"Policy Review: A Critical Link in Optimizing Your Insurance Coverage"

Presented By: *Crescent Wealth Management*

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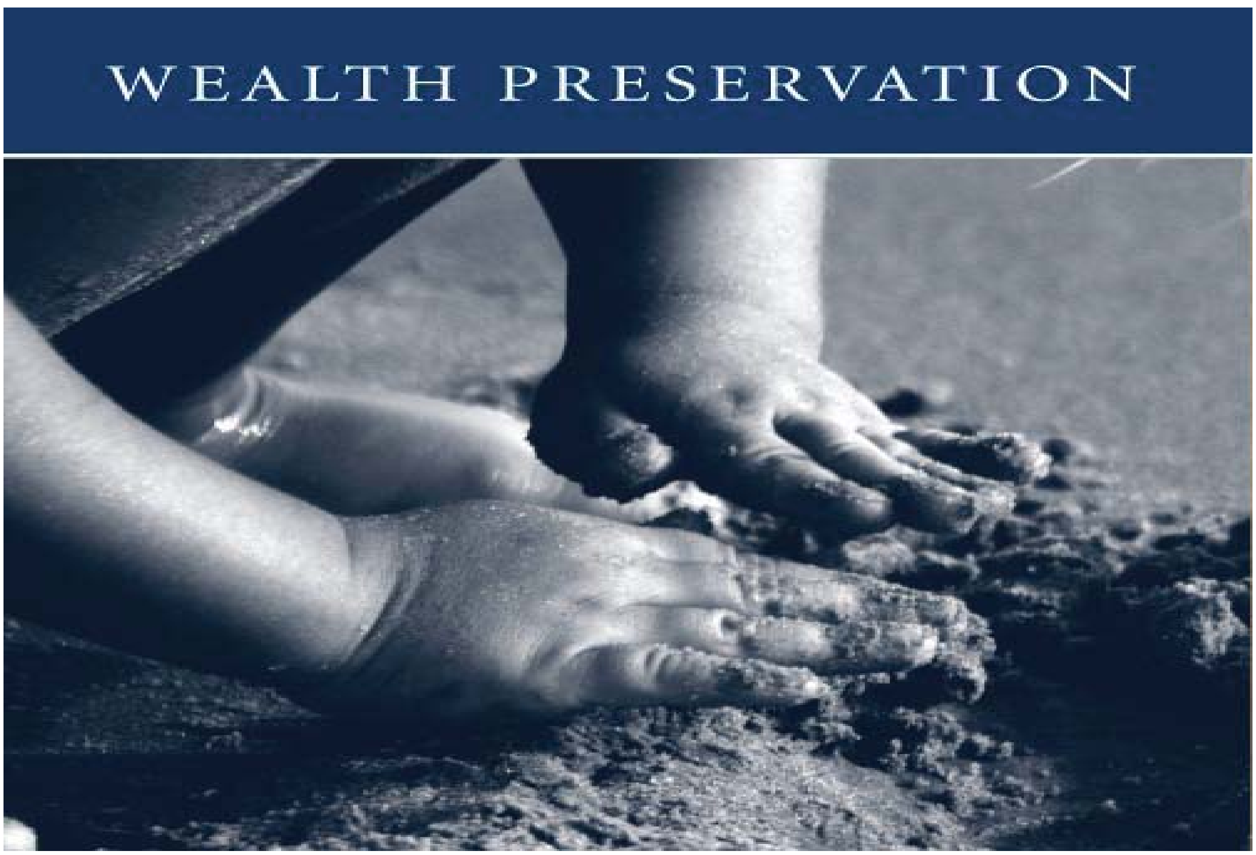

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Who We Are

Partners Jeff Taylor and Tim Wyrobek are members of the Association for Advanced Life Underwriting (AALU) and the Financial Planning Association® of Georgia. Crescent Wealth Management was recently selected for the inaugural class of the Bulldog 100: Fastest Growing Bulldog Businesses and selected as "Five Star Best in Client Satisfaction" from Atlanta Magazine for 2008 and 2009. Tim and Jeff are also Top of the Table members of the Million Dollar Round Table (MDRT®), a leading association of financial professionals.

Crescent Wealth Management provides comprehensive financial strategies for high-net-worth individuals and institutional investors seeking growth and stability in up and down markets. With headquarters in Atlanta, the boutique firm specializes in providing high-touch portfolio management with estate planning and life insurance analysis for clients throughout the southeast.

The purchase of a life insurance policy should go through the same careful analysis that goes into making any investment decision. After a careful examination of your assets and your tax position and a thorough discussion of your estate planning goals, Crescent Wealth Management can help you determine how life insurance can play a role in meeting your financial needs. A specific recommendation on the type and amounts of insurance to own is almost entirely dependent on:

- The purpose of the insurance
- The length of time the protection is needed
- The future life insurance needs
- Current cash flow consideration

The Power of Membership
Crescent Wealth Management's Strategic Advantage

As a member of Partners Financial, Crescent Wealth Management is able to address the full spectrum of your insurance needs with the focused, individual attention of an independent firm. At the same time, we have relationships with multiple insurance companies with diverse strengths, and we share in the intellectual experience and technological capabilities of a leading insurance distribution firm in the United States. Through this membership, we can offer you:

Stringent carrier selection
Partners' overall strategy is to provide multiple company relationships. After carefully evaluating the top insurance companies in the world, Partners' distinguished consultants and staff choose a select group of carriers based on key criteria that include quality, market position, underwriting orientation and financial strength.

Each of these carriers maintains a dedicated resource unit to our business, which ensures that we can provide you with a high level of service. When the need for specialized solutions arises, Partners' relationship with companies beyond its core carriers helps to ensure that we can tailor solutions to meet your individual insurance needs.

Leading-edge technology tools

Using Partners' advanced decision analysis tools, Crescent Wealth Management can offer you a clear understanding of the conceptual goals underlying different types of policies. With Partners' specialized reporting system, you can link all your product decisions into an integrated reporting format that provides you with effective financial management data.

Collective strength and capabilities

Working with Crescent Wealth Management, you have access to state-of-the-art solutions and market-leading experience. As your needs, technology and regulations change, you can continue to count on us.

Assessing the Options

Policy Selection

The purpose for the purchase will help determine the type of policy that will be selected. Crescent Wealth Management regularly makes use of the following types of life insurance policies:

Term insurance. This is best suited to solve a temporary need. For example, you can use the death benefits to provide enough funds for a college education or to pay off the mortgage on your house. Because it is death-only protection, it is less expensive and therefore, more attractive if you are relatively young.

Whole life insurance. These policies are more appropriate for older individuals with a permanent need. For example, whole life can be used to provide funds for paying estate taxes or buying a partner's business interest if your partner dies before you.

Universal life insurance. This is for those who want to maintain flexibility in both premiums and death benefits. It also is well suited if you want to build up cash values conservatively based off fixed interest rates.

Variable universal life insurance.[1] This is a permanent life insurance product which invests a portion of the premiums among a choice of investment options. The death benefit is payable as long as there is sufficient cash value to support the policy.

Second-to-die, or survivorship, insurance. These policies pay off only after both insured dies, and are most often used by couples to pay estate taxes. Because a properly structured estate plan can defer all taxes when the first spouse dies, estate liquidity insurance is generally not needed until the second spouse dies. Since it's based on the mortality of two lives instead of one, premiums are usually significantly lower than on a standard policy.

Policy Selection

Reasons

From a financial viewpoint, there are three basic reasons to buy life insurance:

Family income protection. Life insurance generally is purchased to provide the family with ample income to replace the income lost by the death of a wage earner. The increase of two-income families has emphasized the need for coverage on both spouses.

Estate settlement costs. Individuals with sizeable estates often have a high percentage of their total wealth tied up in fixed assets. To pay the federal estate taxes within nine months of one's death, the executor of the estate may be forced to sell a portion of the assets within the estate at depressed values. In such cases, the income tax-free proceeds from life insurance can protect the heirs from the distressed sale of assets to pay estate settlement costs.

Life insurance can also be arranged in an irrevocable trust to help reduce or eliminate estate taxes. For this reason, life insurance can be the essential element in an estate that enables the preservation of the other important assets.

Business reasons. Many partnerships and closely held corporations have agreements that provide for the purchase of the deceased's ownership in the firm from the heirs of the deceased partner or shareholder. It often is advantageous to fund such 'buy-sell' agreements with life insurance to guarantee* the availability of funds for the transaction. By doing so, the corporation or surviving partners avoid the financial strain that may result from fulfilling the buy-out agreements. Many business owners also sign personally on business loans. This causes the loans to be called at their death and presents a liquidity crisis in the estate. Life insurance can be one of the most appropriate vehicles to prevent this.

Underwriting Advocacy
A Critical Link in Optimizing Your Insurance Coverage

One of the most significant tools available to you as a Crescent Wealth Management client is access to Partners Financial's competitive underwriting advocacy. Never before has a high level of advocacy been more essential. Insurance companies divide customers into many more risk categories than in the past and significant shifts in the reinsurance market have changed the dynamics of large-dollar cases. Within this increasingly complex life insurance market, you need an advocate who has extensive life insurance underwriting experience and detailed knowledge of carriers' retention limits and the reinsurance marketplace.

The impact of underwriting advocacy can include:

- Increased cash value
- Improved risk class
- Extending the maturity on a policy by getting the underwriting to fit the product
- Maximizing capacity to ensure that you receive the coverage you need
- Access to senior underwriting staff at insurance companies
- Waiving of requirements deemed unnecessary
- The ability to save you time by using your individual doctor's reports in lieu of life insurance medical exams
- Strategic timing on large cases

Focusing on clients' unique circumstances

The basis of insurance underwriting involves matching medical profiles and health histories of applicants with a specific risk class. But individuals rarely fit neatly into categories. At Crescent Wealth Management, we look at the entire picture, point out mitigating factors, and probe beneath the surface of lab reports and medical histories to help ensure that your risk ratings are based on your unique situation rather than how you fit into a statistical model.

Removing uncertainty from the underwriting process

As in all important transactions, information is power in obtaining the most affordable underwriting decision. Crescent Wealth Management's comprehensive action plan includes:

- Optimal selection of insurance companies based upon their experience or how amenable they are to underwriting specific circumstances, such as frequent foreign travel to countries deemed unsafe, high-risk hobbies or professions, and a wide range of medical impairments.
- Presentation of individual medical profiles and health histories of applicants and proactively providing the types of additional information that can help to mitigate concerns.
- The ability to gather additional information if the initial offer is not favorable.
- Close working relationships with the medical directors and senior underwriting staff at insurance companies.

Applying expertise of the reinsurance market

On large cases, primary insurance companies usually retain only a small portion of the insured amount that they underwrite. They need to 're-sell' the amount that exceeds their retention limit, based on pre-defined Automatic Reinsurance Limits. Within this highly complex framework, we have access to experts on the reinsurance marketplace who can help coordinate maximum capacity and negotiate on your behalf.

Taking Control

The Policy Analyst™ Process

Just as you should continuously monitor and occasionally reallocate an investment portfolio to reflect changing market conditions and changing needs, a life insurance portfolio requires similar attention. The performance of in-force policies has been impacted in recent years by falling interest and dividend rates or, in the case of variable contracts, by the bear market.

Plus, your life situation and risk tolerance may have changed since you last purchased life insurance. Your income and the value of your assets may have increased. Your family may have expanded, or perhaps you started a new business. New features, such as no-lapse guarantees and extended maturity riders that are available on newer products, may offer benefits that aren't included on the policies you currently own.

If you haven't taken a good look at your life insurance policies lately, you might be missing out on essential information about the performance of your policies and possible gains resulting from more current, cost-effective coverage.

Whether it's for your personal needs or for your business, a life insurance review is a critical component of a financial planning strategy. The objective is to ensure that your coverage is aligned with your current financial needs. It takes into account personally owned contracts, trust-owned contracts and employer-provided benefits to provide you with an unbiased assessment of the adequacy of your coverage.

It begins with some basic questions:

- *Is your existing policy providing adequate coverage?*
- *Have the needs that promoted the purchase of your current policy changed?*
- *How is your policy performing relative to its original objective?*
- *Is it on track to meet intended goals?*
- *Are your insurance products among the most competitive and affordable on the market today?*
- *Has your health improved where current underwriting programs or enhancements in policy pricing may benefit you?*

When considering a review it is important to be aware of potential pitfalls, including:

- The original policy cash value may be applied to first year expenses and commissions.
- Existing and new surrender charges may diminish policy value and extend beyond that of the original.
- Potential for higher premiums if health has declined.
- A new policy will typically have a new contestability period.

