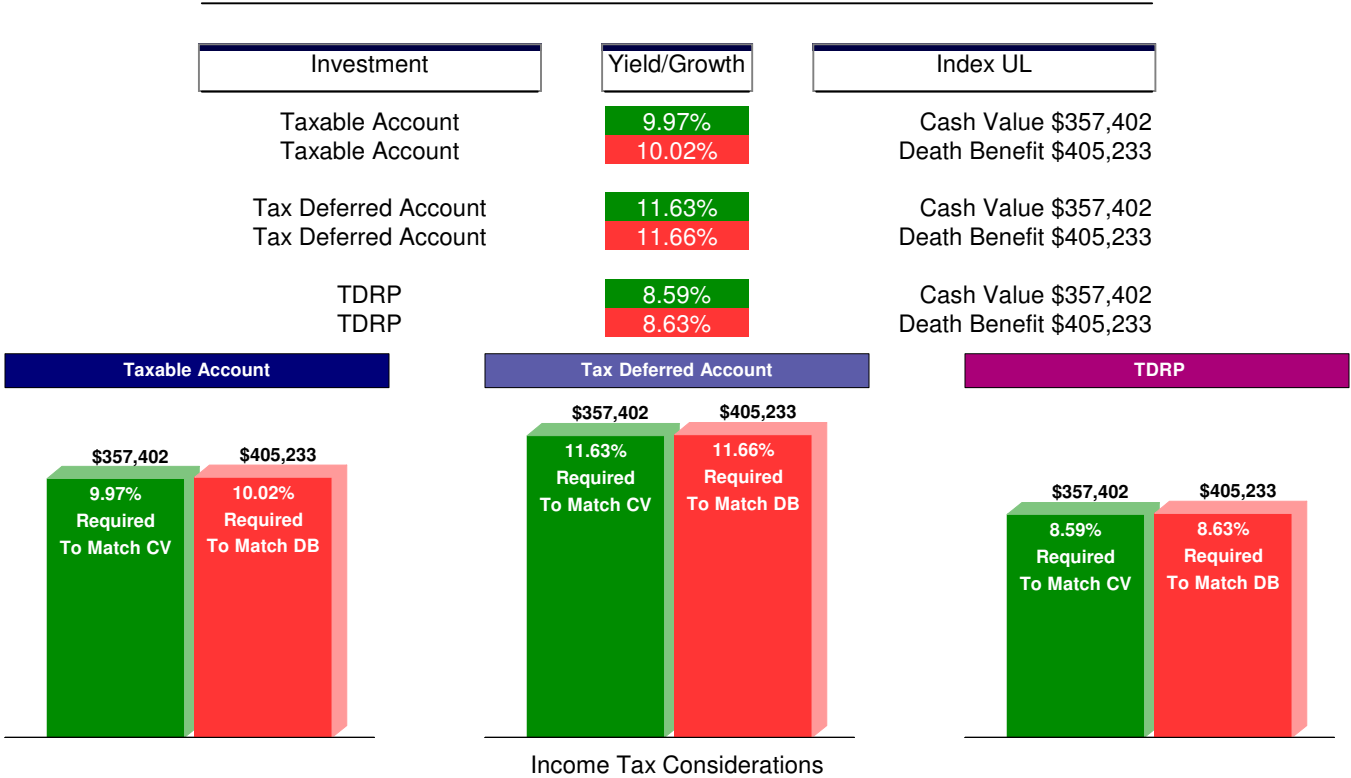
Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Matching Values at Age 100 (Year 41)

Taxable Account Growth	Tax Deferred Account Yield	TDRP Yield	Income Tax Rate	Index UL Interest Rate	Initial Death Benefit
6.58%	6.58%	6.58%	35.00%	6.58%	1,117,482

### Yield/Growth Required by Various Investments to Match Index UL Policy Values over 41 years



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 a Quality Insurance Carrier

# Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Taxable Account Portfolio Turnover Details

