

# CRITES

INSURANCE GROUP

## Trading Taxes & Management Fees for Policy Changes

Cash Value Life Insurance Compared  
to Other Investment Alternatives

[www.critesinsurance.com](http://www.critesinsurance.com)



## Conceptual Overview

### The Risk Management Bedrock of a Sound Financial Plan

Permanent life insurance provides liquidity upon your death, generally income tax free<sup>1</sup>, precisely when it may be needed most by your family to address various risk management needs over your lifetime, such as:

- ✓ Replace lost income so that surviving family members can maintain their desired lifestyle
- ✓ Pay off existing debts, such as a home mortgage, or fund college tuition and expenses for a child
- ✓ Offset income taxes paid by beneficiaries on distributions from, or liquidations of, inherited tax-deferred assets
- ✓ Pay estate settlement costs, such as estate taxes, to avoid having to liquidate other assets
- ✓ Hedge against adverse volatility in other asset values at death with a competitive total return to boot



### An Effective, Tax-Advantaged Savings Vehicle

When structured properly, permanent life insurance also can provide many benefits while you are living, such as:

- ✓ Death benefit proceeds can be accelerated income tax free during life in the event you become chronically ill, via rider selected at issue, to help fund any related costs of care<sup>1</sup>
- ✓ Cash value build-up with competitive growth potential and tax-deferred earnings that can diversify and reduce the taxation of your investable assets
- ✓ Income tax-free distributions from cash value via withdrawals, and/or policy loans that are repaid by the death benefit, which can diversify the taxation of and increase your future cash flow<sup>2</sup>
- ✓ Access to, use of and control over cash value prior to age 59½ and after age 70½ (no age 59½ accessibility limitations<sup>2</sup> or age 70½ required distributions)
- ✓ Contribution limits, set at issue, that are correlated to the your income (the higher your income at issue, generally the higher the premium limit)<sup>3</sup>
- ✓ Quick and cost-effective source of credit through income tax-free policy loans, any repayments for which during life restore your accessible cash value as opposed to boosting a bank's profits
- ✓ An efficient source of collateral that can be pledged to secure other lines of credit<sup>2</sup>
- ✓ Statutory creditor protection, depending on the State of issue, that can prevent the cash value and death benefit from being reached by creditors (please consult a local attorney)



<sup>1</sup>Death benefit proceeds are generally received free of income tax pursuant to IRC §101(a)(1). Instances where death benefit proceeds can be taxable include, but are not limited to, the sale or transfer of the policy to a new owner that does not qualify for a statutory transfer for value exception under IRC §101(a)(2), or the purchase of a policy by a business entity on the life of an employee without satisfying the statutory notice and consent requirements of IRC §101(j). Accelerated death benefit proceeds payable as a result of the insured's chronic or terminal illness are generally received income tax free as long as the total benefits paid in the taxable year do not exceed the greater of the insured's qualified long-term care expenses and the IRS pre diem limit pursuant to IRC §101(g) and §7702B(d). Such accelerated death benefit proceeds payable to a business entity as policy owner are taxable as ordinary income to the business pursuant to IRC §101(g)(5).

<sup>2</sup>Access to cash value through withdrawals and policy loans is income tax free pursuant to IRC §7702A and §72 as long as the policy never becomes a Modified Endowment Contract (MEC) and the policy remains in force until death. If the policy ever becomes a MEC then any actual distributions (e.g. withdrawals) or deemed distributions (e.g. increase in policy indebtedness or pledging the policy as security for outside indebtedness) are taxable to the extent of gain on a last in first out basis (gain recovered first) plus a 10% penalty if the policy owner is under age 59½ (note if the policy is owned by a non-natural person, such as a business entity or trust, the 10% penalty to the extent of gain may apply regardless of the insured's age). If the policy lapses or is surrendered, the sum of any outstanding policy indebtedness discharged plus any cash value proceeds received is taxable to the extent it exceeds adjusted cost basis.

<sup>3</sup>The higher the insured's income, generally the higher the face amount that can be financially justified for underwriting purposes. A higher face amount results in higher statutory non-MEC premium limits, thus allowing more annual premium to be paid with cash value build-up that can be accessible during life free of income tax.

## Conceptual Overview

### Cash Value Life Insurance vs. Other Financial Alternatives

	Cash Value Life Insurance	Non-Qualified Taxable Investments	Qualified Plans	Roth 401(k)s and Roth IRAs	Annuities	Municipal Bonds
Income tax-free death benefit	✓	✗	✗	✗	✗	✗
Tax-deductible contributions	✗	✗	✓	✗	✗	✗
Tax-deferred earnings and realized gains	✓	✗	✓	✓	✓	✗
Tax-Advantaged Withdrawals and/or Income	✓	✗	✗	✓	✗	✓
No required withdrawals	✓	✓	✗	✓	✓	✓
No penalties for early withdrawals	✓	✓	✗	✗	✗	✓
No contribution limits	✓	✓	✗	✗	✓	✓
No cost of insurance charges	✗	✓	✓	✓	✓	✓
Competitive rate of return potential	✓	✓	✓	✓	✓	✗
Statutory creditor protection (depending on State)	✓	✗	✓	✓	✓	✗

### Statutory Authorities for Key Tax Attributes of Life Insurance

IRC §101	Death benefit proceeds received can be excluded from gross income
IRC §101 and §7702B	Accelerated death benefit proceeds received by reason of the insured becoming chronically or terminally ill can be excluded from gross income, up to certain limits
IRC §7702	Earnings generated by the policy's cash value are excluded from gross income if the policy satisfies one of the definition of life insurance tests stated in §7702(a)
IRC §7702A	Premiums paid exceeding the 7-pay premium test limit cause the policy to become a Modified Endowment Contract (MEC)
IRC §72	Withdrawals from cash value up to adjusted basis and policy loans from a non-MEC policy that remains in force until death can be excluded from gross income
IRC §72	Distributions or deemed distributions from a MEC policy's cash value are included in gross income, plus a 10% penalty if under age 59 1/2, to the extent of gain

### Trading Taxes and Management Fees for Policy Charges

Cash Value Life Insurance vs. Various Investment Alternatives:

Permanent life insurance's combination of death benefit and cash value features can make it an efficient asset for funding both protection and wealth accumulation needs. Should you die prior to retirement, the death benefit can compensate your family for any lost future contributions to your investments. That is, it can "self complete" in the event of an untimely death. When you retire, or otherwise need to access cash value, you can take withdrawals and policy loans to supplement other sources of cash flow.

