

"Pretend" Profit Sharing Plan vs. Indexed Universal Life

For: Tony Harmon (President of a C Corporation)



Presented By: _____

[Licensed user's name appears here]

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Defined Contribution Retirement Plan

A Defined Contribution Retirement Plan

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

For: Tony Harmon (President of C Corporation)

Preface

A defined contribution retirement plan is an asset accumulation program which has been granted special tax consideration. It has these characteristics:

Deductible Contributions

Funding costs within prescribed limits are deductible from current taxable income. (Certain nondeductible contributions may be allowed.)

Tax Deferred Growth

Earnings are not subject to current income tax.

Taxation At Distribution

Income tax is assessed on plan distributions in excess of nondeductible contributions.

Form of Distribution

There are three: 1) lump sum; 2) payments from an annuity contract; and 3) withdrawal.

Distribution Requirements

Distributions should start between ages 59½ and age 70½. Any amounts distributed prior to age 59½ are "premature distributions" and are generally subject to an additional 10.00% penalty tax. If distributions

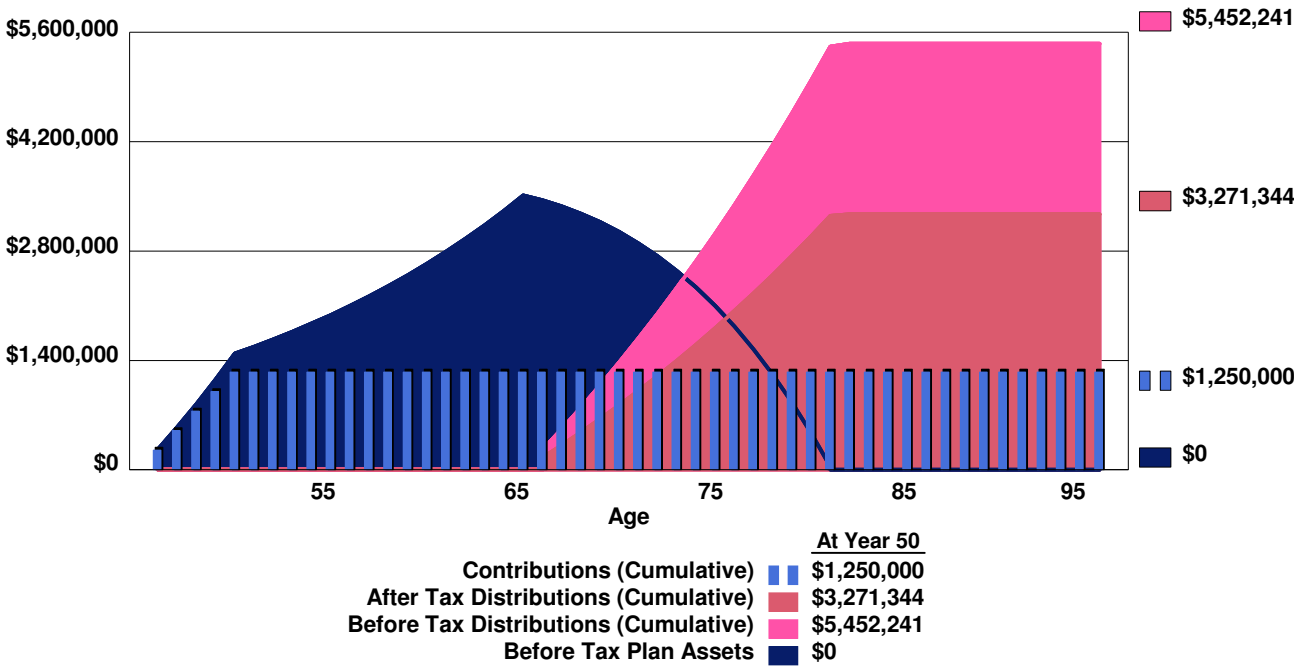
commence after 70½, a 50% penalty tax is assessed on the minimum amount that should have been distributed.

Required Minimum Distributions

Plan values divided by certain life expectancy factors establishes a minimum which must be distributed each calendar year. Life expectancy is based on either the age of the participant or the joint ages of the participant and a beneficiary. The participant may take more than the minimum at any time.