Crescent Wealth Management can provide you with a thorough explanation of how your policy has performed, projected cash values at designated intervals, and an assessment about the number of years that the policy will remain in force based on current assumptions. In cases where there is a clear advantage, we will also provide you with information on alternative policies and any unfavorable tax consequences caused by surrendering an existing policy.

Business Succession Planning
Specializing in the Unique Needs of the Business Owner

- Buy-sell arrangements
- Key-person coverage
- Business continuation
- Disability plans
- Employee stock ownership plans

Most closely-held business owners have a significant portion of their personal assets in the business. That means their personal and family lifestyle depends on the income their business provides. With proper planning, the business may continue to provide this income even in the event of the owner's retirement, disability or death. It is crucial that you work with advisors who care as much about your business as you do. Our team of professionals knows there are many ways to develop an effective exit strategy. And they know that selling highly appreciated investments like a business can create a large tax liability that can substantially impact your wealth. That's why, more than a plan, you need a partner with the financial expertise and cutting-edge tools to help minimize your taxes and maximize your hard-earned wealth.

Wealth Conservation & Management

Your Personal Finance Partner

- Asset preservation
- Retirement distribution planning
- Charitable planning
- Survivor benefits
- Education planning
- Special needs planning

Comprehensive wealth management solutions require a full understanding of your unique circumstances and how each decision affects your overall financial goals. We employ some of the industry's most sophisticated analysis tools to offer you a personalized approach to wealth management, conservation and growth. We will work with you to help ensure your goals are not just met – but exceeded if possible.

Policy Review

Are Your Clients Optimizing Their Policy Coverage?

Life insurance is a complex and highly flexible financial instrument. Too often, it is purchased for a very specific purpose and forgotten about.

Just as you would periodically review your clients' investment portfolios, you need to ensure that your clients' life insurance needs are objectively evaluated on a periodic basis

What a Policy Review Does for Your Clients

Chances are, many things have changed since the last time your client purchased life insurance. Their needs might have changed, their current coverage could be insufficient, or their existing policies might have underperformed, leaving them at risk for unexpected premiums or taxable events.

Make certain that you are diligently monitoring your client's insurance needs and existing coverage, just as you monitor their investments. If you work with trustees, they have a fiduciary obligation to guard the trust assets to ensure the grantor's intent is met and the beneficiaries are cared for.

A Policy Review is not a replacement program. Instead, it is part of an ongoing assessment of your client's ever-changing needs. We can help you to analyze your clients' existing life insurance to determine if it is appropriate for their needs and whether the type and performance of the life insurance is aligned with the client's goals. We have the resources to help you to:

- *Examine a client's current coverage and offer unbiased comments in several important areas;*
- *Compare the current coverage to the client's anticipated needs; AND*
- *Compare the current coverage to a newer, alternative policy.*

Who Should Have Their Life Insurance Policies Reviewed?

Any client is a candidate for a policy review, however, the primary prospects fall into the following four categories:

- ***Younger clients*** who purchased term insurance some time ago (to save on the near term cost) but have a long-term life insurance need.
- ***Middle-aged clients*** who have purchased insurance for family protection, but might be paying more than necessary because they are holding term or group term coverage that might put their families at risk or they are not utilizing life insurance that builds cash value as efficiently as other policies could.
- ***Business owners*** who are using life insurance to handle their continuation plans, benefit plans or key-person coverage, and could benefit from stronger, more appropriate or efficient coverage.
- ***Trustees*** who could place themselves at legal risk, or their clients' goals and beneficiaries' needs at risk, by not diligently monitoring their trust owned life insurance.

Events that Could Trigger a Need to Review a Client's Life Insurance:

Personal Changes

- Family changes - marriage, divorce, birth of a child
- Term coverage might need to be permanent coverage
- Term coverage could possibly be priced better
- Second-to-die might now call for single life
- Policies might no longer be sufficient for current needs
- Improving health and lifestyle changes
- New job or changes to employer-sponsored benefits
- Purchase of a new home or the need for mortgage protection
- Purchase of a business or changes in a business' value
- Participation in a non qualified benefit program
- Increases in net worth
- Need to ensure funding for a child's education
- A desire to provide for grandchildren
- Current retirement plan options are not adequate to maintain your clients' lifestyle

Life Insurance Changes

- Policies not performing as projected
- Changes in insurer financial ratings
- Newer products that might be more cost efficient
- New products that might offer better guarantees
- Underwriting changes: What was once considered rated for underwriting purposes, might be standard today and cost less - even at older ages
- New riders might offer more appropriate features:
  - *Return of premium*
  - *Guaranteed death benefit protection*
- Longer-term needs may make term insurance questionable
- Some policies are scheduled for a jump in premiums

CRESCENT WEALTH MANAGEMENT

Fiduciary Duties for Trust Owned Life Insurance

Trustees generally have a fiduciary duty to invest and manage trust assets as a prudent investor would. This includes not just traditional investment assets, but other frequently overlooked assets, such as life insurance.

The Uniform Prudent Investor Act (UPIA), which most states have adopted some version of, provides that:

" [A] trustee who invests and manages trust assets owes a duty to the beneficiaries of the trust to comply with the prudent investor rule. . . A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution."

Trustees who breach this duty, may be liable for monetary damages to the trust beneficiaries.

A key responsibility of the trustee is to have a disciplined investment process that seeks the greatest return for the least amount of risk. In order to help minimize potential trustee liability with respect to trust owned life insurance, it is advisable that you develop an investment policy statement (IPS) for the purpose of documenting this process. At a minimum, the IPS should cover the following:

- *Duties and responsibilities of the trustee with respect to trust owned life insurance.*
- *The purpose for the coverage.*
- *Type of coverage to be held by the trust, based on the designated risk tolerance.*
- *Premium level to adhere to, based on grantor's gifting limitations.*
- *Grantors may have to make premium gifts for longer period than expected. What if the premiums are dependent on gift splitting and one spouse is not likely to live through an extended premium-paying period?*
- *Newer products may have been developed that might be more cost efficient or offer better guarantees.*

In addition, a key component of an IPS is a commitment to regularly review each policy owned by the trust. Chances are, many things have changed since the life insurance was purchased. It is your responsibility as the trustee to ensure that the life insurance is performing as expected and is providing the best possible benefit for the trust beneficiaries. Reasons you need to have the life insurance reviewed regularly include:

- *Policies may not be performing as projected due to market downturns over the past few years or histori cally low interest rates.*
- *Policies may be at risk of lapsing, leaving the trust beneficiaries with nothing and you with a major potential liability for failing to properly monitor the policies.*
- *Grantors may have to make larger premium gifts than expected to keep the policies in force that could possibly cause the grantors to exceed their annual exclusions?*
- *Underwriting changes may have occurred.*
- *What was once considered rated for underwriting purposes might be standard today and cost less.*

- *It may be possible to pay less premium for the same coverage or obtain more coverage for the same premium.*
- *Guaranteed death benefit universal life, which is a relatively new type of life insurance product in the marketplace, can often provide the same guaranteed death benefit as whole life at a lower cost.*
- *Improved health or lifestyle changes may have occurred, providing the potential for better underwriting offers and lower premiums.*
- *The amount of life insurance needed might have changed, current coverage could be insufficient.*
- *Changes in insurer financial ratings could put the policy at risk because the company backing it is at risk.*

Case Studies*

Trust Holding Fixed Insurance Products

Charlie and Stella set up their estate plan 10 years ago. As part of the plan, they set up an irrevocable trust and the trustee purchased two second-to-die policies on their lives from two different companies. One was a participating whole life contract, the other was a universal life contract. The couple has diligently made gifts for premium payments each year, and the trust has worked well. However, nobody – including the trustee – has reviewed the life insurance policies.

At the urging of their life insurance advisor and their CPA, Charlie and Stella contacted the trustee and asked to have the policies reviewed. As it turned out, both policies were not performing as expected. Both were sold to them using assumptions that, while reasonable for the economic climate 10 years ago, are unrealistically high in today's environment. The participating whole life policy was at risk to fail because of dividend cuts over the last 10 years. The universal life policy was being credited a rate a full 550 basis points lower than the illustration on which the policy was sold. For that policy to stay in place, an additional 12 years of premiums over the original design would be required.

Trust Holding Second-to-die Policy in which One of the Insureds is Now Deceased

Todd and Sue set up the irrevocable trust 15 years ago and the trustee purchased a second-to-die contract on their lives. Todd passed away two years ago, leaving Sue as the surviving insured. As a result of a policy review, it has been determined that exchanging the old second-to-die policy for a new individual life policy insuring Sue increases the total coverage by $500,000 without increasing the costs or risks, thus providing the best possible benefit for the trust beneficiaries.

Estate Has Increased Substantially

John and Sarah did their estate planning 15 years ago. Back then, it was determined that they had an estate liquidity need of $5 million. As a result, they established an irrevocable trust and had the trust purchase $5 million of second-to-die coverage on their lives. Since they did their original estate planning their estate has increased in value by $10 million. As a result of a policy review, it is discovered that the amount of their existing trust owned life insurance is not sufficient to provide the estate liquidity they need and desire.

**Case studies are for informational purposes only. Results of these cases may not represent the typical client advisor relationship and actual results will vary from client to client. Please see disclosure page for complete disclosure information.*

A Policy Review is Not a Replacement Program

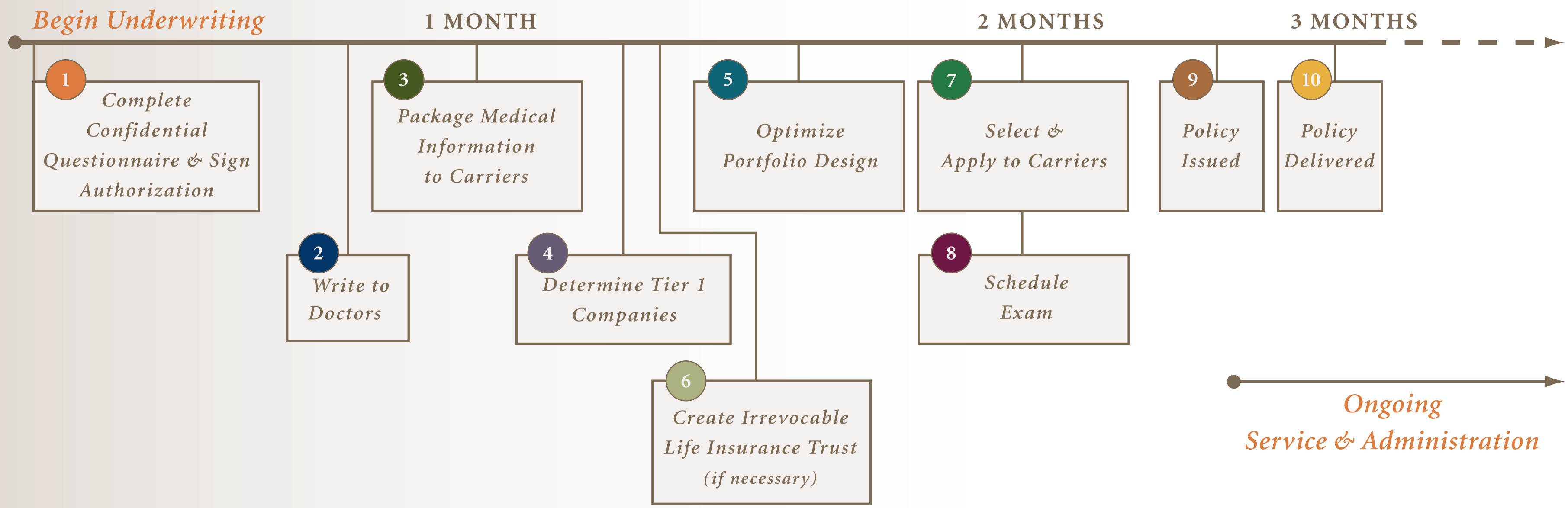
Instead, it is part of an ongoing assessment of your trust owned life insurance. We can help you to analyze existing life insurance owned by the trust to determine if it is appropriate for the needs of the trust beneficiaries and whether the type and performance of the life insurance are aligned with the trust's goals.