Life insurance cash value grows tax deferred and can be accessed income tax free but is subject to monthly policy charges that are deducted from the account to fund the death benefit protection element of the policy. Alternatively, if you were to invest the premium amount in a taxable investment, as many objectors to cash value life insurance often suggest, you will be subject to taxation on realized gains and income within the resulting investment portfolio as well as investment management fees to some extent.

Turning to the underlying investment strategy operative within certain types of cash value life insurance, interest earnings can be credited to the cash value at a rate comparable to, or competitive with, that of many traditional investment options of similar risk and return characteristics. Credited interest rates will fluctuate and vary over time, the degree of which depends on the type of life insurance policy selected.

Therefore, the tradeoff that you make when purchasing cash value life insurance is paying policy charges instead of taxes and management fees and the former, when structured properly, can be more efficient over the long term. Accordingly, a cash value life insurance policy can be a cost-effective complement to a diversified, long-term investment strategy.

**The following analysis compares these mathematical tradeoffs by projecting the future values during life and upon death of a cash value life insurance policy versus those of a taxable investment portfolio illustrated with detailed assumptions simulating a managed account and with contribution amounts equal to the net premium from the life insurance.**

All projected values herein are hypothetical and for illustrative purposes only; based on hypothetical assumptions for taxes and investment returns provided by you and your advisor. All life insurance values are based on non-guaranteed policy charges. Actual results will vary and may be more or less favorable than what is shown in this Analysis. This is a supplemental illustration and not valid unless preceded or accompanied by a basic illustration from the life insurance carrier. Please refer to the basic illustration for details regarding guaranteed and non-guaranteed elements and other important policy information.

## Trading Taxes and Management Fees for Policy Charges

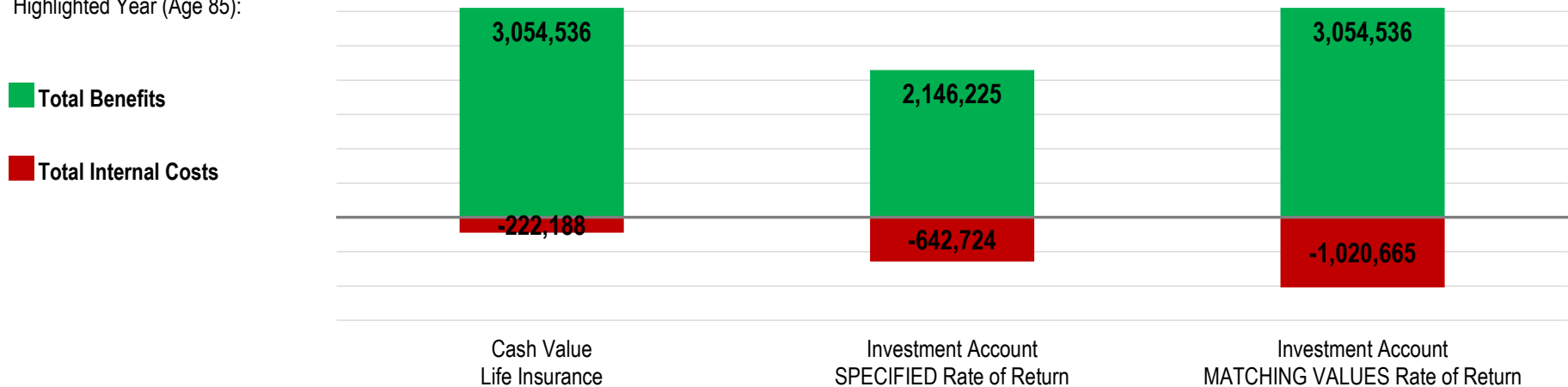
Cash Value Life Insurance vs. Other Investment Alternatives

## Comparison of Financial Alternatives

Prepared for Mr. Income  
Prepared by Lion Street Producer

	Cash Value Life Insurance	Investment Account SPECIFIED Rate of Return	Investment Account MATCHING VALUES Rate of Return
<b>Rate of Return (ROR) Assumptions:</b>			
Illustrated Annual Return	<b>6.00%</b> Credited Interest Rate	<b>6.00%</b> Total Pre-Tax Rate of Return	<b>8.31%</b> Total Pre-Tax Rate of Return
IRR on Account Value	<b>5.69%</b>	<b>3.99%</b>	<b>5.81%</b>
IRR at Death	<b>5.81%</b>	<b>3.99%</b>	<b>5.81%</b>
<b>Summary at Highlighted Year (Age 85):</b>			
Total Net Outlay Over Years 1-10	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
Total Taxes	0	486,594	823,544
Total Management Fees	0	156,130	197,122
Total Policy Charges	222,188	0	0
<b>Total Internal Costs</b>	<b>222,188</b>	<b>642,724</b>	<b>1,020,665</b>
Total After-Tax Income Over Years 16-35	2,883,620	2,146,225	2,883,620
Balance at Death	170,916	0	170,916
<b>Total Benefits</b>	<b>3,054,536</b>	<b>2,146,225</b>	<b>3,054,536</b>

Summary at Highlighted Year (Age 85):