		Taxable Account Growth 6.58%	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	60	0	70,000	0	4,606	0	74,606	70,000	14,921	14,000	14,709	73,464
2	61	70,709	70,000	0	9,440	0	152,904	140,709	30,581	28,142	30,020	150,439
3	62	142,587	70,000	0	14,505	0	234,944	212,588	46,989	42,517	45,960	230,991
4	63	216,030	70,000	0	19,805	0	320,796	286,030	64,159	57,206	62,560	315,207
5	64	291,384	70,000	0	25,347	0	410,554	361,384	82,111	72,277	79,849	403,189
6	65	368,956	70,000	0	31,136	0	504,325	438,956	100,865	87,791	97,858	495,052
7	66	449,023	70,000	0	37,180	0	602,232	519,023	120,446	103,805	116,619	590,925
8	67	531,837	0	0	38,883	0	629,808	531,837	125,962	106,367	121,455	617,485
9	68	546,925	0	0	40,631	0	658,116	546,925	131,623	109,385	126,508	644,838
10	69	564,048	0	0	42,430	0	687,268	564,049	137,454	112,810	131,785	673,079
11	70	583,024	0	57,287	40,519	0	656,311	533,402	131,262	106,680	125,608	642,524
12	71	552,330	0	57,376	38,503	0	623,651	503,008	124,730	100,602	119,181	610,376
13	72	521,587	0	57,446	36,383	0	589,313	472,498	117,863	94,499	112,489	576,640
14	73	490,487	0	57,500	34,159	0	553,299	441,577	110,660	88,316	105,521	541,308
15	74	458,783	0	57,542	31,832	0	515,598	410,013	103,120	82,003	98,263	504,357
16	75	426,273	0	57,574	29,398	0	476,181	377,613	95,236	75,523	90,702	465,751
17	76	392,792	0	57,599	26,856	0	435,008	344,216	87,002	68,843	82,825	425,446
18	77	358,198	0	57,619	24,203	0	392,030	309,687	78,406	61,937	74,618	383,389
19	78	322,368	0	57,634	21,435	0	347,190	273,907	69,438	54,781	66,067	339,521
20	79	285,192	0	57,646	18,547	0	300,422	236,771	60,084	47,354	57,156	293,775
21	80	246,573	0	57,655	15,537	0	251,657	198,181	50,331	39,636	47,872	246,083
22	81	206,417	0	57,662	12,398	0	200,819	158,050	40,164	31,610	38,196	196,366
23	82	164,636	0	57,667	9,126	0	147,825	116,287	29,565	23,257	28,114	144,544
24	83	121,144	0	57,671	5,716	0	92,589	72,809	18,518	14,562	17,608	90,533
25	84	75,855	0	57,675	2,162	0	35,020	27,530	7,004	5,506	6,660	34,243
26	85	28,684	0	34,243	0	0	0	0	0	0	0	0
27	86	0	0	0	0	0	0	0	0	0	0	0
28	87	0	0	0	0	0	0	0	0	0	0	0
29	88	0	0	0	0	0	0	0	0	0	0	0
30	89	0	0	0	0	0	0	0	0	0	0	0
		490,000										

\*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 1.25% management fee.

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

# Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Taxable Account Portfolio Turnover Details

		Taxable Account Growth 6.58%	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	90	0	0	0	0	0	0	0	0	0	0	0
32	91	0	0	0	0	0	0	0	0	0	0	0
33	92	0	0	0	0	0	0	0	0	0	0	0
34	93	0	0	0	0	0	0	0	0	0	0	0
35	94	0	0	0	0	0	0	0	0	0	0	0
36	95	0	0	0	0	0	0	0	0	0	0	0
37	96	0	0	0	0	0	0	0	0	0	0	0
38	97	0	0	0	0	0	0	0	0	0	0	0
39	98	0	0	0	0	0	0	0	0	0	0	0
40	99	0	0	0	0	0	0	0	0	0	0	0
41	100	0	0	0	0	0	0	0	0	0	0	0

490,000

\*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 1.25% management fee.