We have the resources to help you to:

- *Examine the trust's current coverage and offer unbiased comments in up to 18 different areas.*
- *Compare the current coverage to the trust's anticipated needs.*
- *Compare the current coverage to a newer, alternative policy.*

Managing Expectations

PROJECTED TIMELINE:



DESCRIPTION	RESPONSIBILITY	PROJECTED COMPLETION
1. *Confidential Questionnaire and Authorization*	*Client*	*7/1/2007*
2. *Write to Doctors*	*Crescent Wealth*	*7/10/2007*
3. *Package Medical Information to Carriers*	*Crescent Wealth*	*7/31/2007*
4. *Determine Tier 1 Companies (based on informal offers)*	*Crescent Wealth / Advisor Team / Client*	*8/9/2007*
5. *Optimize Portfolio Design*	*Crescent Wealth*	*8/16/2007*
6. *Create Irrevocable Life Insurance Trust (if necessary)*	*Attorney*	*8/23/2007*
7. *Select and Apply to Carriers*	*Crescent Wealth / Client*	*8/30/2007*
8. *Schedule Exam*	*Crescent Wealth*	*9/14/2007*
9. *Policy Issued*	*Life Insurance Carrier*	*9/24/2007*
10. *Policy Delivered*	*Crescent Wealth*	*10/14/2007*

CRESCENT WEALTH MANAGEMENT

Charitable Case Study

The Client:

Bill, age 82, is a retired executive and large donor to his alma mater. He has recently established a gifting program in which he will give $1m over the next 6 years to the University and $9m at his death. The initial $1m will be given according to the following schedule: $500,000 year one, $100,000 annually years 2-6. It's also worth noting that Bill has significant liquidity and income from other substantial assets. He has also recently applied for life insurance and was declined by two separate carriers.

The Concern:

Bill is concerned that with an unstable economy coupled with a volatile stock market, it will end up costing him more than the $9m present value to fund his gift at death. Therefore, he would like to investigate options that will accomplish the following:

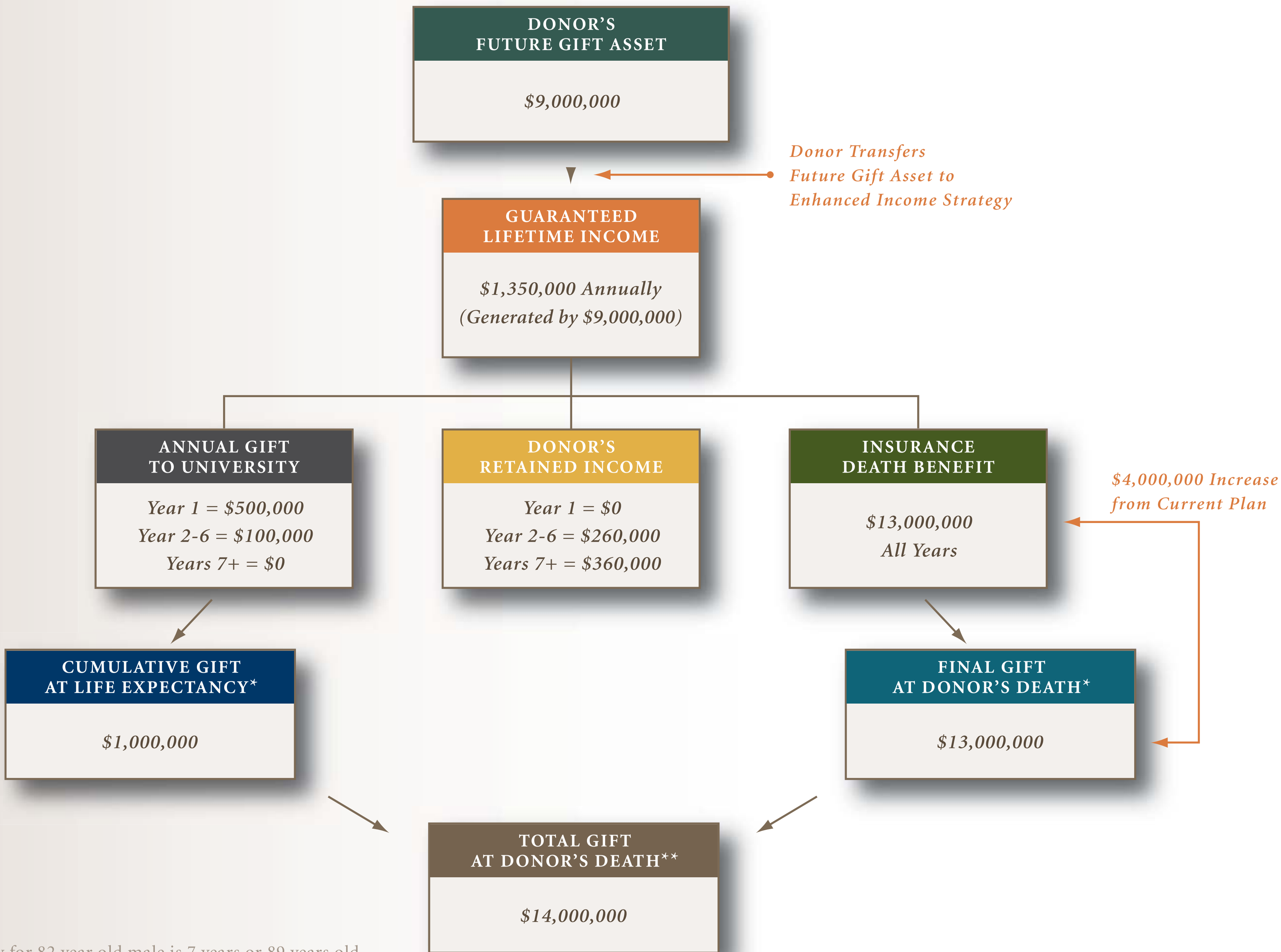
- Guarantee that it will cost no more than $9m (present day value) to fund his gift at death
- Allow him to take income off of the asset during lifetime equal to 4% after tax (of which he will use a portion of to make the initial $1m gift)
- Allow him to enhance future value of gift if possible

The Solution:

Crescent Wealth Management utilized a unique strategy that coupled the use of a rated, lifetime Single Premium Immediate Annuity ("SPIA") with a No Lapse Guarantee Universal Life insurance policy. We were able to create significant arbitrage by obtaining a favorable offer on the life insurance. The result was that we were able to structure a plan that provided Bill with enough guaranteed lifetime income to:

- Pay his 4% net income
- Pay premium on a $13,000,000 guaranteed life insurance policy
- Use additional income to pay the $1,000,000 of gifts over the next 6 years

Charitable CASE STUDY



*Life expectancy for 82 year old male is 7 years or 89 years old

**Based on life expectancy

Please see disclosure page for complete disclosure information.

Life Settlement Case Studies

CASE STUDY #1

The Problem:

Client was a small marketing firm who owned a $1.2m term insurance policy on the previous owner who has since retired. The policy's term was nearing an end and it would have cost $75,000/yr to convert the $1.2m to a permanent policy. Due to the high conversion premium, the company had made the decision to let the policy lapse when the CFO decided to consult Crescent Wealth Management.

The Solution:

Through our relationships in the secondary market, Crescent was able to obtain a life settlement* offer of $247,000 for the policy, which the company took. (They had previously looked at this option through another broker and had been told that $10,000 was the maximum offer in the secondary market).

CASE STUDY #2

The Problem:

Client was a small business owner who was required to maintain a $1.7m insurance policy to securitize a loan to the business. The issue is that the policy, without a significant increase in premium ($78,000/yr), was set to expire in two years while the bank note called for four more years of coverage. Because the client had some significant health changes since the current policy was issued, they felt that finding newer cheaper coverage wasn't an option and therefore had resorted to paying the higher premium.

The Solution:

Crescent Wealth Management was able to first procure a life settlement* offer on the existing policy in the amount of $450,000. Second, we were able to obtain a favorable underwriting offer which allowed us to provide a new $1.7m policy that would guarantee coverage for the full four year term that the bank required. The new policy required total funding of $110,000. That left $290,000 after tax to the company after the total plan was implemented.

*The term *life settlement* refers to the sale of a life insurance policy by the policyowner to an unrelated third party for an amount that typically exceeds cash value.
Please see disclosure page for complete disclosure information. Crescent Wealth Management, Inc. does not provide legal or tax advice.

Life Settlement CASE STUDY #1

CURRENT COVERAGE

Death Benefit = $1,200,000 term
Cash Value = $0
Term Expiring in one month
$75,000/year conversion premium (cost prohibitive)

→

PROPOSED SOLUTION

After Tax Life Settlement Offer: ***$247,000***
(Existing broker told client that $10,000 would be maximum offer)

Life Settlement CASE STUDY #2

CURRENT COVERAGE

Death Benefit = $1,700,000
Cash Value = $0
Bank requires 4 more years of coverage
Would cost close to $160,000 to maintain coverage through bank term

→

PROPOSED SOLUTION

After Tax Life Settlement Offer: ***$450,000***
Use $110,000 to fund required insurance
Retain over $290,000 after tax settlement $'s
Value added: $450,000

CRESCENT WEALTH MANAGEMENT

Creditor Protection Case Study

The Client:

Tom, age 45, is a successful businessman specializing in income producing real estate. These holdings represent a significant portion of his net worth and are serving as collateral for a number of bank notes. Tom also holds a very large position in cash and it's important that he have access to this cash at any time.

The Concern:

As part of Tom's estate planning, he would like to provide enough liquidity at his death to settle the various bank notes. He would also like to position his cash in a way that he keeps it liquid while providing a competitive rate of return. In addition, it is important to provide creditor protection on a portion of his cash in the event that his bank notes are called due to poorly performing real estate.

The Solution:

We were able to find a solution that met all of Tom's requirements by utilizing a unique life insurance product that provides for high early cash value, with no surrender charges! Tom chose to pay a lump sum $2m premium into a guaranteed universal life insurance policy. This provided him with an initial death benefit of $6,867,252. He also received a better rate of return on his cash surrender value than he was getting at the bank. Also, according to Tom's attorneys, the insurance provided him with significantly more creditor protection than he had when the dollars were sitting in a savings account.

YEAR	AGE	PREMIUM OUTLAY	DEATH BENEFIT	IRR AT DEATH	CASH SURRENDER VALUE	IRR ON CASH SURRENDER VALUE
1	*45*	*$2,000,000*	*$6,867,252*	*243.36%*	*$2,075,810*	*3.79%*
5	*50*		*$7,236,814*	*29.33%*	*$2,402,624*	*3.73%*
10	*55*		*$7,598,730*	*14.28%*	*$2,962,034*	*4.00%*
15	*60*		*$8,336,792*	*9.98%*	*$3,777,526*	*4.33%*
20	*65*		*$9,215,228*	*7.94%*	*$4,801,782*	*4.47%*
25	*70*		*$10,244,160*	*6.75%*	*$6,049,964*	*4.52%*
30	*75*		*$11,474,546*	*5.99%*	*$7,599,036*	*4.55%*

CRESCENT WEALTH MANAGEMENT

Loan Rescue / Split Dollar Case Study

The Client:

Frank, age 78 and Teresa, age 77 are owners of a large manufacturing company. They currently have two trusts with $10 million that are made from three polices per trust. These trusts were funded through a split dollar arrangement with their company in 1995. The purpose of the trusts are to provide enough liquidity to pay estate taxes so that no shares of the company need to be liquidated by their successors.

The Concern:

Due to liquidity issues the company stopped paying the scheduled ten pay premiums after year three. They are still in need of coverage but have accumulated loans that are depleting the death benefits. The company is still having liquidity issues and cannot support paying the catch-up premiums.

Potential Problems:

- Maintaining the death benefit for estate planning purposes
- The desire to have the company paid back for split dollar loan
- No election made with new split dollar regulations
- Health Concerns that may prohibit obtaining new coverage
- The tax issue on forgiven loans. In the case above, the anticipated tax due at the lapsing of these policies totaled $2,473,000 per trust!

The Solution:

Through Crescent Wealth Management, Frank and Teresa were able to obtain favorable underwriting and were able to exchange their existing cash value to two new $8,900,000 policies that are guaranteed through their 90's.