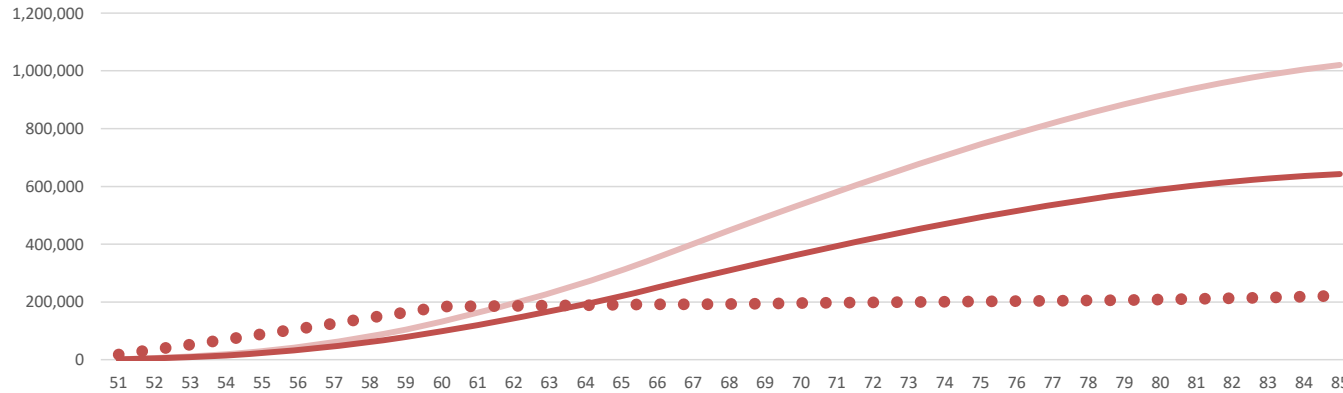


# Trading Taxes and Management Fees for Policy Charges

Cash Value Life Insurance vs. Other Investment Alternatives

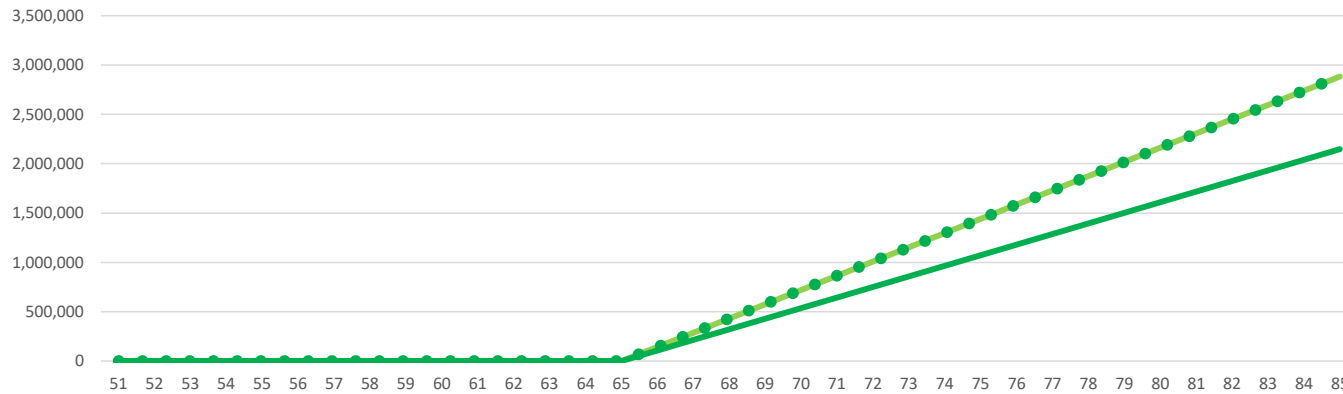
## Comparison of Financial Alternatives

Prepared for Mr. Income  
Prepared by Lion Street Producer



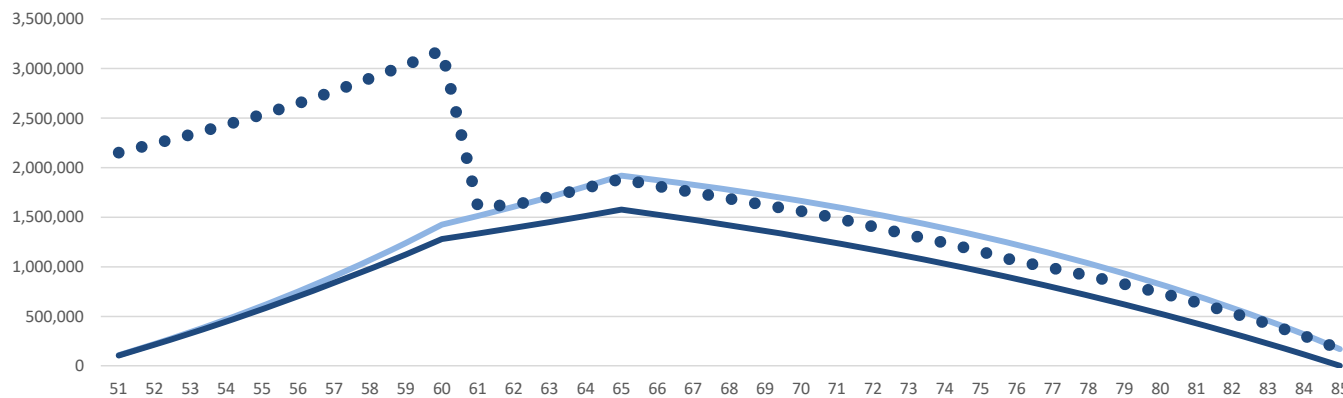
### Total Internal Costs by Age 85

- Investment Account @ 8.31% Gross (Total Taxes and Management Fees): 1,020,665
- Investment Account @ 6.00% Gross (Total Taxes and Management Fees): 642,724
- Cash Value Life Insurance @ 6.00% Gross (Total Policy Charges): 222,188



### Total After-Tax Income by Age 85

- Investment Account @ 8.31% Gross: 2,883,620
- Investment Account @ 6.00% Gross: 2,146,225
- Cash Value Life Insurance @ 6.00% Gross: 2,883,620



### Balance at Death at Age 85

- Investment Account @ 8.31% Gross: 170,916
- Investment Account @ 6.00% Gross: 0
- Cash Value Life Insurance @ 6.00% Gross: 170,916

## Trading Taxes and Management Fees for Policy Charges

Cash Value Life Insurance vs. Other Investment Alternatives

## SPECIFIED Rate of Return | Assumptions Used in the Projections

Prepared for Mr. Income  
Prepared by Lion Street Producer

### Cash Value Life Insurance:

Insured Name:	Mr. Income
Insured Age:	50
Insured 1 Gender/Class:	Male   Preferred Nontobacco
Insured 2 Gender/Class:	N/A
Life Insurance Carrier:	Nationwide Life and Annuity Insurance Co.
Life Insurance Policy:	New Heights IUL Accumulator
Policy Illustrated Rate:	6.00%

### Investment Account:

#### Asset Allocation

Equity Growth Rate:	6.00%
Equity Dividend Rate:	2.00%
Total Equity Return (Growth + Dividend):	8.00%
Fixed Income Yield:	3.00%
Allocation to Equities:	60.00%
Allocation to Fixed Income:	40.00%

#### Returns, Taxes and Turnover Details

Capital Growth Rate of Return (ROR):	3.60%
Dividend + Income Rate of Return (ROR):	2.40%
Combined Pre-Tax Rate of Return (Capital Growth + Dividend + Income):	6.00%
Portion of Dividend + Income as Ordinary:	50.00%
Portion of Dividend + Income as Qualified:	50.00%
Ordinary Income Tax Rate:	40.80%
Capital Gain and Qualified Dividend Tax Rate:	23.80%
Portion of Gain as Long Term:	100.00%
Composite Capital Gain Tax Rate:	23.80%
Annual Growth Turnover Rate:	10.00%
Annual Management Fee:	0.50%

Cash Value Life Insurance Summary at Highlighted Year (Age 85):	
Total Net Outlay	1,000,000
Total Taxes	0
Total Management Fees	0
Total Policy Charges	222,188
<b>Total Internal Costs</b>	<b>222,188</b>
Total After-Tax Income	2,883,620
Net Death Benefit	170,916
<b>Total Benefits</b>	<b>3,054,536</b>
Internal Rate of Return (IRR) on Cash Value	5.69%
Internal Rate of Return (IRR) at Death	5.81%