The required minimum distribution (RMD) is calculated using the Uniform Lifetime table. An exception is allowed if the beneficiary is the spouse and is more than ten years younger than the client. In these cases, the client can elect to use the actual joint table, which results in lower RMDs than the Uniform Lifetime table.

If a participant is willing to endure the many rules, regulations and potential penalties, these plans can be irresistible as a result of the dynamic combination of funding deductions and tax sheltered asset growth. The accompanying material should be helpful to you in analyzing your use of such a plan.



Note: All projections are based on client furnished data and assumptions.

A Defined Contribution Retirement Plan

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For: Tony Harmon (President of C Corporation)

Pre-Retirement Accumulation

		Initial Plan Assets 0			Plan Yield 7.50%
		(1) Beginning of Year Balance in Plan Assets	(2) Annual Contribution by Employer	(3) Beginning of Year Total Plan Assets	(4) Year End Plan Assets
Pre-Retirement Year	Age				
1	45	0	250,000	250,000	264,719
2	46	264,719	250,000	514,719	545,023
3	47	545,023	250,000	795,023	841,830
4	48	841,830	250,000	1,091,830	1,156,111
5	49	1,156,111	250,000	1,406,111	1,488,895
6	50	1,488,895	0	1,488,895	1,576,554
7	51	1,576,554	0	1,576,554	1,669,374
8	52	1,669,374	0	1,669,374	1,767,658
9	53	1,767,658	0	1,767,658	1,871,729
10	54	1,871,729	0	1,871,729	1,981,927
11	55	1,981,927	0	1,981,927	2,098,613
12	56	2,098,613	0	2,098,613	2,222,169
13	57	2,222,169	0	2,222,169	2,353,000
14	58	2,353,000	0	2,353,000	2,491,533
15	59	2,491,533	0	2,491,533	2,638,222
16	60	2,638,222	0	2,638,222	2,793,548
17	61	2,793,548	0	2,793,548	2,958,018
18	62	2,958,018	0	2,958,018	3,132,171
19	63	3,132,171	0	3,132,171	3,316,578
20	64	3,316,578	0	3,316,578	3,511,841

1,250,000

Management fees reflected in column (4): 1.50%

Plan results are hypothetical only. Actual results will vary due to changes in contributions and withdrawals, income tax brackets, and investment performance.

A Defined Contribution Retirement Plan

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Retirement Distribution

		Plan Yield 7.50%	Retirement Income Tax Bracket 40.00%			
Retirement Year	Age	(1) Beginning of Year Balance in Plan Assets	(2) Before Tax IRS Required Minimum Distribution*	(3) Before Tax Scheduled Distribution	(4) After Tax Income from Scheduled Distribution	(5) Year End Plan Assets
1	65	3,511,841	0	255,000	153,000	3,448,588
2	66	3,448,588	0	264,750	158,850	3,371,286
3	67	3,371,286	0	274,658	164,795	3,278,942
4	68	3,278,942	0	284,865	170,919	3,170,353
5	69	3,170,353	0	295,378	177,227	3,044,239
6	70	3,044,239	111,104	306,205	183,723	2,899,235
7	71	2,899,235	109,405	317,358	190,415	2,733,885
8	72	2,733,885	106,792	328,845	197,307	2,546,637
9	73	2,546,637	103,103	340,677	204,406	2,335,836
10	74	2,335,836	98,144	352,863	211,718	2,099,720
11	75	2,099,720	91,691	365,415	219,249	1,836,412
12	76	1,836,412	83,473	378,345	227,007	1,543,911
13	77	1,543,911	72,826	391,662	234,997	1,220,088
14	78	1,220,088	60,103	405,377	243,226	862,678
15	79	862,678	44,240	419,505	251,703	469,264
16	80	469,264	25,094	434,057	260,434	37,281
17	81	37,281	2,083	37,281	22,368	0
18	82	0	0	0	0	0
19	83	0	0	0	0	0
20	84	0	0	0	0	0
21	85	0	0	0	0	0
22	86	0	0	0	0	0
23	87	0	0	0	0	0
24	88	0	0	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
			908,058	5,452,241	3,271,344	

Management fees reflected in column (5): 1.50%

*Column (2) projects an estimate of the required minimum distribution based on the Uniform Lifetime table life expectancy factors, recalculated each year based on asset value and client age.