The Benefit:

Utilizing the substantial debt to cash ratio on transfers, Frank and Teresa are able to obtain a new policy that maintains a higher guaranteed death benefit for a longer period of time with no more out of pocket premiums.

Due to it's design, they were also able to take a distribution from the policies prior to transfer of $1.5 million to pay back the company for the original policy funding.

CURRENT PLAN

Present Values

DEATH BENEFIT
$20,000,000

LOANS
$6,003,651

NET TO HEIRS
$12,749,414

Year 10 Values

DEATH BENEFIT
$0 - Lapsed

FORGIVEN LOAN
$12,365,718

TAX ON FORGIVEN LOAN
assuming 40% tax rate
$4,946,287

ESTATE LIABILITY
($4,946,287)

PROPOSED PLAN

Present Values

DEATH BENEFIT
$17,800,000

LOANS
$3,617,082

NET TO HEIRS
$14,038,234

+

CASH WITHDRAWAL TO COMPANY
$1,500,000

Year 10 Values

DEATH BENEFIT
$6,600,000

LOAN
$5,354,166
($0 forgiven)

TAX ON FORGIVEN LOAN
$0

NET TO HEIRS
$1,245,834

+

CASH WITHDRAWAL TO COMPANY
*$2,443,342**

*Assuming 5% rate of return

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Split Dollar Plans

Reviewing an Existing Split Dollar Plan

Split dollar plans are often used by the sole or controlling owners of C corporations. Frequently, the policy is owned by an irrevocable life insurance trust.

Split dollar is sometimes used as an employee benefit for a non-owner key executive.

Today, split dollar plans use either the economic benefit regime or the loan regime.

1. Does split dollar make sense?

a. Is the business a C corporation?

b. Is the insured the sole owner?

2. Are the documents correct?

a. For a collateral assignment plan, does the insured or a trust own the policy?
Is there a collateral assignment of the policy?

b. For an endorsement plan, does the employer own the policy?
Is there an endorsement for the policy?

3. Has the executive been reporting the economic benefit cost or loan interest as income each year?

4. Options

Options if a collateral assignment split dollar plan was entered into before 1/28/2002.

a. **Do nothing**

- The economic benefit costs will increase each year.
- The executive can use the insurer's alternative term rate which is probably lower than the IRS Table 2001 rates.

b. **Terminate the plan - the employer gets the policy**

- The executive has no taxable income.

c. **Terminate the plan - the executive gets the policy**

- The employer can be repaid by a loan or withdrawal from the policy. Any remaining cash value is taxed to the employee as ordinary income.
- The employer should get an offsetting deduction.

4. Options - *continued*

d. **Change to the loan regime**

- If the executive has no equity in the policy, the executive has no taxable income. Any equity that the executive has accrued prior to converting to the loan regime is taxed to the executive as ordinary income.
- The annual loan interest will increase if additional premiums are paid.

Life Settlements

Overview

A Life Settlement is the sale of a life insurance policy for an amount greater than its cash surrender value. The proceeds are often used to purchase other financial products, including more cost effective life insurance.

Prospect Profile

Age: At least 70, with a life expectancy of 12 years or less

Status: High net worth seniors with a minimum $250,000 life insurance policy issued at least two years ago.

Concerns: Client needs a means to tap into unrealized assets from an existing policy or the current policy is no longer needed for its original purpose.

Annuity Arbitrage

Overview

This strategy may assist an older client in achieving both income and/or wealth transfer goals by selling assets and reinvesting the proceeds in a Single Premium Immediate Annuity (SPIA). The client retains some (or none) of the SPIA income and gifts the balance after taxes to an Irrevocable Life Insurance Trust (ILIT) to pay premiums on a life insurance policy for the benefit of the heirs.

Client Profile

Age: 70 to 85 and insurable. The strategy can be effective with clients younger than 70 and older than 85, however, the “arbitrage” may be reduced.

Concern: Needs more after tax income and/or wants to increase family inheritance.

Suitable Assets: Assets that can be sold with little or no capital gain tax consequences, for example, CDs or bonds or existing deferred annuities that can be converted to a single premium immediate annuity (SPIA).

Tax Status: Works best at highest income and estate tax brackets

Other: Individual should have other significant sources of liquidity since this strategy consumes liquidity.

What is Premium Financing?

Premium financing is a strategy intended to assist clients obtain life insurance for which they have an established need. Typically, premium financing is a fair market loan arrangement between a commercial lender and an irrevocable life insurance trust (ILIT) where the lender loans the premiums for a life insurance policy on the client’s life to the ILIT. In that case, the gift to the ILIT is equal to the amount of loan interest charged – not the entire policy premiums. As a result, the client is able to acquire the death benefit needed with little or no gift tax impact.

With regard to the specific loan terms, the policy usually serves as the primary collateral for the loan. During the early years of a policy, cash surrender values are generally less than premiums paid. As a result, the client is typically required to provide additional collateral. Loan interest can be paid annually or deferred for a period of time. Loan principal, including any accrued interest, may be repaid from the life insurance proceeds or from other sources during the client's lifetime. Potentially, a return of premium rider can be used to repay the premium loan without diminishing the death benefit needed. In summary, premium financing makes great economic sense when there is a positive arbitrage between the policy's internal rate of return or the trust's investment return and the loan interest rate.

What is Private Financing?

Typically, private financing is a fair market loan arrangement between the client and an irrevocable life insurance trust (ILIT) where the client loans the premiums for a life insurance policy on the client's life to the ILIT. In that case, the gift to the ILIT is equal to the amount of loan interest charged – not the entire policy premiums.

Loan interest can be paid annually or deferred for a period of time. As a result, the client is able to acquire the death benefit needed with little or no gift tax impact. Loan principal, including any accrued interest, may be repaid from the life insurance proceeds or from other sources during the client's lifetime. Potentially, a return of premium rider can be used to repay the premium loan without diminishing the death benefit needed.

In summary, private financing premiums can make great economic sense when there is a positive arbitrage between the policy's internal rate of return or the trust's investment return and the loan interest rate.

What Is Private Split Dollar?

Private split dollar is a premium sharing arrangement between the client and an irrevocable life insurance trust (ILIT). Client enters into a non-equity collateral assignment agreement with an ILIT wherein the client agrees to pay the full annual premium in exchange for a restrictive collateral assignment in the policy, which entitles the client to be repaid the greater of their premiums paid or the total cash value of the policy at some point in the future. As a result, the client is able to acquire the death benefit needed with little or no gift tax impact. The collateral assignment may be satisfied with life insurance proceeds or from other sources during the client's lifetime. Potentially, a return of premium rider can be used to satisfy the collateral assignment without diminishing the death benefit needed. In summary, private split dollar can provide a tax-efficient and cost-effective strategy to pay for life insurance.

Charitable Remainder Trust (CRT) With a Wealth Replacement Trust

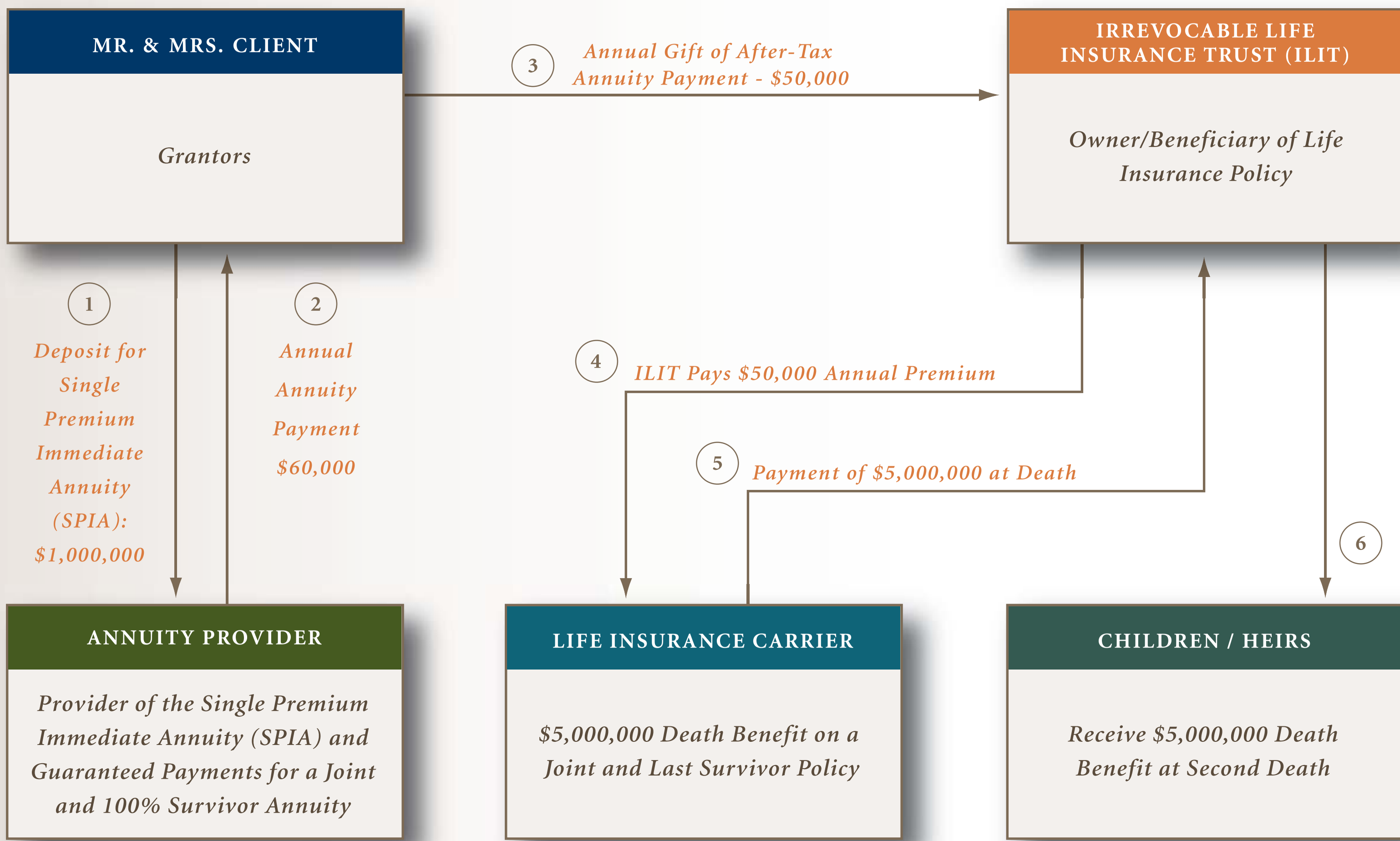
A Charitable Remainder Trust (CRT) is an irrevocable trust with significant income tax advantages. It is referred to as a split-interest trust because it has both charitable and non-charitable beneficiaries. It also serves dual purposes: (1) to provide you with a stream of income, and (2) to have the balance of that asset eventually go to your favorite charity. A Wealth Replacement Trust (WRT) is an irrevocable life insurance trust that has significant estate tax and legacy benefits. It allows for the purchase of life insurance inside of the trust, thereby keeping the insurance proceeds out of your taxable estate. The beneficiaries of this trust, however, are your children so the insurance proceeds can "replace" the assets that you donate to charity using the CRT technique. The premiums for the insurance are paid using a portion of the income stream that you receive from the CRT leaving you with no out-of-pocket expense. As a result, the assets used to fund the CRT can be used to provide you with an income stream and to ultimately benefit charity, all without reducing the legacy you leave to your children and heirs.

What Does Intentionally Defective Grantor Trust (IDGT) Mean?