Investment Account Summary at Highlighted Year (Age 85):	
Total Net Outlay	1,000,000
Total Taxes	486,594
Total Management Fees	156,130
Total Policy Charges	0
<b>Total Internal Costs</b>	<b>642,724</b>
Total After-Tax Income	2,146,225
Balance at Death (Basis Step Up)	0
<b>Total Benefits</b>	<b>2,146,225</b>
Internal Rate of Return (IRR) on Account Balance	3.99%
Internal Rate of Return (IRR) at Death	3.99%

All projected values herein are hypothetical and for illustrative purposes only; based on hypothetical assumptions for taxes and investment returns provided by you and your advisor. All life insurance values are based on non-guaranteed policy charges. Actual results will vary and may be more or less favorable than what is shown in this Analysis. This is a supplemental illustration and not valid unless preceded or accompanied by a basic illustration from the life insurance carrier. Please refer to the basic illustration for details regarding guaranteed and non-guaranteed elements and other important policy information.

## Trading Taxes and Management Fees for Policy Charges

Cash Value Life Insurance vs. Other Investment Alternatives

## MATCHING VALUES Rate of Return | Assumptions Used in the Projections

Prepared for Mr. Income  
Prepared by Lion Street Producer

### Cash Value Life Insurance:

Insured Name:	Mr. Income
Insured Age:	50
Insured 1 Gender/Class:	Male   Preferred Nontobacco
Insured 2 Gender/Class:	N/A
Life Insurance Carrier:	Nationwide Life and Annuity Insurance Co.
Life Insurance Policy:	New Heights IUL Accumulator
Policy Illustrated Rate:	6.00%

Rate of Return needed in the investment account to match the values of the life insurance at the summary year using the same asset allocation and ratio of equity growth, dividend and fixed income yield as those provided in the Specified Rate of Return scenario assumptions.

### Investment Account:

#### Asset Allocation

Equity Growth Rate:	8.31%
Equity Dividend Rate:	2.77%
Total Equity Return (Growth + Dividend):	11.08%
Fixed Income Yield:	4.16%
Allocation to Equities:	60.00%
Allocation to Fixed Income:	40.00%

#### Returns, Taxes and Turnover Details

Capital Growth Rate of Return (ROR):	4.99%
Dividend + Income Rate of Return (ROR):	3.33%
Combined Pre-Tax Rate of Return (Capital Growth + Dividend + Income):	8.31%
Portion of Dividend + Income as Ordinary:	50.00%
Portion of Dividend + Income as Qualified:	50.00%
Ordinary Income Tax Rate:	40.80%
Capital Gain and Qualified Dividend Tax Rate:	23.80%
Portion of Gain as Long Term:	100.00%
Composite Capital Gain Tax Rate:	23.80%
Annual Growth Turnover Rate:	10.00%
Annual Management Fee:	0.50%

### Cash Value Life Insurance Summary at Highlighted Year (Age 85):

Total Net Outlay	1,000,000
Total Taxes	0
Total Management Fees	0
Total Policy Charges	222,188
<b>Total Internal Costs</b>	<b>222,188</b>
Total After-Tax Income	2,883,620
Net Death Benefit	170,916
<b>Total Benefits</b>	<b>3,054,536</b>
Internal Rate of Return (IRR) on Cash Value	5.69%
Internal Rate of Return (IRR) at Death	5.81%

### Investment Account Summary at Highlighted Year (Age 85):

Total Net Outlay	1,000,000
Total Taxes	823,544
Total Management Fees	197,122
Total Policy Charges	0
<b>Total Internal Costs</b>	<b>1,020,666</b>
Total After-Tax Income	2,883,620
Balance at Death (Basis Step Up)	170,916
<b>Total Benefits</b>	<b>3,054,536</b>
Internal Rate of Return (IRR) on Account Balance	5.81%
Internal Rate of Return (IRR) at Death	5.81%

All projected values herein are hypothetical and for illustrative purposes only; based on hypothetical assumptions for taxes and investment returns provided by you and your advisor. All life insurance values are based on non-guaranteed policy charges. Actual results will vary and may be more or less favorable than what is shown in this Analysis. This is a supplemental illustration and not valid unless preceded or accompanied by a basic illustration from the life insurance carrier. Please refer to the basic illustration for details regarding guaranteed and non-guaranteed elements and other important policy information.