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



# Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Tax Deferred Account

Tax Deferred  
Account  
Yield  
6.58%

Income  
Tax Rate  
35.00%

Initial  
Payment  
70,000

Tax Deferred Account						
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 6.58%	(4) Tax Deferred Ending Balance	(5) After Tax Values
1	60	70,000	0	4,606	73,188	72,072
2	61	70,000	0	9,422	149,710	146,312
3	62	70,000	0	14,457	229,718	222,817
4	63	70,000	0	19,721	313,370	301,691
5	64	70,000	0	25,226	400,833	383,041
6	65	70,000	0	30,981	492,280	466,982
7	66	70,000	0	36,998	587,892	553,630
8	67	0	0	38,683	614,670	571,036
9	68	0	0	40,445	642,668	589,234
10	69	0	0	42,288	671,942	608,262
11	70	0	55,524	38,593	613,236	570,103
12	71	0	55,524	34,730	551,856	530,206
13	72	0	55,524	31,234	496,304	488,736
14	73	0	55,524	28,505	452,944	446,038
15	74	0	55,524	25,696	408,302	402,076
16	75	0	55,524	22,803	362,337	356,812
17	76	0	55,524	19,825	315,012	310,209
18	77	0	55,524	16,758	266,286	262,226
19	78	0	55,524	13,601	216,117	212,822
20	79	0	55,524	10,350	164,463	161,955
21	80	0	55,524	7,003	111,279	109,582
22	81	0	55,524	3,557	56,520	55,658
23	82	0	55,524	9	140	138
24	83	0	138	0	0	0
25	84	0	0	0	0	0
26	85	0	0	0	0	0
27	86	0	0	0	0	0
28	87	0	0	0	0	0
29	88	0	0	0	0	0
30	89	0	0	0	0	0
		490,000	721,950			

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	490,000
After Tax Cash Flow	721,950
Living Values	0
Death Benefit	0

# Various Financial Alternatives vs. Index Universal Life

Presented By: Shawn Bragdon, CLU, ChFC

Insured: Mr. Valued Client

## Tax Deferred Account

Tax Deferred  
Account  
Yield  
6.58%

Income  
Tax Rate  
35.00%

Initial  
Payment  
70,000

Tax Deferred Account						
Year	Male Age	(1) Annual Deposit	(2) After Tax Cash Flow	(3) Gross Yield 6.58%	(4) Tax Deferred Ending Balance	(5) After Tax Values
31	90	0	0	0	0	0
32	91	0	0	0	0	0
33	92	0	0	0	0	0
34	93	0	0	0	0	0
35	94	0	0	0	0	0
36	95	0	0	0	0	0
37	96	0	0	0	0	0
38	97	0	0	0	0	0
39	98	0	0	0	0	0
40	99	0	0	0	0	0
41	100	0	0	0	0	0

490,000

721,950

Management fees reflected in column (4): 0.70%

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

### 41 Year Summary

Tax Deferred Account	
After Tax Payments	490,000
After Tax Cash Flow	721,950
Living Values	0
Death Benefit	0

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.

# 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									
		(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)
Year	Male Age										
1	60	0	70,000	70,000	0	0	0	0	0	73,188	0
2	61	73,188	70,000	140,000	0	0	0	0	0	149,710	0
3	62	149,710	70,000	210,000	0	0	0	0	0	229,718	0
4	63	229,718	70,000	280,000	0	0	0	0	0	313,370	0
5	64	313,370	70,000	350,000	0	0	0	0	0	400,833	0
6	65	400,833	70,000	420,000	0	0	0	0	0	492,280	0
7	66	492,280	70,000	490,000	0	0	0	0	0	587,892	0
8	67	587,892	0	490,000	0	0	0	0	0	614,670	0
9	68	614,670	0	490,000	0	0	0	0	0	642,668	0
10	69	642,668	0	490,000	0	0	0	0	0	671,942	0
11	70	671,942	0	490,000	85,422	85,422	85,422	55,524	0	613,236	55,524
12	71	613,236	0	490,000	85,422	85,422	85,422	55,524	0	551,856	55,524
13	72	551,856	0	490,000	77,174	61,856	61,856	40,206	15,318	496,304	55,524
14	73	496,304	0	474,682	63,092	21,622	21,622	14,054	41,470	452,944	55,524
15	74	452,944	0	433,212	62,430	19,732	19,732	12,826	42,698	408,302	55,524
16	75	408,302	0	390,514	61,750	17,788	17,788	11,562	43,962	362,337	55,524
17	76	362,337	0	346,552	61,049	15,785	15,785	10,260	45,264	315,012	55,524
18	77	315,012	0	301,288	60,327	13,724	13,724	8,920	46,604	266,286	55,524
19	78	266,286	0	254,685	59,584	11,601	11,601	7,541	47,983	216,117	55,524
20	79	216,117	0	206,702	58,819	9,415	9,415	6,120	49,404	164,463	55,524
21	80	164,463	0	157,298	58,032	7,165	7,165	4,658	50,866	111,279	55,524
22	81	111,279	0	106,431	57,221	4,848	4,848	3,151	52,373	56,520	55,524
23	82	56,520	0	54,058	56,386	2,462	2,462	1,600	53,924	140	55,524
24	83	140	0	134	140	6	6	4	134	0	138
25	84	0	0	0	0	0	0	0	0	0	0
26	85	0	0	0	0	0	0	0	0	0	0
27	86	0	0	0	0	0	0	0	0	0	0
28	87	0	0	0	0	0	0	0	0	0	0
29	88	0	0	0	0	0	0	0	0	0	0
30	89	0	0	0	0	0	0	0	0	0	0
			490,000		846,848		356,848	231,950	490,000		721,950