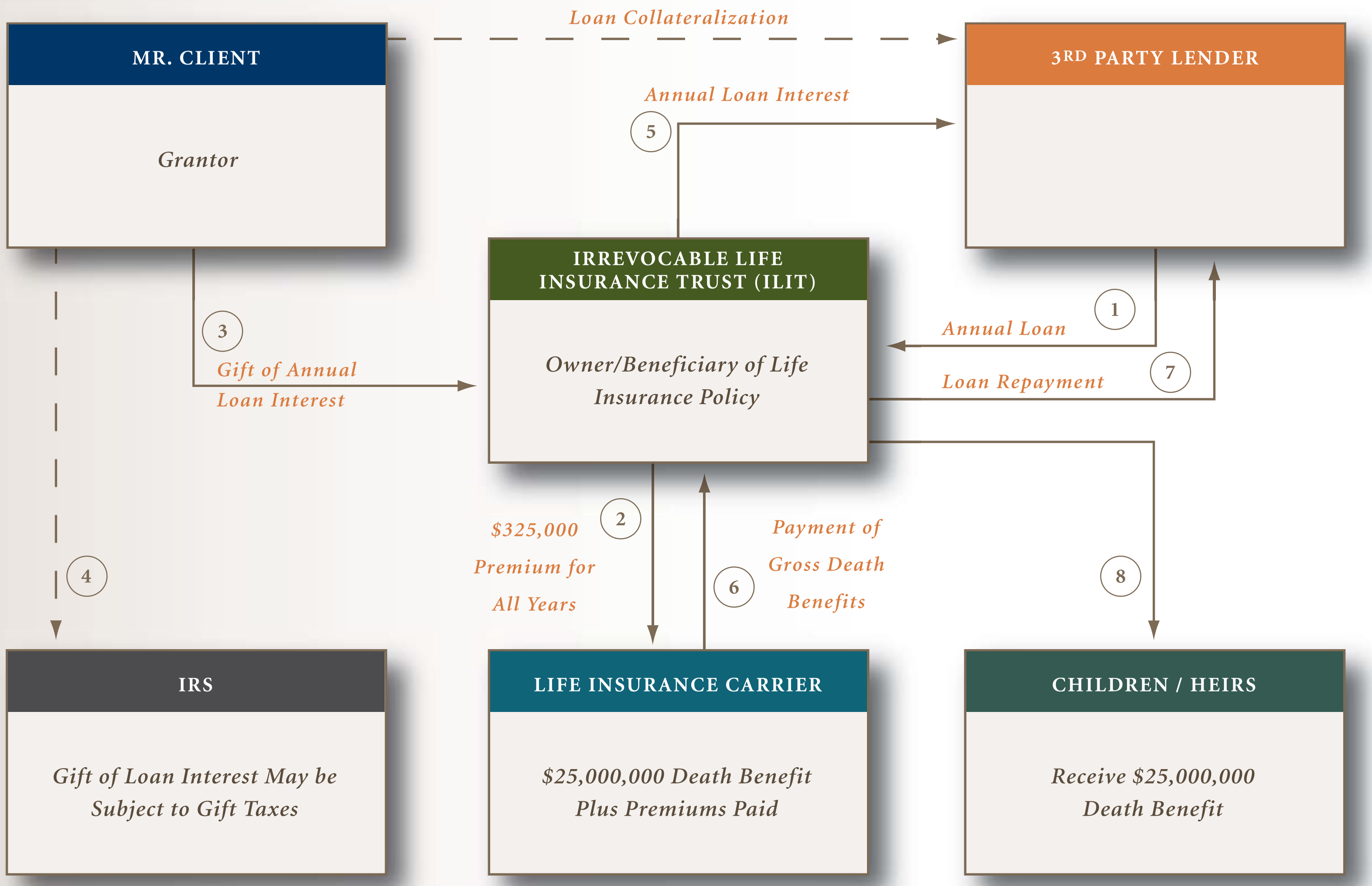
An estate planning tool used to freeze certain assets of an individual for estate tax purposes, but not for income tax purposes. The intentionally defective trust is created as a grantor trust with a purposeful flaw that ensures that the individual continues to pay income taxes, as income tax laws will not recognize that assets have been transferred away from the individual.

For estate tax purposes, however, the value of the grantor's estate is reduced by the amount of the asset transfer. The individual will "sell" assets to the trust in exchange for a promissory note of some length, such as 10 or 15 years. The note will pay enough interest to classify the trust as above market, but the underlying assets are expected to appreciate at a faster rate.