**Trading Taxes and Management Fees for Policy Charges**  
Cash Value Life Insurance vs. Other Investment Alternatives

**SPECIFIED Rate of Return | Comparison of Financial Alternatives**

Prepared for Mr. Income  
Prepared by Lion Street Producer

(1)	(2)	(3)	CASH VALUE LIFE INSURANCE @ 6.00% Crediting Rate						INVESTMENT ACCOUNT @ 6.00% Total Return			
			(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Year	Age	Annual Net Outlay	Annual After-Tax Net Income	Annual Policy Charges	Cash Surrender Value	IRR on Cash Surrender Value	Net Death Benefit	IRR on Net Death Benefit	Annual After-Tax Net Income	Annual Taxes and Management Fees	Ending Account Balance (Step Up in Basis at Death)	IRR at Death
1	51	100,000	0	18,648	26,195	-73.81%	2,153,453	2053.45%	0	1,387	104,613	4.61%
2	52	100,000	0	16,910	114,248	-32.00%	2,241,506	326.08%	0	2,914	213,976	4.59%
3	53	100,000	0	17,386	207,113	-17.42%	2,334,371	145.77%	0	4,580	328,235	4.57%
4	54	100,000	0	17,696	312,158	-9.68%	2,432,498	87.46%	0	6,382	447,547	4.54%
5	55	100,000	0	18,078	422,711	-5.55%	2,536,134	60.11%	0	8,321	572,080	4.52%
6	56	100,000	0	18,484	543,238	-2.83%	2,649,743	44.72%	0	10,395	702,010	4.50%
7	57	100,000	0	18,746	671,342	-1.05%	2,770,929	35.04%	0	12,604	837,526	4.49%
8	58	100,000	0	19,032	807,522	0.21%	2,900,192	28.49%	0	14,950	978,827	4.47%
9	59	100,000	0	19,533	952,126	1.12%	3,037,878	23.83%	0	17,434	1,126,123	4.45%
10	60	100,000	0	20,178	1,105,590	1.82%	3,184,424	20.38%	0	20,056	1,279,634	4.44%
11	61	0	0	1,107	1,188,123	2.64%	1,613,443	7.30%	0	21,434	1,334,978	4.42%
12	62	0	0	1,012	1,268,881	3.17%	1,624,167	6.45%	0	22,814	1,392,263	4.40%
13	63	0	0	1,098	1,355,161	3.58%	1,707,503	6.30%	0	24,202	1,451,597	4.39%
14	64	0	0	1,203	1,447,330	3.90%	1,794,689	6.18%	0	25,603	1,513,090	4.37%
15	65	0	0	1,327	1,545,781	4.17%	1,885,852	6.08%	0	27,022	1,576,853	4.36%
16	66	0	144,181	1,011	1,510,295	4.44%	1,812,354	5.92%	107,311	30,249	1,527,244	4.32%
17	67	0	144,181	1,040	1,472,072	4.65%	1,751,765	5.86%	107,311	29,910	1,474,983	4.29%
18	68	0	144,181	1,046	1,431,126	4.83%	1,688,729	5.82%	107,311	29,446	1,420,036	4.27%
19	69	0	144,181	1,059	1,387,259	4.97%	1,623,093	5.78%	107,311	28,864	1,362,363	4.24%
20	70	0	144,181	1,453	1,339,888	5.08%	1,561,149	5.77%	107,311	28,171	1,301,910	4.22%
21	71	0	144,181	1,533	1,289,072	5.18%	1,491,596	5.75%	107,311	27,374	1,238,615	4.20%
22	72	0	144,181	1,477	1,234,695	5.26%	1,404,964	5.70%	107,311	26,479	1,172,408	4.18%
23	73	0	144,181	1,100	1,176,826	5.33%	1,323,694	5.68%	107,311	25,488	1,103,210	4.16%
24	74	0	144,181	1,084	1,114,827	5.40%	1,243,205	5.67%	107,311	24,405	1,030,932	4.14%
25	75	0	144,181	1,016	1,048,537	5.45%	1,154,796	5.66%	107,311	23,234	955,481	4.12%
26	76	0	144,181	885	977,667	5.49%	1,058,152	5.64%	107,311	21,975	876,752	4.11%
27	77	0	144,181	1,031	901,620	5.53%	986,676	5.68%	107,311	20,630	794,636	4.09%
28	78	0	144,181	1,199	820,004	5.57%	909,604	5.71%	107,311	19,201	709,013	4.08%
29	79	0	144,181	1,393	732,398	5.60%	826,501	5.74%	107,311	17,687	619,759	4.06%
30	80	0	144,181	1,619	638,344	5.62%	736,894	5.76%	107,311	16,088	526,741	4.05%
31	81	0	144,181	1,889	537,340	5.64%	640,265	5.77%	107,311	14,404	429,817	4.04%
32	82	0	144,181	2,274	428,780	5.66%	535,983	5.79%	107,311	12,633	328,841	4.03%
33	83	0	144,181	2,732	312,052	5.67%	423,418	5.80%	107,311	10,775	223,656	4.01%
34	84	0	144,181	3,154	186,612	5.68%	302,004	5.80%	107,311	8,827	114,100	4.00%
35	85	0	144,181	3,755	51,665	5.69%	170,916	5.81%	107,311	6,788	0	3.99%





**Trading Taxes and Management Fees for Policy Charges**  
 Cash Value Life Insurance vs. Other Investment Alternatives

**MATCHING VALUES Rate of Return | Comparison of Financial Alternatives**

Prepared for Mr. Income  
 Prepared by Lion Street Producer

(1) Year	(2) Age	(3) Annual Net Outlay	CASH VALUE LIFE INSURANCE @ 6.00% Crediting Rate						INVESTMENT ACCOUNT @ 8.31% Total Return			
			(4) Annual After-Tax Net Income	(5) Annual Policy Charges	(6) Cash Surrender Value	(7) IRR on Cash Surrender Value	(8) Net Death Benefit	(9) IRR on Net Death Benefit	(10) Annual After-Tax Net Income	(11) Annual Taxes and Management Fees	(12) Ending Account Balance (Step Up in Basis at Death)	(13) IRR at Death
1	51	100,000	0	18,648	26,195	-73.81%	2,153,453	2053.45%	0	1,728	106,584	6.58%
2	52	100,000	0	16,910	114,248	-32.00%	2,241,506	326.08%	0	3,677	220,080	6.55%
3	53	100,000	0	17,386	207,113	-17.42%	2,334,371	145.77%	0	5,847	340,840	6.52%
4	54	100,000	0	17,696	312,158	-9.68%	2,432,498	87.46%	0	8,243	469,242	6.45%
5	55	100,000	0	18,078	422,711	-5.55%	2,536,134	60.11%	0	10,868	605,692	6.46%
6	56	100,000	0	18,484	543,238	-2.83%	2,649,743	44.72%	0	13,729	750,625	6.44%
7	57	100,000	0	18,746	671,342	-1.05%	2,770,929	35.04%	0	16,830	904,504	6.41%
8	58	100,000	0	19,032	807,522	0.21%	2,900,192	28.49%	0	20,181	1,067,823	6.39%
9	59	100,000	0	19,533	952,126	1.12%	3,037,878	23.83%	0	23,790	1,241,109	6.37%
10	60	100,000	0	20,178	1,105,590	1.82%	3,184,424	20.38%	0	27,665	1,424,925	6.35%
11	61	0	0	1,107	1,188,123	2.64%	1,613,443	7.30%	0	30,091	1,513,282	6.33%
12	62	0	0	1,012	1,268,881	3.17%	1,624,167	6.45%	0	32,586	1,606,489	6.31%
13	63	0	0	1,098	1,355,161	3.58%	1,707,503	6.30%	0	35,162	1,704,868	6.29%
14	64	0	0	1,203	1,447,330	3.90%	1,794,689	6.18%	0	37,831	1,808,756	6.27%
15	65	0	0	1,327	1,545,781	4.17%	1,885,852	6.08%	0	40,602	1,918,508	6.25%
16	66	0	144,181	1,011	1,510,295	4.44%	1,812,354	5.92%	144,181	46,343	1,874,973	6.20%
17	67	0	144,181	1,040	1,472,072	4.65%	1,751,765	5.86%	144,181	46,248	1,827,881	6.16%
18	68	0	144,181	1,046	1,431,126	4.83%	1,688,729	5.82%	144,181	45,951	1,777,141	6.13%
19	69	0	144,181	1,059	1,387,259	4.97%	1,623,093	5.78%	144,181	45,464	1,722,642	6.10%
20	70	0	144,181	1,453	1,339,888	5.08%	1,561,149	5.77%	144,181	44,799	1,664,250	6.07%
21	71	0	144,181	1,533	1,289,072	5.18%	1,491,596	5.75%	144,181	43,964	1,601,815	6.04%
22	72	0	144,181	1,477	1,234,695	5.26%	1,404,964	5.70%	144,181	42,966	1,535,165	6.02%
23	73	0	144,181	1,100	1,176,826	5.33%	1,323,694	5.68%	144,181	41,808	1,464,109	5.99%
24	74	0	144,181	1,084	1,114,827	5.40%	1,243,205	5.67%	144,181	40,495	1,388,437	5.97%
25	75	0	144,181	1,016	1,048,537	5.45%	1,154,796	5.66%	144,181	39,029	1,307,921	5.95%
26	76	0	144,181	885	977,667	5.49%	1,058,152	5.64%	144,181	37,409	1,222,310	5.93%
27	77	0	144,181	1,031	901,620	5.53%	986,676	5.68%	144,181	35,636	1,131,336	5.92%
28	78	0	144,181	1,199	820,004	5.57%	909,604	5.71%	144,181	33,706	1,034,708	5.90%
29	79	0	144,181	1,393	732,398	5.60%	826,501	5.74%	144,181	31,619	932,115	5.89%
30	80	0	144,181	1,619	638,344	5.62%	736,894	5.76%	144,181	29,369	823,222	5.87%
31	81	0	144,181	1,889	537,340	5.64%	640,265	5.77%	144,181	26,952	707,674	5.86%
32	82	0	144,181	2,274	428,780	5.66%	535,983	5.79%	144,181	24,362	585,088	5.84%
33	83	0	144,181	2,732	312,052	5.67%	423,418	5.80%	144,181	21,593	455,060	5.83%
34	84	0	144,181	3,154	186,612	5.68%	302,004	5.80%	144,181	18,637	317,156	5.82%
35	85	0	144,181	3,755	51,665	5.69%	170,916	5.81%	144,181	15,485	170,916	5.81%