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A Defined Contribution Retirement Plan

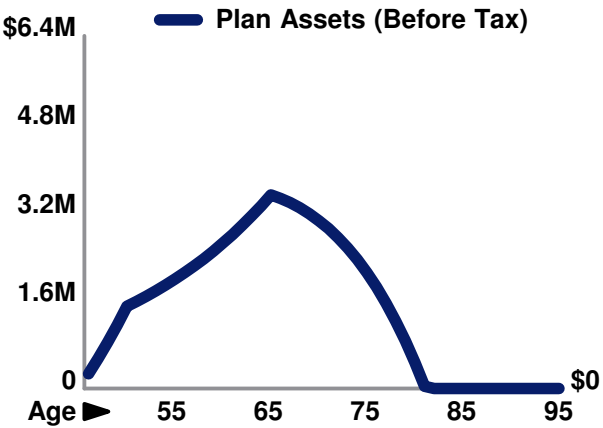
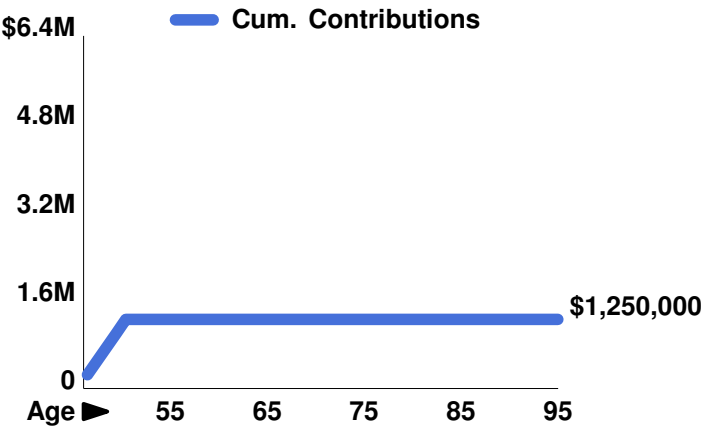
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Accumulation and Distribution

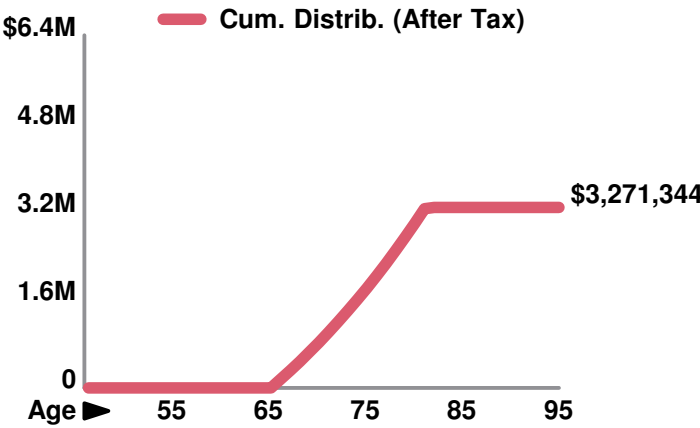
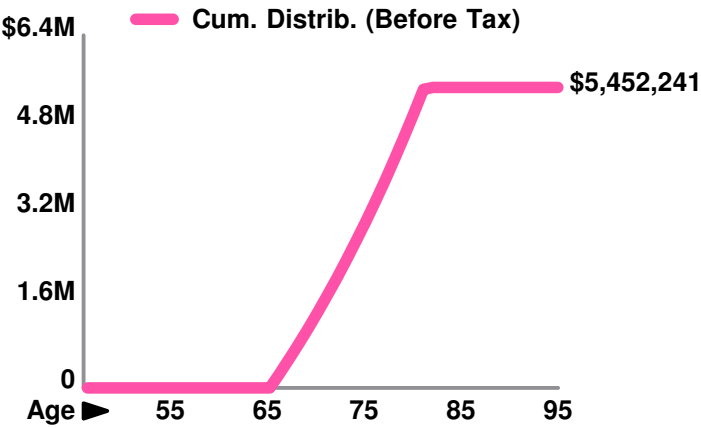
Cumulative Contributions

Plan Assets
(Before Tax)



Cumulative Distributions
(Before Tax)

Cumulative Distributions
(After Tax)



Note: All projections are based on client furnished data and assumptions.