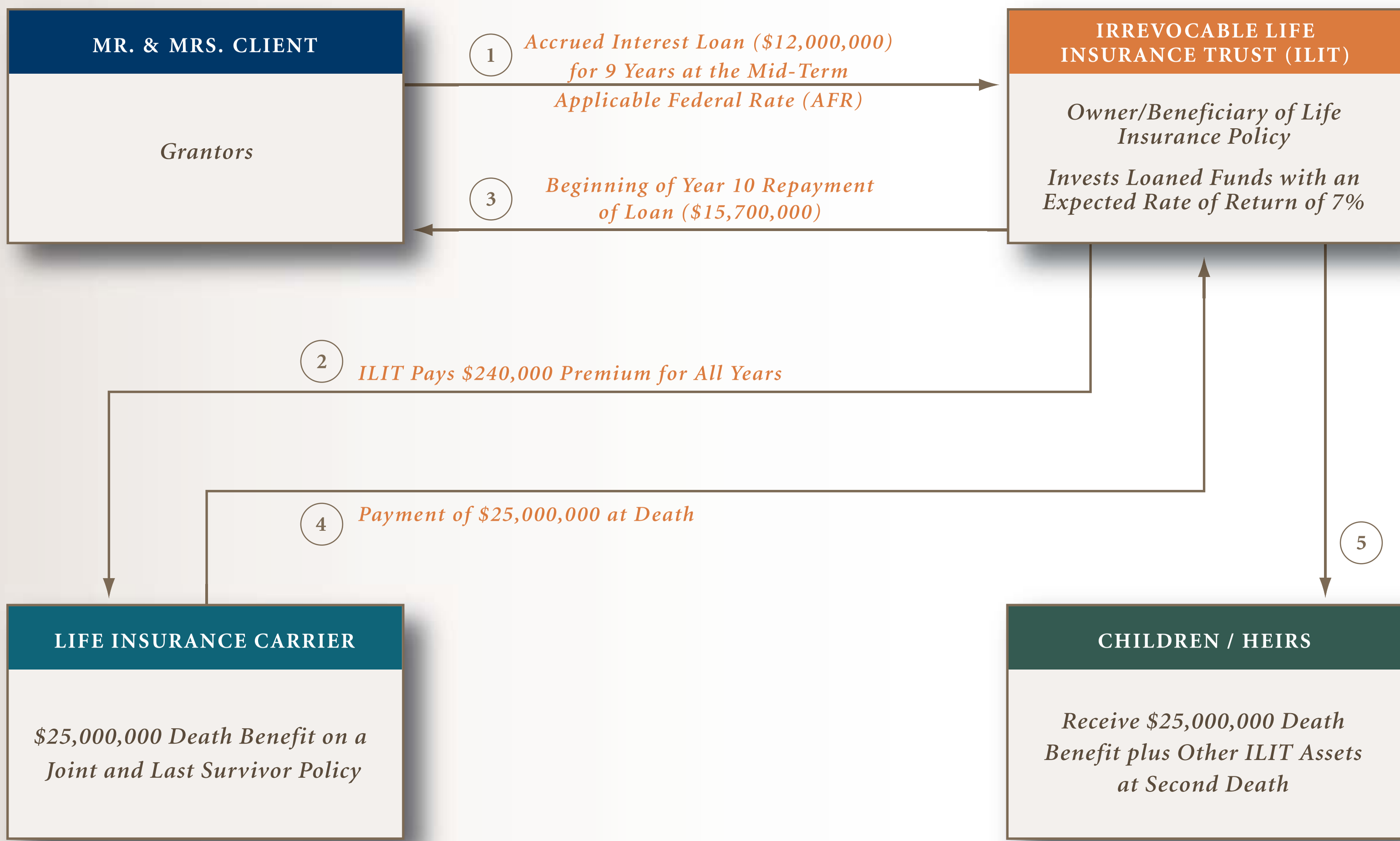
Annuity Arbitrage



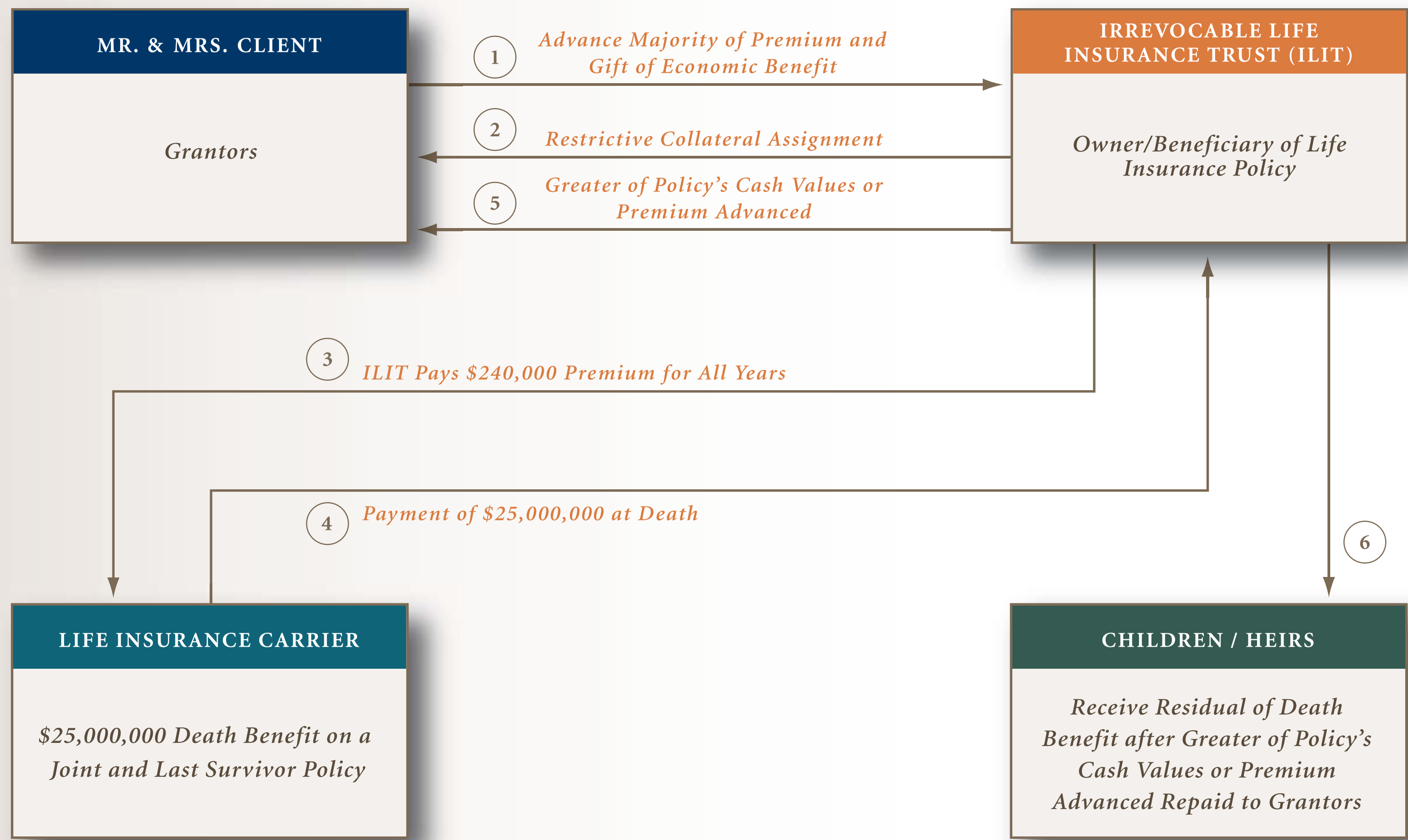
Premium Financing



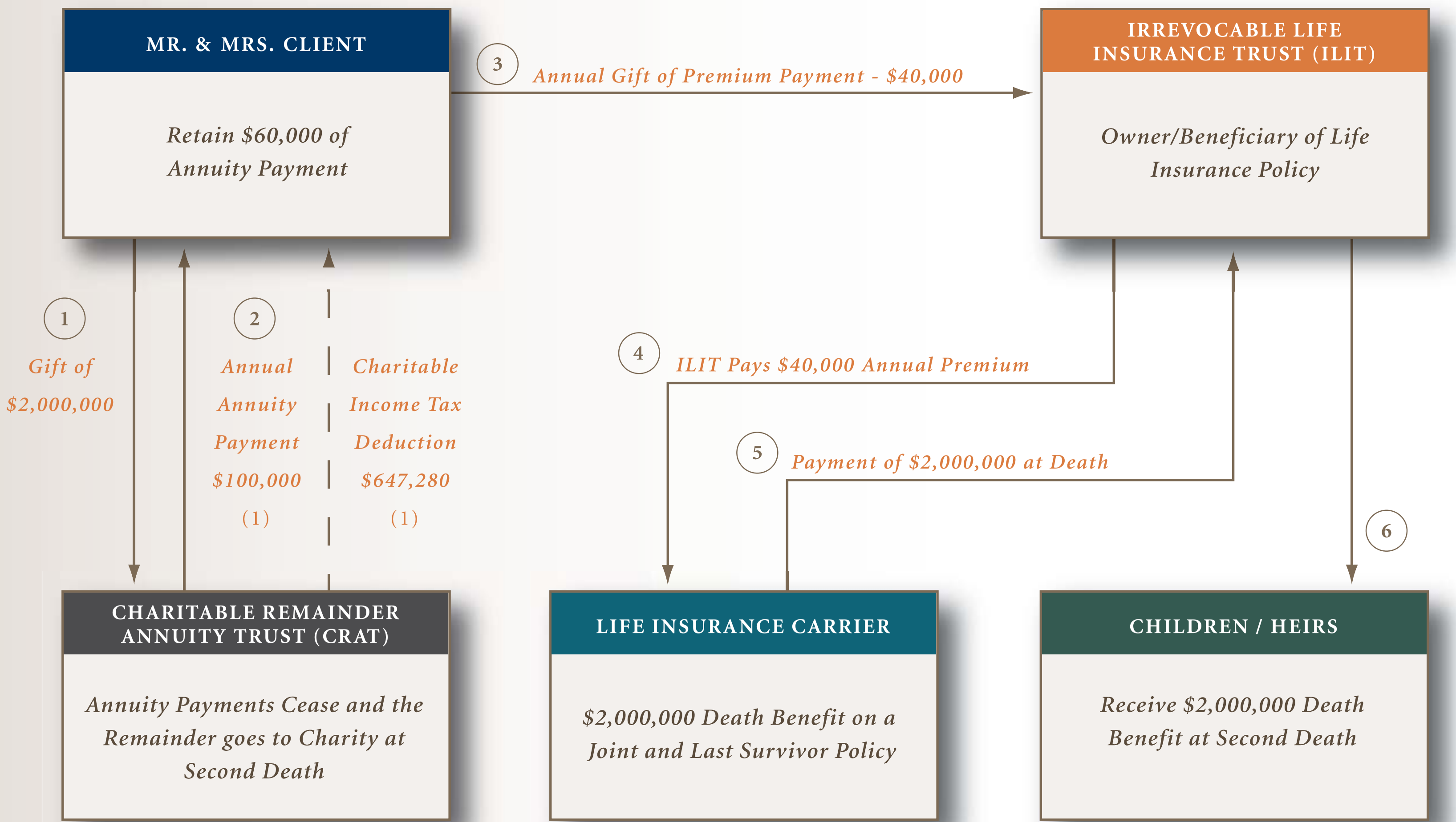
Private Financing



Private Split Dollar



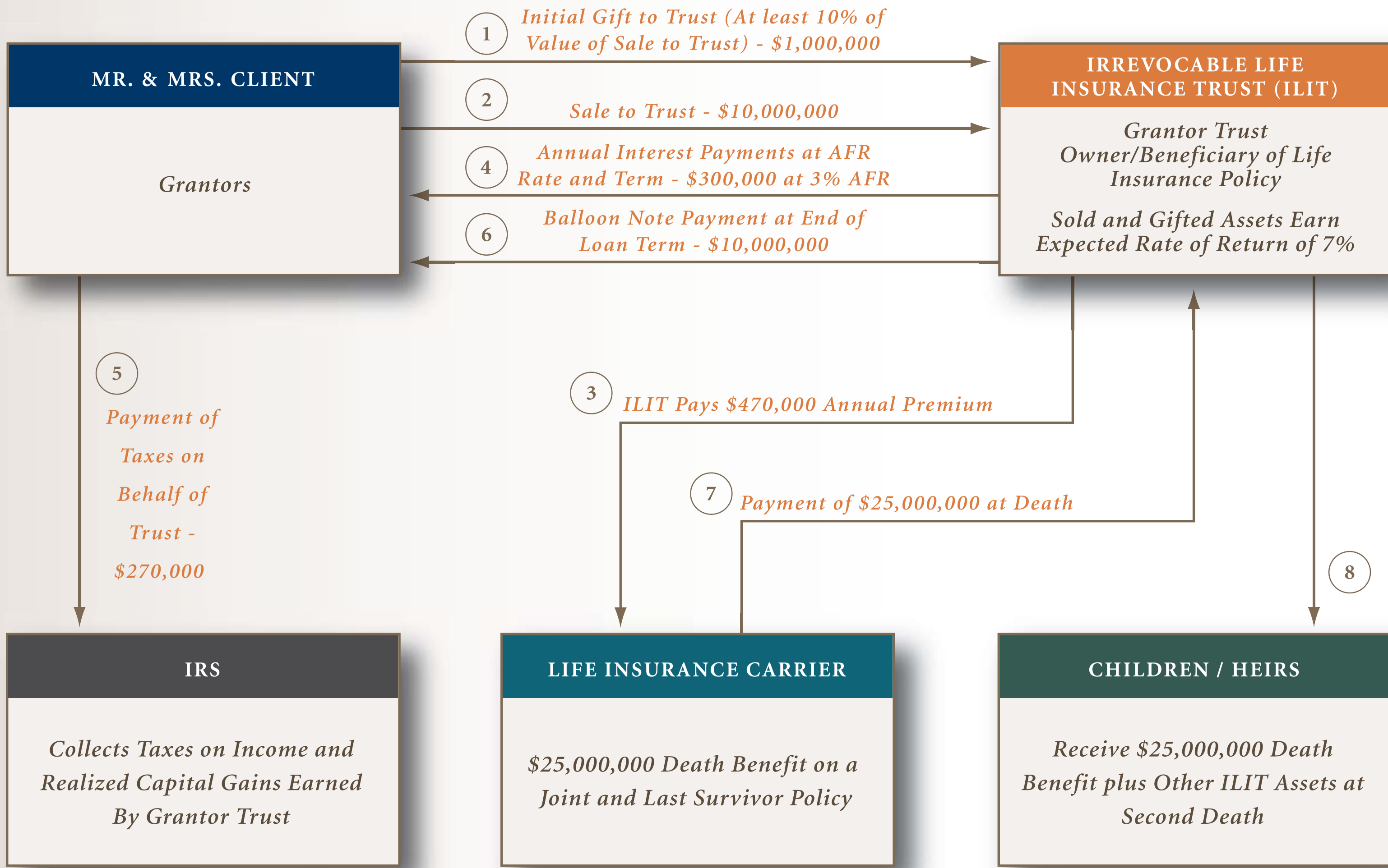
CRT with Wealth Replacement Trust



(1) Annuity payments are taxed to the beneficiary as ordinary income, capital gain, tax-free income and/or return of principal. Income tax deductions not used currently may be carried forward for 5 years. The current income tax deduction depends on the type of asset donated, the type of charity, and benefits paid out to the income beneficiaries.

Please see disclosure page for complete disclosure information.

Sale to an Intentionally Defective Grantor Trust (IDGT)



Disclosures

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Private Financing   Sale to an Intentionally Defective Grantor Trust (IDGT)

Loan interest paid by the ILIT is not deductible. ILIT assets may be insufficient to pay the premiums, loan interest, and/or repay the lender. Additional out-of-pocket contributions to the ILIT may be required to retire the debt and/or maintain the desired level of insurance protection. A well planned exit strategy should be in place from the beginning.

Private Split Dollar

Split-dollar arrangements are subject to Final Split Dollar Regulations that apply for purposes of federal income, employment and gift taxes. The hypothetical case study results are for illustrative purposes only and should not be deemed a representation of the past or future results. This example does not represent any specific product, nor does it reflect sales charges or other expenses that may be required for some investments. No representation is made as to the accurateness of the analysis. Discusses fixed products only. A well planned exit strategy should be in place from the beginning.

Annuity Arbitrage

Single Premium Immediate Annuities make fixed payments for a contracted time frame. Payments, which consist of principal and interest, are typically not adjusted for inflation so the buying power of the payments issued may erode over time. Please note the decision to annuitize is irrevocable, and principal cannot be withdrawn at a rate greater than the contracted payout rate.

Premium Financing

Premium Financing is complex and involves many risks, such as the possibility of policy lapse, loss of collateral, interest rate and market uncertainty, and failure to re-qualify with the lender to keep the financing in place and maintain the desired level of insurance protection. Subject to the lender's collateral and financial underwriting requirements. Loan interest paid by the ILIT is not deductible. ILIT assets may be insufficient to pay the premiums, loan interest, and/or repay the lender. Pledged collateral and, in certain situations, additional out-of-pocket contributions to the ILIT, may be required to retire the debt and/or maintain the desired level of insurance protection. A well planned exit strategy should be in place from the beginning.

For illustrative purposes only. Guarantees subject to the claims paying ability of the issuing insurance company.

Product Comparison

Prepared for:

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Monday, February 08, 2010

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Product Comparison

Purpose

The purpose of this presentation is to compare life insurance products on the basis of the internal rate of return of the projected policy cash flow, including death benefit.

These comparisons are for illustrative purposes only. They are not and should not be construed to be a contract or offer for insurance. The actual policy values may differ from the values shown due to underwriting decisions and actual policy

The facts, figures, premiums, values, benefits and quotations contained herein have been obtained from sources believed to be reliable, but cannot be guaranteed.

Each of the products compared may have different features.

This presentation is only valid when preceded or accompanied by the complete life insurance illustration and summary pages for each illustrated product.

The materials are not intended to be opinion or advice on legal, tax, accounting or investment matters. Private counsel should be consulted prior to application of this general information to specific situations. Please consult your attorney or tax advisor for complete up-to-date information concerning federal and state tax laws in this area. NFP Insurance Services, Inc. and its affiliates do not give legal or tax advice.

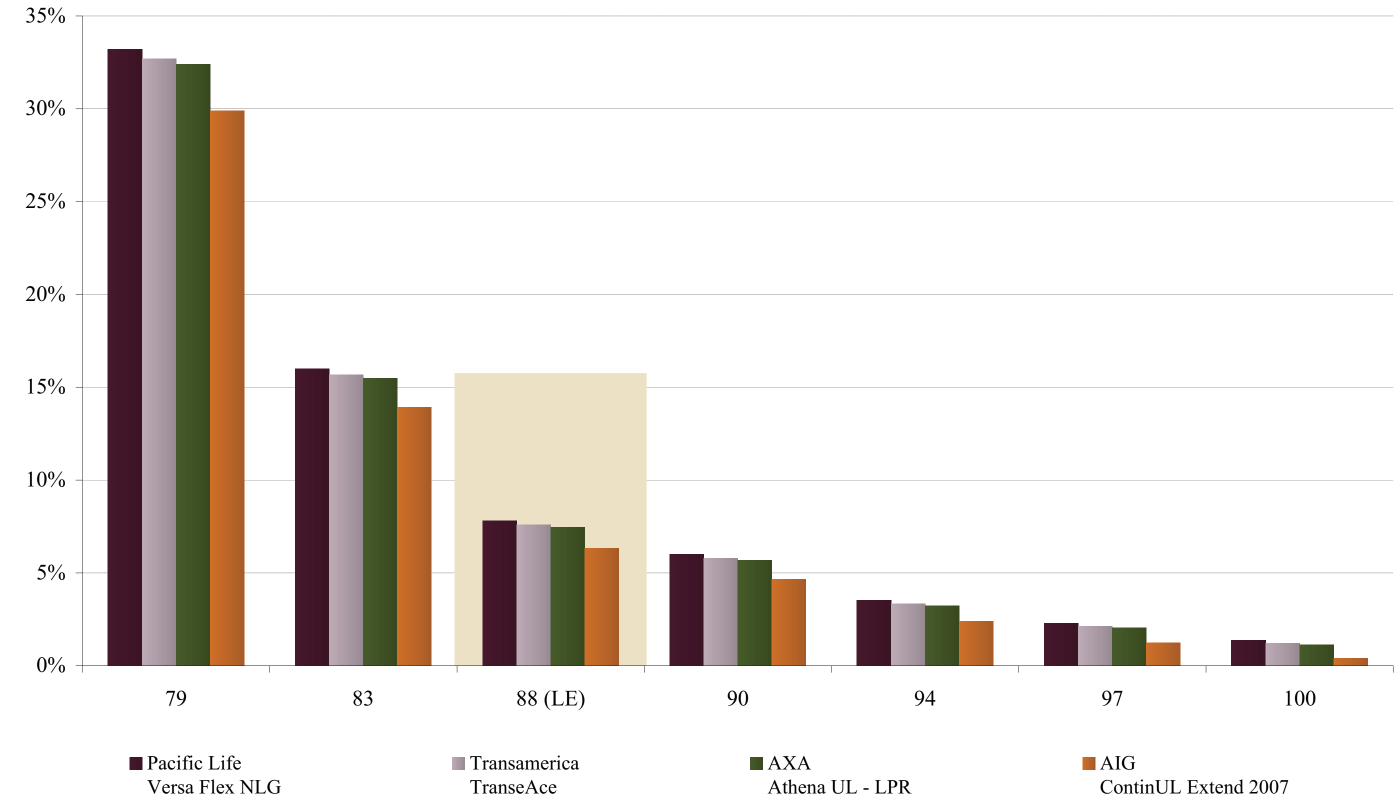
Most insurance policies contain exclusions, limitations, reductions of benefits and terms for keeping them in force. For complete costs and details, see your financial services representative.