## Trading Taxes and Management Fees for Policy Charges

Cash Value Life Insurance vs. Other Investment Alternatives

## Cash Value Life Insurance Details

Prepared for Mr. Income  
Prepared by Lion Street Producer

(1) Year	(2) Age	Cash Flows					Policy Values During Life			Policy Values at Death	
		(3) Premium	(4) Policy Withdrawals	(5) Policy Loans	(6) Net Outlay	(7) After-Tax Net Income	(8) Policy Charges	(9) Cash Surrender Value	(10) IRR on Cash Surrender Value	(11) Net Death Benefit	(12) IRR on Net Death Benefit
1	51	100,000	0	0	100,000	0	18,648	26,195	-73.81%	2,153,453	2,053.45%
2	52	100,000	0	0	100,000	0	16,910	114,248	-32.00%	2,241,506	326.08%
3	53	100,000	0	0	100,000	0	17,386	207,113	-17.42%	2,334,371	145.77%
4	54	100,000	0	0	100,000	0	17,696	312,158	-9.68%	2,432,498	87.46%
5	55	100,000	0	0	100,000	0	18,078	422,711	-5.55%	2,536,134	60.11%
6	56	100,000	0	0	100,000	0	18,484	543,238	-2.83%	2,649,743	44.72%
7	57	100,000	0	0	100,000	0	18,746	671,342	-1.05%	2,770,929	35.04%
8	58	100,000	0	0	100,000	0	19,032	807,522	0.21%	2,900,192	28.49%
9	59	100,000	0	0	100,000	0	19,533	952,126	1.12%	3,037,878	23.83%
10	60	100,000	0	0	100,000	0	20,178	1,105,590	1.82%	3,184,424	20.38%
11	61	0	0	0	0	0	1,107	1,188,123	2.64%	1,613,443	7.30%
12	62	0	0	0	0	0	1,012	1,268,881	3.17%	1,624,167	6.45%
13	63	0	0	0	0	0	1,098	1,355,161	3.58%	1,707,503	6.30%
14	64	0	0	0	0	0	1,203	1,447,330	3.90%	1,794,689	6.18%
15	65	0	0	0	0	0	1,327	1,545,781	4.17%	1,885,852	6.08%
16	66	0	144,181	0	0	144,181	1,011	1,510,295	4.44%	1,812,354	5.92%
17	67	0	144,181	0	0	144,181	1,040	1,472,072	4.65%	1,751,765	5.86%
18	68	0	144,181	0	0	144,181	1,046	1,431,126	4.83%	1,688,729	5.82%
19	69	0	144,181	0	0	144,181	1,059	1,387,259	4.97%	1,623,093	5.78%
20	70	0	144,181	0	0	144,181	1,453	1,339,888	5.08%	1,561,149	5.77%
21	71	0	144,181	0	0	144,181	1,533	1,289,072	5.18%	1,491,596	5.75%
22	72	0	134,914	9,267	0	144,181	1,477	1,234,695	5.26%	1,404,964	5.70%
23	73	0	0	144,181	0	144,181	1,100	1,176,826	5.33%	1,323,694	5.68%
24	74	0	0	144,181	0	144,181	1,084	1,114,827	5.40%	1,243,205	5.67%
25	75	0	0	144,181	0	144,181	1,016	1,048,537	5.45%	1,154,796	5.66%
26	76	0	0	144,181	0	144,181	885	977,667	5.49%	1,058,152	5.64%
27	77	0	0	144,181	0	144,181	1,031	901,620	5.53%	986,676	5.68%
28	78	0	0	144,181	0	144,181	1,199	820,004	5.57%	909,604	5.71%
29	79	0	0	144,181	0	144,181	1,393	732,398	5.60%	826,501	5.74%
30	80	0	0	144,181	0	144,181	1,619	638,344	5.62%	736,894	5.76%
31	81	0	0	144,181	0	144,181	1,889	537,340	5.64%	640,265	5.77%
32	82	0	0	144,181	0	144,181	2,274	428,780	5.66%	535,983	5.79%
33	83	0	0	144,181	0	144,181	2,732	312,052	5.67%	423,418	5.80%
34	84	0	0	144,181	0	144,181	3,154	186,612	5.68%	302,004	5.80%
35	85	0	0	144,181	0	144,181	3,755	51,665	5.69%	170,916	5.81%