Indexed Universal Life

Preface

In the accompanying presentation, you will see the financial data from an illustration of a cash value life insurance policy.

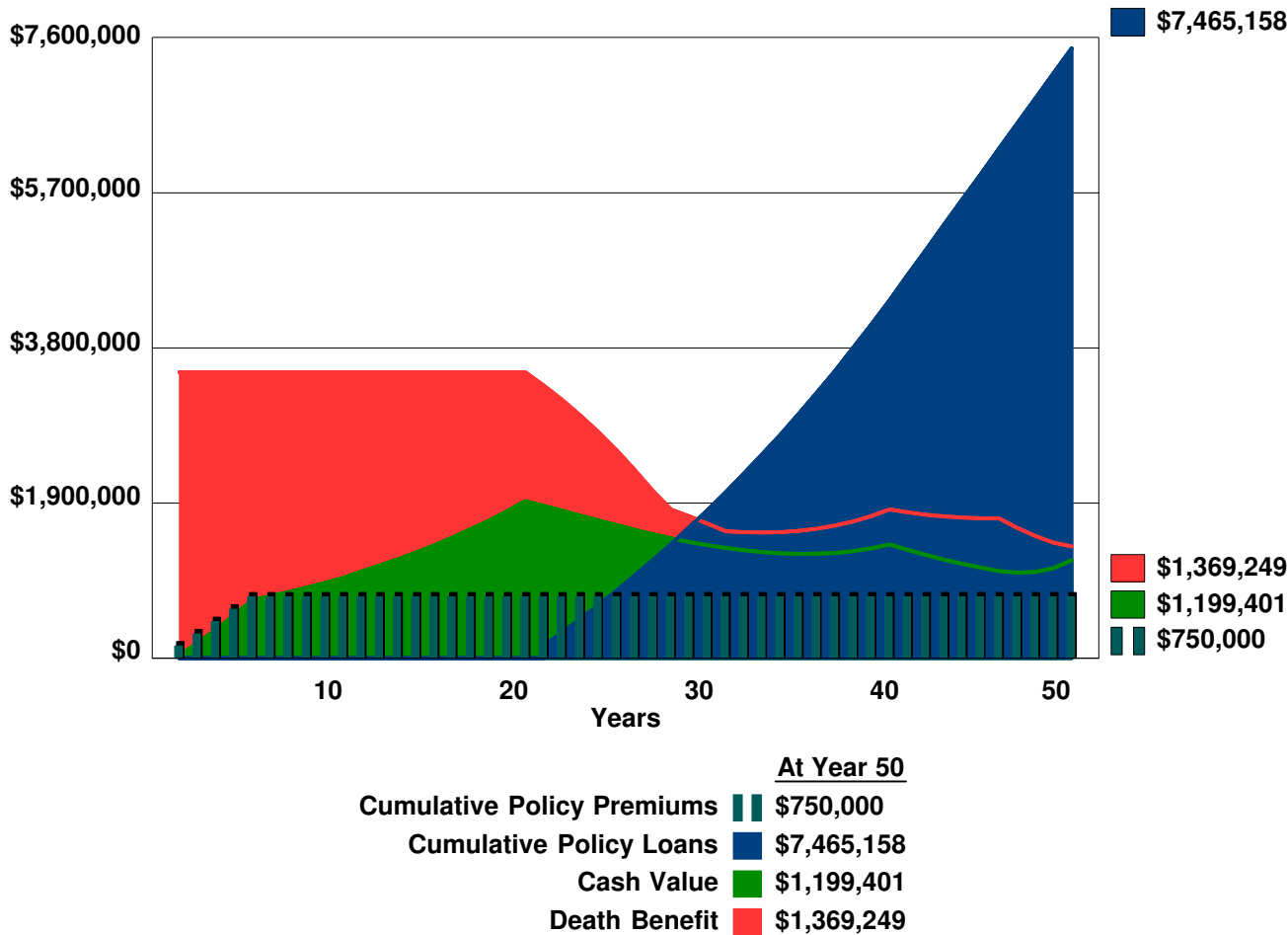
To help you make an informed decision about acquiring the policy, the illustration includes information about premiums, cash values and death benefits plus scheduled policy loan proceeds.