# 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  
6.58%

Income  
Tax Rate  
35.00%

Initial  
Payment  
70,000

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	90	0	0	0	0	0	0	0	0	0	0
32	91	0	0	0	0	0	0	0	0	0	0
33	92	0	0	0	0	0	0	0	0	0	0
34	93	0	0	0	0	0	0	0	0	0	0
35	94	0	0	0	0	0	0	0	0	0	0
36	95	0	0	0	0	0	0	0	0	0	0
37	96	0	0	0	0	0	0	0	0	0	0
38	97	0	0	0	0	0	0	0	0	0	0
39	98	0	0	0	0	0	0	0	0	0	0
40	99	0	0	0	0	0	0	0	0	0	0
41	100	0	0	0	0	0	0	0	0	0	0
		490,000		846,848		356,848		231,950		490,000	
										721,950	

# 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  
6.58%

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	60	107,692	70,000	0	113,056	73,486	73,486
2	61	107,692	70,000	0	231,744	150,634	150,634
3	62	107,692	70,000	0	356,344	231,624	231,624
4	63	107,692	70,000	0	487,151	316,648	316,648
5	64	107,692	70,000	0	624,474	405,908	405,908
6	65	107,692	70,000	0	768,638	499,615	499,615
7	66	107,692	70,000	0	919,983	597,989	597,989
8	67	0	0	0	965,810	627,777	627,777
9	68	0	0	0	1,013,920	659,048	659,048
10	69	0	0	0	1,064,426	691,877	691,877
11	70	0	0	55,524	1,027,771	668,051	668,051
12	71	0	0	55,524	989,291	643,039	643,039
13	72	0	0	55,524	948,894	616,781	616,781
14	73	0	0	55,524	906,484	589,215	589,215
15	74	0	0	55,524	861,962	560,275	560,275
16	75	0	0	55,524	815,221	529,894	529,894
17	76	0	0	55,524	766,153	497,999	497,999
18	77	0	0	55,524	714,640	464,516	464,516
19	78	0	0	55,524	660,562	429,365	429,365
20	79	0	0	55,524	603,789	392,463	392,463
21	80	0	0	55,524	544,189	353,723	353,723
22	81	0	0	55,524	481,620	313,053	313,053
23	82	0	0	55,524	415,934	270,357	270,357
24	83	0	0	55,524	346,976	225,534	225,534
25	84	0	0	55,524	274,583	178,479	178,479
26	85	0	0	55,524	198,584	129,080	129,080
27	86	0	0	55,524	118,799	77,219	77,219
28	87	0	0	55,524	35,039	22,775	22,775
29	88	0	0	22,775	0	0	0
30	89	0	0	0	0	0	0
		753,844	490,000	1,022,207			

Management fees reflected in column (4): 1.50%

\*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.

### 30 Year Summary

	TDRP
After Tax Payments	490,000
After Tax Cash Flow	1,022,207
Living Values	0
Death Benefit	0

# 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  
6.58%

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	90	0	0	0	0	0	0
32	91	0	0	0	0	0	0
33	92	0	0	0	0	0	0
34	93	0	0	0	0	0	0
35	94	0	0	0	0	0	0
36	95	0	0	0	0	0	0
37	96	0	0	0	0	0	0
38	97	0	0	0	0	0	0
39	98	0	0	0	0	0	0
40	99	0	0	0	0	0	0
41	100	0	0	0	0	0	0

753,844      490,000      1,022,207

Management fees reflected in column (4): 1.50%

\*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.

### 41 Year Summary

	TDRP
After Tax Payments	490,000
After Tax Cash Flow	1,022,207
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 11

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

	\$85,422	gain in contract withdrawn @ 35.00% tax to net		\$55,524
+	\$0	additional non-taxed withdrawal to net	+	\$0
	<hr/>			<hr/>
	\$85,422	total withdrawal which nets, after tax		\$55,524

### 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 11

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

\$85,422      total withdrawal @ 35.00% tax which nets      \$55,524

### 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.