# Trading Taxes and Management Fees for Policy Charges

Cash Value Life Insurance vs. Other Investment Alternatives

## SPECIFIED Rate of Return | Investment Account Details

Prepared for Mr. Income  
Prepared by Lion Street Producer

(1) Year	(2) Age	Cash Flows		Income Details			Account Values During Life and at Death										
		(3) Net Outlay	(4) After-Tax Net Income	(5) Prior Year After-Tax Dividend and Income Withdrawn	(6) Sale of Securities for Withdrawal	(7) Capital Gain Taxes on Sale of Securities for Withdrawal	(8) Pre-Tax Capital Gain	(9) Sale of Securities Caused by Turnover	(10) Capital Gain Taxes Caused by Turnover	(11) Ending Account Balance After Turnover	(12) Pre-Tax Dividend and Income	(13) Income Taxes on Dividend and Income	(14) After-Tax Dividend and Income	(15) Management Fee	(16) Ending Cost Basis	(17) Ending Account Balance (Basis Step-Up at Death)	(18) IRR at Death
1	51	100,000	0	0	0	0	3,600	10,360	86	103,514	2,400	775	1,625	526	101,373	104,613	4.61%
2	52	100,000	0	0	0	0	7,366	21,198	252	211,727	4,911	1,586	3,325	1,075	204,431	213,976	4.59%
3	53	100,000	0	0	0	0	11,303	32,528	496	324,783	7,535	2,434	5,101	1,649	309,472	328,235	4.57%
4	54	100,000	0	0	0	0	15,416	44,365	813	442,838	10,278	3,320	6,958	2,249	416,785	447,547	4.54%
5	55	100,000	0	0	0	0	19,712	56,726	1,201	566,058	13,141	4,245	8,897	2,875	526,653	572,080	4.52%
6	56	100,000	0	0	0	0	24,195	69,627	1,657	694,617	16,130	5,210	10,920	3,528	639,350	702,010	4.50%
7	57	100,000	0	0	0	0	28,872	83,088	2,178	828,704	19,248	6,217	13,031	4,209	755,148	837,526	4.49%
8	58	100,000	0	0	0	0	33,751	97,128	2,764	968,513	22,501	7,268	15,233	4,919	874,311	978,827	4.47%
9	59	100,000	0	0	0	0	38,838	111,767	3,412	1,114,253	25,892	8,363	17,529	5,659	997,104	1,126,123	4.45%
10	60	100,000	0	0	0	0	44,140	127,026	4,121	1,266,142	29,427	9,505	19,922	6,430	1,123,791	1,279,634	4.44%
11	61	0	0	0	0	0	46,067	132,570	4,805	1,320,895	30,711	9,920	20,791	6,708	1,153,259	1,334,978	4.42%
12	62	0	0	0	0	0	48,059	138,304	5,469	1,377,569	32,039	10,349	21,691	6,996	1,185,463	1,392,263	4.40%
13	63	0	0	0	0	0	50,121	144,238	6,115	1,436,270	33,414	10,793	22,621	7,294	1,220,367	1,451,597	4.39%
14	64	0	0	0	0	0	52,257	150,385	6,747	1,497,108	34,838	11,253	23,586	7,603	1,257,951	1,513,090	4.37%
15	65	0	0	0	0	0	54,471	156,756	7,369	1,560,192	36,314	11,729	24,585	7,924	1,298,204	1,576,853	4.36%
16	66	0	107,311	24,585	86,419	3,692	52,771	151,862	7,519	1,511,102	35,180	11,363	23,817	7,675	1,242,929	1,527,244	4.32%
17	67	0	107,311	23,817	87,429	3,935	50,976	146,697	7,586	1,459,387	33,984	10,977	23,007	7,412	1,188,101	1,474,983	4.29%
18	68	0	107,311	23,007	88,464	4,160	49,086	141,260	7,580	1,405,018	32,724	10,570	22,154	7,136	1,133,396	1,420,036	4.27%
19	69	0	107,311	22,154	89,526	4,369	47,101	135,546	7,506	1,347,951	31,401	10,142	21,258	6,846	1,078,517	1,362,363	4.24%
20	70	0	107,311	21,258	90,618	4,565	45,018	129,550	7,370	1,288,134	30,012	9,694	20,318	6,542	1,023,194	1,301,910	4.22%
21	71	0	107,311	20,318	91,742	4,748	42,835	123,268	7,178	1,225,506	28,556	9,224	19,333	6,224	967,176	1,238,615	4.20%
22	72	0	107,311	19,333	92,901	4,922	40,550	116,693	6,933	1,159,998	27,033	8,732	18,301	5,891	910,232	1,172,408	4.18%
23	73	0	107,311	18,301	94,097	5,087	38,160	109,817	6,639	1,091,530	25,440	8,217	17,223	5,544	852,145	1,103,210	4.16%
24	74	0	107,311	17,223	95,334	5,245	35,664	102,632	6,300	1,020,017	23,776	7,680	16,096	5,181	792,713	1,030,932	4.14%
25	75	0	107,311	16,096	96,613	5,397	33,056	95,128	5,917	945,363	22,037	7,118	14,919	4,801	731,744	955,481	4.12%
26	76	0	107,311	14,919	97,937	5,545	30,335	87,296	5,492	867,467	20,223	6,532	13,691	4,406	669,055	876,752	4.11%
27	77	0	107,311	13,691	99,308	5,688	27,495	79,125	5,029	786,220	18,330	5,921	12,409	3,993	604,472	794,636	4.09%
28	78	0	107,311	12,409	100,730	5,828	24,534	70,603	4,527	701,503	16,356	5,283	11,073	3,563	537,824	709,013	4.08%
29	79	0	107,311	11,073	102,205	5,966	21,446	61,718	3,988	613,194	14,298	4,618	9,680	3,114	468,949	619,759	4.06%
30	80	0	107,311	9,680	103,735	6,103	18,228	52,457	3,413	521,161	12,152	3,925	8,227	2,647	397,685	526,741	4.05%
31	81	0	107,311	8,227	105,323	6,239	14,875	42,807	2,802	425,264	9,917	3,203	6,714	2,160	323,873	429,817	4.04%
32	82	0	107,311	6,714	106,973	6,375	11,381	32,751	2,155	325,357	7,587	2,451	5,137	1,652	247,355	328,841	4.03%
33	83	0	107,311	5,137	108,686	6,512	7,741	22,276	1,472	221,287	5,160	1,667	3,494	1,124	167,976	223,656	4.01%
34	84	0	107,311	3,494	110,467	6,649	3,949	11,364	754	112,891	2,633	850	1,782	573	85,577	114,100	4.00%
35	85	0	107,311	1,782	112,317	6,788	0	0	0	0	0	0	0	0	0	0	3.99%