Cash value life insurance contains the following features:

- 1. Accumulating cash values;
- 2. Income tax deferred growth of cash values;
- 3. Competitive current interest rate;

- 4. Income tax free access to cash values via policy loans;
- 5. Income tax free death benefits;
- 6. Probate free death benefits;
- 7. 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 graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

Indexed Universal Life

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

Insured: Tony Harmon

Illustration of Values of Indexed Universal Life

		Income Tax Rate 40.00%	Indexed UL Interest Rate 7.50%	Initial Payment 150,000	Initial Death Benefit 3,500,000		
		(1)	(2)	(3)	(4)	(5)	
		Policy Premium	Retirement Income Net Loan Proceeds	Cash Value* Increase	Year End Cash Value*	Death Benefit	
Year	Male Age						
1	45	150,000	0	31,565	31,565	3,500,000	
2	46	150,000	0	153,134	184,699	3,500,000	
3	47	150,000	0	163,733	348,432	3,500,000	
4	48	150,000	0	175,248	523,680	3,500,000	
5	49	150,000	0	187,605	711,285	3,500,000	
6	50	0	0	47,901	759,186	3,500,000	
7	51	0	0	50,831	810,017	3,500,000	
8	52	0	0	54,064	864,081	3,500,000	
9	53	0	0	57,600	921,681	3,500,000	
10	54	0	0	61,489	983,170	3,500,000	
11	55	0	0	78,241	1,061,411	3,500,000	
12	56	0	0	72,668	1,134,079	3,500,000	
13	57	0	0	77,525	1,211,604	3,500,000	
14	58	0	0	82,641	1,294,245	3,500,000	
15	59	0	0	88,133	1,382,378	3,500,000	
16	60	0	0	94,130	1,476,508	3,500,000	
17	61	0	0	100,660	1,577,168	3,500,000	
18	62	0	0	107,733	1,684,901	3,500,000	
19	63	0	0	115,402	1,800,303	3,500,000	
20	64	0	0	123,749	1,924,052	3,500,000	
21	65	0	153,000	-58,341	1,865,711	3,339,268	
22	66	0	158,850	-59,169	1,806,542	3,164,439	
23	67	0	164,795	-59,558	1,746,984	2,974,626	
24	68	0	170,919	-59,405	1,687,579	2,768,892	
25	69	0	177,227	-58,525	1,629,054	2,546,248	
26	70	0	183,723	-56,768	1,572,286	2,305,651	
27	71	0	190,415	-54,069	1,518,217	2,045,999	
28	72	0	197,307	-49,921	1,468,296	1,820,535	
29	73	0	204,406	-43,921	1,424,375	1,735,736	
30	74	0	211,718	-39,061	1,385,314	1,647,434	
		750,000	1,812,360				

*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 basic illustration from the issuing life insurance company.

30 Year Summary

Cum. Payments	750,000
Cum. Policy Loan Proceeds	1,812,360
Cash Value	1,385,314
Death Benefit	1,647,434

Indexed Universal Life

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Insured: Tony Harmon

Illustration of Values of Indexed Universal Life

		Income Tax Rate 40.00%	Indexed UL Interest Rate 7.50%	Initial Payment 150,000	Initial Death Benefit 3,500,000		
Year	Male Age	(1) Policy Premium	(2) Retirement Income Net Loan Proceeds	(3) Cash Value* Increase	(4) Year End Cash Value*	(5) Death Benefit	
31	75	0	219,249	-33,429	1,351,885	1,554,851	
32	76	0	227,007	-28,257	1,323,628	1,543,867	
33	77	0	234,997	-22,265	1,301,363	1,540,530	
34	78	0	243,226	-15,397	1,285,966	1,545,837	
35	79	0	251,703	-7,605	1,278,361	1,560,844	
36	80	0	260,434	1,155	1,279,516	1,586,658	
37	81	0	269,427	11,065	1,290,581	1,624,580	
38	82	0	278,689	22,084	1,312,665	1,675,872	
39	83	0	288,230	34,243	1,346,908	1,741,838	
40	84	0	298,056	47,537	1,394,445	1,823,780	
41	85	0	308,178	-67,854	1,326,591	1,786,693	
42	86	0	308,178	-62,077	1,264,514	1,757,380	
43	87	0	308,178	-56,382	1,208,132	1,735,840	
44	88	0	308,178	-50,979	1,157,153	1,721,857	
45	89	0	308,178	-46,134	1,111,019	1,714,938	
46	90	0	308,178	-42,267	1,068,752	1,714,155	
47	91	0	308,178	-20,991	1,047,761	1,599,866	
48	92	0	308,178	7,694	1,055,455	1,498,605	
49	93	0	308,178	46,232	1,101,687	1,418,232	
50	94	0	308,178	97,714	1,199,401	1,369,249	
		750,000	7,465,158				