Life insurance is medically underwritten. You should not cancel your current coverage until your new coverage is in force. Surrender charges may be due on an exchange of one contract for another. A change in policy may require a medical examination. Surrenders may be taxable. You should consult your own tax advisors regarding tax liability on surrenders.

Values illustrated are not guaranteed unless clearly identified in the supplemental illustration as guaranteed.

Product Comparison

Comparison of Internal Rates of Return



Internal Rate of Return on Death Benefit at Selected Ages

Year	Attained Age	Pacific Life Versa Flex NLG	Transamerica TranseAce	AXA Athena UL - LPR	AIG ContinUL Extend 2007
8	79	33.2%	32.7%	32.4%	29.9%
12	83	16.0%	15.7%	15.5%	13.9%
17	**88 (LE)**	**7.8%**	**7.6%**	**7.4%**	**6.3%**
19	90	6.0%	5.8%	5.7%	4.7%
23	94	3.5%	3.3%	3.2%	2.4%
26	97	2.3%	2.1%	2.0%	1.3%
29	100	1.4%	1.2%	1.1%	0.4%

Internal Rate of Return (IRR) is a method used to determine the policy holder's return on premiums paid into a life insurance policy. It is a calculation of the interest rate required for the cumulative policy cash flow (equal to premiums less dividends, withdrawals or loans paid in cash), to equal the death benefit of the policy in that year.

Life Expectancy (LE) as used in this presentation shows the average age at death based on your current age and is not necessarily indicative of your own personal life expectancy. You may live longer than indicated by the table. The LE tables used are not tailored to your personal situation or risk class; rather, they are based on population averages and are presented merely to help you form a generalized idea of the potential age(s) at death. LE for a male, age 71 is 17 years based on the 2001 CSO mortality

Product Comparison

Table Comparison for Selected Products

Year	Attained Age	Pacific Life Versa Flex NLG	Transamerica TranseAce	AXA Athena UL - LPR	AIG ContinUL Extend 2007
Projected Premium					
8	79	27,958	28,598	28,988	32,377
12	83	27,958	28,598	28,988	32,377
17	**88 (LE)**	**27,958**	**28,598**	**28,988**	**32,377**
19	90	27,958	28,598	28,988	32,377
23	94	27,958	28,598	28,988	32,377
26	97	27,958	28,598	28,988	32,377
29	100	27,958	28,598	28,988	32,377
Projected Death Benefit					
8	79	1,000,000	1,000,000	1,000,000	1,000,000
12	83	1,000,000	1,000,000	1,000,000	1,000,000
17	**88 (LE)**	**1,000,000**	**1,000,000**	**1,000,000**	**1,000,000**
19	90	1,000,000	1,000,000	1,000,000	1,000,000
23	94	1,000,000	1,000,000	1,000,000	1,000,000
26	97	1,000,000	1,000,000	1,000,000	1,000,000
29	100	1,000,000	1,000,000	1,000,000	1,000,000
Projected Cash Surrender Value					
8	79	0	0	0	0
12	83	0	0	0	0
17	**88 (LE)**	**0**	**0**	**0**	**0**
19	90	0	0	0	0
23	94	0	0	0	0
26	97	0	0	0	0
29	100	0	0	0	0
Projected Internal Rate of Return					
8	79	33.2%	32.7%	32.4%	29.9%
12	83	16.0%	15.7%	15.5%	13.9%
17	**88 (LE)**	**7.8%**	**7.6%**	**7.4%**	**6.3%**
19	90	6.0%	5.8%	5.7%	4.7%
23	94	3.5%	3.3%	3.2%	2.4%
26	97	2.3%	2.1%	2.0%	1.3%
29	100	1.4%	1.2%	1.1%	0.4%
Tax-Free Adjusted Internal Rate of Return					
8	79	46.1%	45.4%	45.0%	41.5%
12	83	22.2%	21.8%	21.5%	19.3%
17	**88 (LE)**	**10.8%**	**10.5%**	**10.3%**	**8.8%**
19	90	8.3%	8.0%	7.9%	6.5%
23	94	4.9%	4.6%	4.5%	3.3%
26	97	3.2%	3.0%	2.8%	1.7%
29	100	1.9%	1.7%	1.6%	0.6%

The Tax-Free Adjusted IRR modifies the calculated internal rate of return to account for the income tax-free nature of the policy death benefit assuming a 28.0% tax rate.

Additional information about the policies is available at the Assumptions page within this document in addition to the carrier ledgers.

Tax Issues Affecting Life Insurance

Tax-Defintion of Life Insurance

A policy will qualify as life insurance under IRC Sec. 7702 if the policy qualifies as life insurance under applicable state law and meets one of the following tests:

1 **Guideline Premium and Cash Value Corridor Test (GPT)** - The sum of premiums paid at any time does not exceed the greater of the guideline single premium or the sum of the guideline level premium at such time, and the death benefit payable under the policy at any time is at least equal to an applicable percentage of the cash surrender value; or

2 **Cash Value Accumulation Test (CVAT)** - The cash surrender value of the policy must not at any time exceed the net single premium which would be necessary to fund future benefits under the policy.

Failure to qualify as life insurance will result in taxation of all cash value increases, and only the excess of the death benefit over

Modified Endowment Contract

As defined in IRC Sec 7702A, a Modified Endowment Contract ("MEC") is a life insurance policy in which the cumulative premium payments in any one of the first seven policy years exceed the sum of the net level premiums, which would have been paid to provide a paid-up policy after the payment of seven level annual premiums (the "7-pay test"). Distributions from a MEC, either a withdrawal or loan (or use of the policy as collateral for a loan), are taxed to the extent there is a gain in the policy. Also, a 10% penalty will be assessed on the taxable amount of any distributions made prior to the policy owner's attaining age 59½, unless the policy owner is disabled or receives the cash value under a life annuity settlement option. Note, however, that the 10% penalty tax is always applicable if the policy owner is a "non-natural" person (e.g., a corporation or trust).

If there has been a "material change" in the terms or benefits of the policy, the 7-pay test will be applied as if the policy was a new contract at the date of the material change. Generally, once a policy is a MEC it is always a MEC. However, if premiums in excess of the 7-pay limit are paid, the MEC rules will not apply if such premium payments, plus interest (which is taxable), are returned to the policy owner within 60 days after the end of the policy year in which the excess premium payment was made.

Estate Tax

If an insured has any incidents of ownership in a life insurance policy at the time of his or her death, or within three years of his or her death, or the proceeds are payable to or for the benefit of the insured's estate, the death benefit will be includable in his or her gross estate and may be subject to federal estate tax and/or state inheritance tax.

Withdrawals[1,2]

Assuming the life insurance policy is not a MEC as described on the previous page, withdrawals are taxed under the "cost recovery rule" and are taxable only to the extent the withdrawal exceeds the cost basis of the policy (basis equals the gross premiums paid less prior untaxed withdrawals).

Policy Loans[1]

Assuming the life insurance policy is not a MEC as described on the previous page, policy loans are not treated as withdrawals or distributions and are not subject to income tax.

If a loan is still outstanding when a life insurance policy is surrendered or lapses, the loan balance including upaid loan interest is automatically repaid from the policy's cash value. This loan repayment will result in taxable income to the extent that the net surrender value plus the amount of the repaid loan, including unpaid interest, exceeds the cost basis of the policy.

If a policy loan is still outstanding at the time of death, the loan, including unpaid interest, is automatically repaid from the policy's death benefit.

Death Benefit

Proceeds from a life insurance policy paid because of the death of the insured are generally excludable from the beneficiary's gross income for income tax purposes.

Estate Tax

If an insured has any incidents of ownership in a life insurance policy at the time of his or her death, or within three years of his or her death, or the proceeds are payable to or for the benefit of the insured's estate, the death benefit will be includable in his or her gross estate and may be subject to federal estate tax and/or state inheritance tax.

1 Withdrawals and policy loans may reduce the death benefit and account value. There may be penalties and fees associated with the use of loans and withdrawals.

2 Withdrawals in the first 15 policy years may be taxable under IRC Sec. 7702(f)(7)(B).

Product Comparison

Pacific Life Versa Flex NLG

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
1	72	27,958	0	1,000,000	3476.8%	4828.9%
2	73	27,958	0	1,000,000	450.1%	625.2%
3	74	27,958	0	1,000,000	190.2%	264.2%
4	75	27,958	0	1,000,000	111.0%	154.1%
5	76	27,958	0	1,000,000	74.8%	103.8%
6	77	27,958	0	1,000,000	54.5%	75.8%
7	78	27,958	0	1,000,000	41.8%	58.1%
8	79	27,958	0	1,000,000	33.2%	46.1%
9	80	27,958	0	1,000,000	27.0%	37.5%
10	81	27,958	0	1,000,000	22.4%	31.1%
11	82	27,958	0	1,000,000	18.8%	26.1%
12	83	27,958	0	1,000,000	16.0%	22.2%
13	84	27,958	0	1,000,000	13.7%	19.0%
14	85	27,958	0	1,000,000	11.8%	16.4%
15	86	27,958	0	1,000,000	10.3%	14.3%
16	87	27,958	0	1,000,000	8.9%	12.4%
17	**88 (LE)**	**27,958**	**0**	**1,000,000**	**7.8%**	**10.8%**
18	89	27,958	0	1,000,000	6.8%	9.5%
19	90	27,958	0	1,000,000	6.0%	8.3%
20	91	27,958	0	1,000,000	5.3%	7.3%
21	92	27,958	0	1,000,000	4.6%	6.4%
22	93	27,958	0	1,000,000	4.0%	5.6%
23	94	27,958	0	1,000,000	3.5%	4.9%
24	95	27,958	0	1,000,000	3.1%	4.3%
25	96	27,958	0	1,000,000	2.7%	3.7%
26	97	27,958	0	1,000,000	2.3%	3.2%
27	98	27,958	0	1,000,000	1.9%	2.7%
28	99	27,958	0	1,000,000	1.6%	2.3%
29	100	27,958	0	1,000,000	1.4%	1.9%
30	101	27,958	0	1,000,000	1.1%	1.5%
31	102	27,958	0	1,000,000	0.9%	1.2%
32	103	27,958	0	1,000,000	0.7%	0.9%
33	104	27,958	0	1,000,000	0.5%	0.7%
34	105	27,958	0	1,000,000	0.3%	0.4%
35	106	27,958	0	1,000,000	0.1%	0.2%
36	107	27,958	0	1,000,000	0.0%	0.0%
37	108	27,958	0	1,000,000	-0.2%	-0.2%
38	109	27,958	0	1,000,000	-0.3%	-0.4%
39	110	27,958	0	1,000,000	-0.4%	-0.6%
40	111	27,958	0	1,000,000	-0.6%	-0.8%