**Trading Taxes and Management Fees for Policy Charges**  
 Cash Value Life Insurance vs. Other Investment Alternatives

**MATCHING VALUES Rate of Return | Investment Account Details**

Prepared for Mr. Income  
 Prepared by Lion Street Producer

(1) Year	(2) Age	Cash Flows		Income Details			Account Values During Life and at Death										
		(3) Net Outlay	(4) After-Tax Net Income	(5) Prior Year After-Tax Dividend and Income Withdrawn	(6) Sale of Securities for Withdrawal	(7) Capital Gain Taxes on Sale of Securities for Withdrawal	(8) Pre-Tax Capital Gain	(9) Sale of Securities Caused by Turnover	(10) Capital Gain Taxes Caused by Turnover	(11) Ending Account Balance After Turnover	(12) Pre-Tax Dividend and Income	(13) Income Taxes on Dividend and Income	(14) After-Tax Dividend and Income	(15) Management Fee	(16) Ending Cost Basis	(17) Ending Account Balance (Basis Step-Up at Death)	(18) IRR at Death
1	51	100,000	0	0	0	0	4,988	10,499	119	104,869	3,325	1,074	2,251	536	102,096	106,584	6.58%
2	52	100,000	0	0	0	0	10,303	21,689	352	216,536	6,869	2,219	4,650	1,106	206,767	220,080	6.55%
3	53	100,000	0	0	0	0	15,964	33,604	697	335,347	10,643	3,438	7,205	1,713	314,490	340,840	6.52%
4	54	100,000	0	0	0	0	21,987	46,283	1,150	461,677	14,658	4,735	9,924	2,358	425,739	469,242	6.49%
5	55	100,000	0	0	0	0	28,391	59,763	1,711	595,922	18,927	6,114	12,814	3,044	540,988	605,692	6.46%
6	56	100,000	0	0	0	0	35,197	74,089	2,378	738,512	23,465	7,579	15,885	3,772	660,714	750,625	6.44%
7	57	100,000	0	0	0	0	42,425	89,305	3,150	889,901	28,284	9,136	19,148	4,545	785,401	904,504	6.41%
8	58	100,000	0	0	0	0	50,100	105,460	4,027	1,050,577	33,400	10,788	22,612	5,366	915,540	1,067,823	6.39%
9	59	100,000	0	0	0	0	58,246	122,607	5,011	1,221,058	38,831	12,542	26,288	6,237	1,051,634	1,241,109	6.37%
10	60	100,000	0	0	0	0	66,889	140,800	6,101	1,401,896	44,592	14,403	30,189	7,160	1,194,197	1,424,925	6.35%
11	61	0	0	0	0	0	71,069	149,599	7,183	1,488,811	47,379	15,303	32,076	7,604	1,241,665	1,513,282	6.33%
12	62	0	0	0	0	0	75,476	158,876	8,261	1,580,497	50,317	16,252	34,065	8,073	1,294,106	1,606,489	6.31%
13	63	0	0	0	0	0	80,124	168,661	9,342	1,677,272	53,416	17,253	36,163	8,567	1,351,610	1,704,868	6.29%
14	64	0	0	0	0	0	85,031	178,990	10,431	1,779,468	56,687	18,310	38,377	9,089	1,414,296	1,808,756	6.27%
15	65	0	0	0	0	0	90,213	189,897	11,535	1,887,433	60,142	19,426	40,716	9,641	1,482,303	1,918,508	6.25%
16	66	0	144,181	40,716	109,520	6,055	88,193	185,647	11,875	1,844,591	58,796	18,991	39,805	9,422	1,425,912	1,874,973	6.20%
17	67	0	144,181	39,805	110,831	6,455	86,002	181,034	12,089	1,798,251	57,335	18,519	38,816	9,185	1,370,732	1,827,881	6.16%
18	68	0	144,181	38,816	112,188	6,823	83,635	176,051	12,188	1,748,324	55,757	18,009	37,747	8,930	1,316,235	1,777,141	6.13%
19	69	0	144,181	37,747	113,598	7,164	81,087	170,688	12,183	1,694,701	54,058	17,461	36,597	8,656	1,261,939	1,722,642	6.10%
20	70	0	144,181	36,597	115,067	7,483	78,353	164,933	12,081	1,637,250	52,236	16,872	35,363	8,363	1,207,397	1,664,250	6.07%
21	71	0	144,181	35,363	116,601	7,783	75,426	158,771	11,890	1,575,822	50,284	16,242	34,042	8,049	1,152,196	1,601,815	6.04%
22	72	0	144,181	34,042	118,207	8,068	72,298	152,186	11,615	1,510,248	48,199	15,568	32,630	7,714	1,095,950	1,535,165	6.02%
23	73	0	144,181	32,630	119,892	8,341	68,960	145,160	11,260	1,440,342	45,973	14,849	31,124	7,357	1,038,293	1,464,109	5.99%
24	74	0	144,181	31,124	121,661	8,604	65,403	137,673	10,831	1,365,896	43,602	14,083	29,519	6,977	978,877	1,388,437	5.97%
25	75	0	144,181	29,519	123,523	8,860	61,616	129,701	10,328	1,286,684	41,077	13,268	27,809	6,572	917,368	1,307,921	5.95%
26	76	0	144,181	27,809	125,483	9,112	57,588	121,222	9,755	1,202,461	38,392	12,401	25,991	6,142	853,439	1,222,310	5.93%
27	77	0	144,181	25,991	127,550	9,360	53,305	112,207	9,112	1,112,963	35,537	11,478	24,059	5,685	786,773	1,131,336	5.92%
28	78	0	144,181	24,059	129,730	9,608	48,756	102,630	8,400	1,017,903	32,504	10,499	22,005	5,200	717,054	1,034,708	5.90%
29	79	0	144,181	22,005	132,033	9,857	43,924	92,459	7,620	916,975	29,283	9,458	19,824	4,684	643,968	932,115	5.89%
30	80	0	144,181	19,824	134,465	10,108	38,794	81,662	6,770	809,850	25,863	8,354	17,509	4,137	567,199	823,222	5.87%
31	81	0	144,181	17,509	137,035	10,364	33,351	70,203	5,851	696,178	22,234	7,182	15,052	3,556	486,427	707,674	5.86%
32	82	0	144,181	15,052	139,754	10,625	27,575	58,044	4,859	575,583	18,383	5,938	12,445	2,940	401,327	585,088	5.84%
33	83	0	144,181	12,445	142,629	10,893	21,447	45,146	3,795	447,667	14,298	4,618	9,680	2,287	311,565	455,060	5.83%
34	84	0	144,181	9,680	145,671	11,170	14,948	31,466	2,654	312,003	9,965	3,219	6,747	1,594	216,797	317,156	5.82%
35	85	0	144,181	6,747	148,891	11,457	8,056	16,957	1,435	168,139	5,371	1,735	3,636	859	116,667	170,916	5.81%