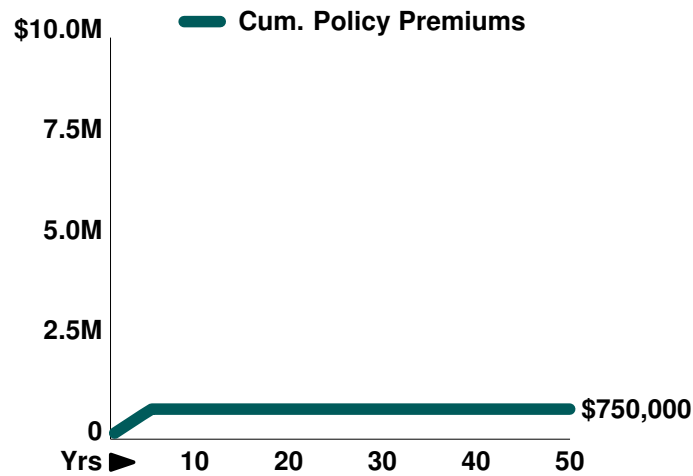
*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a basic illustration from the issuing life insurance company.

50 Year Summary

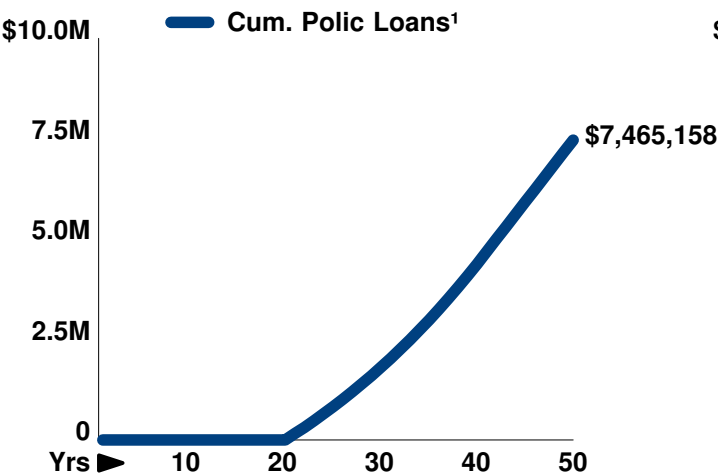
Cum. Payments	750,000
Cum. Policy Loan Proceeds	7,465,158
Cash Value	1,199,401
Death Benefit	1,369,249

50 Year Analysis

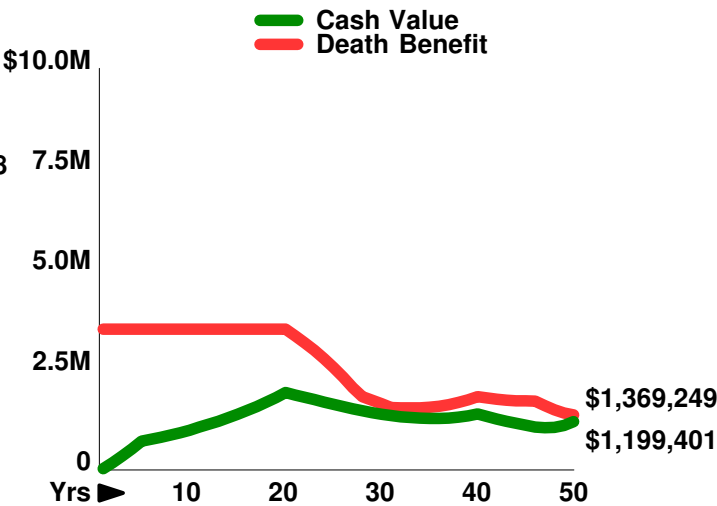
Payments



Cash Flow



Policy Values



¹ For Retirement Income.