Product Comparison

Pacific Life Versa Flex NLG

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
41	112	27,958	0	1,000,000	-0.7%	-0.9%
42	113	27,958	0	1,000,000	-0.8%	-1.1%
43	114	27,958	0	1,000,000	-0.9%	-1.2%
44	115	27,958	0	1,000,000	-0.9%	-1.3%
45	116	27,958	0	1,000,000	-1.0%	-1.4%
46	117	27,958	0	1,000,000	-1.1%	-1.5%
47	118	27,958	0	1,000,000	-1.2%	-1.6%
48	119	27,958	0	1,000,000	-1.3%	-1.7%
49	120	27,958	0	1,000,000	-1.3%	-1.8%
50	121	27,958	0	1,000,000	-1.4%	-1.9%
51	122	27,958	0	1,000,000	-1.4%	-2.0%

Product Comparison

Transamerica TranseAce

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
1	72	28,598	0	1,000,000	3396.7%	4717.7%
2	73	28,598	0	1,000,000	443.4%	615.9%
3	74	28,598	0	1,000,000	187.7%	260.7%
4	75	28,598	0	1,000,000	109.5%	152.1%
5	76	28,598	0	1,000,000	73.8%	102.5%
6	77	28,598	0	1,000,000	53.8%	74.7%
7	78	28,598	0	1,000,000	41.2%	57.3%
8	79	28,598	0	1,000,000	32.7%	45.4%
9	80	28,598	0	1,000,000	26.6%	36.9%
10	81	28,598	0	1,000,000	22.0%	30.6%
11	82	28,598	0	1,000,000	18.5%	25.7%
12	83	28,598	0	1,000,000	15.7%	21.8%
13	84	28,598	0	1,000,000	13.4%	18.6%
14	85	28,598	0	1,000,000	11.6%	16.0%
15	86	28,598	0	1,000,000	10.0%	13.9%
16	87	28,598	0	1,000,000	8.7%	12.1%
17	**88 (LE)**	**28,598**	**0**	**1,000,000**	**7.6%**	**10.5%**
18	89	28,598	0	1,000,000	6.6%	9.2%
19	90	28,598	0	1,000,000	5.8%	8.0%
20	91	28,598	0	1,000,000	5.1%	7.0%
21	92	28,598	0	1,000,000	4.4%	6.1%
22	93	28,598	0	1,000,000	3.9%	5.4%
23	94	28,598	0	1,000,000	3.3%	4.6%
24	95	28,598	0	1,000,000	2.9%	4.0%
25	96	28,598	0	1,000,000	2.5%	3.5%
26	97	28,598	0	1,000,000	2.1%	3.0%
27	98	28,598	0	1,000,000	1.8%	2.5%
28	99	28,598	0	1,000,000	1.5%	2.1%
29	100	28,598	0	1,000,000	1.2%	1.7%
30	101	28,598	0	1,000,000	1.0%	1.3%
31	102	28,598	0	1,000,000	0.7%	1.0%
32	103	28,598	0	1,000,000	0.5%	0.7%
33	104	28,598	0	1,000,000	0.3%	0.5%
34	105	28,598	0	1,000,000	0.2%	0.2%
35	106	28,598	0	1,000,000	0.0%	0.0%
36	107	28,598	0	1,000,000	-0.2%	-0.2%
37	108	28,598	0	1,000,000	-0.3%	-0.4%
38	109	28,598	0	1,000,000	-0.4%	-0.6%
39	110	28,598	0	1,000,000	-0.6%	-0.8%
40	111	28,598	0	1,000,000	-0.7%	-0.9%

Product Comparison

Transamerica TranseAce

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
41	112	28,598	0	1,000,000	-0.8%	-1.1%
42	113	28,598	0	1,000,000	-0.9%	-1.2%
43	114	28,598	0	1,000,000	-1.0%	-1.3%
44	115	28,598	0	1,000,000	-1.1%	-1.5%
45	116	28,598	0	1,000,000	-1.1%	-1.6%
46	117	28,598	0	1,000,000	-1.2%	-1.7%
47	118	28,598	0	1,000,000	-1.3%	-1.8%
48	119	28,598	0	1,000,000	-1.4%	-1.9%
49	120	28,598	0	1,000,000	-1.4%	-2.0%
50	121	28,598	0	1,000,000	-1.5%	-2.1%
51	122	28,598	0	1,000,000	-1.5%	-2.1%

Product Comparison

AXA Athena UL - LPR

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
1	72	28,988	0	1,000,000	3349.7%	4652.4%
2	73	28,988	0	1,000,000	439.5%	610.4%
3	74	28,988	0	1,000,000	186.2%	258.6%
4	75	28,988	0	1,000,000	108.7%	151.0%
5	76	28,988	0	1,000,000	73.2%	101.6%
6	77	28,988	0	1,000,000	53.3%	74.1%
7	78	28,988	0	1,000,000	40.9%	56.8%
8	79	28,988	0	1,000,000	32.4%	45.0%
9	80	28,988	0	1,000,000	26.3%	36.5%
10	81	28,988	0	1,000,000	21.8%	30.2%
11	82	28,988	0	1,000,000	18.3%	25.4%
12	83	28,988	0	1,000,000	15.5%	21.5%
13	84	28,988	0	1,000,000	13.2%	18.4%
14	85	28,988	0	1,000,000	11.4%	15.8%
15	86	28,988	0	1,000,000	9.9%	13.7%
16	87	28,988	0	1,000,000	8.6%	11.9%
17	**88 (LE)**	**28,988**	**0**	**1,000,000**	**7.4%**	**10.3%**
18	89	28,988	0	1,000,000	6.5%	9.0%
19	90	28,988	0	1,000,000	5.7%	7.9%
20	91	28,988	0	1,000,000	4.9%	6.9%
21	92	28,988	0	1,000,000	4.3%	6.0%
22	93	28,988	0	1,000,000	3.7%	5.2%
23	94	28,988	0	1,000,000	3.2%	4.5%
24	95	28,988	0	1,000,000	2.8%	3.9%
25	96	28,988	0	1,000,000	2.4%	3.3%
26	97	28,988	0	1,000,000	2.0%	2.8%
27	98	28,988	0	1,000,000	1.7%	2.4%
28	99	28,988	0	1,000,000	1.4%	2.0%
29	100	28,988	0	1,000,000	1.1%	1.6%
30	101	28,988	0	1,000,000	0.9%	1.2%
31	102	28,988	0	1,000,000	0.7%	0.9%
32	103	28,988	0	1,000,000	0.5%	0.6%
33	104	28,988	0	1,000,000	0.3%	0.4%
34	105	28,988	0	1,000,000	0.1%	0.1%
35	106	28,988	0	1,000,000	-0.1%	-0.1%
36	107	28,988	0	1,000,000	-0.2%	-0.3%
37	108	28,988	0	1,000,000	-0.4%	-0.5%
38	109	28,988	0	1,000,000	-0.5%	-0.7%
39	110	28,988	0	1,000,000	-0.6%	-0.9%
40	111	28,988	0	1,000,000	-0.7%	-1.0%

Product Comparison

AXA Athena UL - LPR

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
41	112	28,988	0	1,000,000	-0.8%	-1.2%
42	113	28,988	0	1,000,000	-0.9%	-1.3%
43	114	28,988	0	1,000,000	-1.0%	-1.4%
44	115	28,988	0	1,000,000	-1.1%	-1.6%
45	116	28,988	0	1,000,000	-1.2%	-1.7%
46	117	28,988	0	1,000,000	-1.3%	-1.8%
47	118	28,988	0	1,000,000	-1.4%	-1.9%
48	119	28,988	0	1,000,000	-1.4%	-2.0%
49	120	28,988	0	1,000,000	-1.5%	-2.1%
50	121	28,988	0	1,000,000	-1.5%	-2.1%
51	122	28,988	0	1,000,000	-1.6%	-2.2%

Product Comparison

AIG ContinUL Extend 2007

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
1	72	32,377	0	1,000,000	2988.6%	4150.9%
2	73	32,377	0	1,000,000	408.0%	566.7%
3	74	32,377	0	1,000,000	174.2%	242.0%
4	75	32,377	0	1,000,000	101.8%	141.4%
5	76	32,377	0	1,000,000	68.4%	95.0%
6	77	32,377	0	1,000,000	49.7%	69.0%
7	78	32,377	0	1,000,000	37.9%	52.7%
8	79	32,377	0	1,000,000	29.9%	41.5%
9	80	32,377	0	1,000,000	24.2%	33.5%
10	81	32,377	0	1,000,000	19.9%	27.6%
11	82	32,377	0	1,000,000	16.5%	23.0%
12	83	32,377	0	1,000,000	13.9%	19.3%
13	84	32,377	0	1,000,000	11.8%	16.4%
14	85	32,377	0	1,000,000	10.0%	14.0%
15	86	32,377	0	1,000,000	8.6%	11.9%
16	87	32,377	0	1,000,000	7.4%	10.2%
17	**88 (LE)**	**32,377**	**0**	**1,000,000**	**6.3%**	**8.8%**
18	89	32,377	0	1,000,000	5.4%	7.5%
19	90	32,377	0	1,000,000	4.7%	6.5%
20	91	32,377	0	1,000,000	4.0%	5.5%
21	92	32,377	0	1,000,000	3.4%	4.7%
22	93	32,377	0	1,000,000	2.9%	4.0%
23	94	32,377	0	1,000,000	2.4%	3.3%
24	95	32,377	0	1,000,000	2.0%	2.7%
25	96	32,377	0	1,000,000	1.6%	2.2%
26	97	32,377	0	1,000,000	1.3%	1.7%
27	98	32,377	0	1,000,000	0.9%	1.3%
28	99	32,377	0	1,000,000	0.7%	0.9%
29	100	32,377	0	1,000,000	0.4%	0.6%
30	101	32,377	0	1,000,000	0.2%	0.3%
31	102	32,377	0	1,000,000	0.0%	0.0%
32	103	32,377	0	1,000,000	-0.2%	-0.3%
33	104	32,377	0	1,000,000	-0.4%	-0.5%
34	105	32,377	0	1,000,000	-0.6%	-0.8%
35	106	32,377	0	1,000,000	-0.7%	-1.0%
36	107	32,377	0	1,000,000	-0.8%	-1.2%
37	108	32,377	0	1,000,000	-1.0%	-1.4%
38	109	32,377	0	1,000,000	-1.1%	-1.5%
39	110	32,377	0	1,000,000	-1.2%	-1.7%
40	111	32,377	0	1,000,000	-1.3%	-1.8%

Product Comparison

AIG ContinUL Extend 2007

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
41	112	32,377	0	1,000,000	-1.4%	-2.0%
42	113	32,377	0	1,000,000	-1.5%	-2.1%
43	114	32,377	0	1,000,000	-1.6%	-2.2%
44	115	32,377	0	1,000,000	-1.7%	-2.3%
45	116	32,377	0	1,000,000	-1.7%	-2.4%
46	117	32,377	0	1,000,000	-1.8%	-2.5%
47	118	32,377	0	1,000,000	-1.9%	-2.6%
48	119	32,377	0	1,000,000	-1.9%	-2.7%
49	120	32,377	0	1,000,000	-2.0%	-2.8%
50	121	32,377	0	1,000,000	-2.0%	-2.8%
51	122	32,377	0	1,000,000	-2.1%	-2.9%

Product Comparison

Illustration Assumptions

General Information	
Date of Illustration	Monday, February 08, 2010
Client Name	Valued Client
Age	71
Spouse Name	-
Age	-
Assumed Life Expectancy	88
Assumed Income Tax Rate	28.0%

Pacific Life Versa Flex NLG	
Gross Crediting Rate	4.00%
Insured Underwriting Class	Preferred Non-Tobacco
Insured Underwriting Rating	1
2nd Insured Underwriting Class	-
2nd Insured Underwriting Rating	-

Transamerica TranseAce	
Gross Crediting Rate	4.00%
Insured Underwriting Class	Preferred Non-Tobacco
Insured Underwriting Rating	1
2nd Insured Underwriting Class	-
2nd Insured Underwriting Rating	-

AXA Athena UL - LPR	
Gross Crediting Rate	3.00%
Insured Underwriting Class	Preferred Non-Tobacco
Insured Underwriting Rating	1
2nd Insured Underwriting Class	-
2nd Insured Underwriting Rating	-

AIG ContinUL Extend 2007	
Gross Crediting Rate	3.50%
Insured Underwriting Class	Preferred Non-Tobacco
Insured Underwriting Rating	1
2nd Insured Underwriting Class	-
2nd Insured Underwriting Rating	-

Product Comparison

Carrier Illustrations

Partners Financial

Policy Analysis Report

Prepared for:

Valued Client
Monday, February 08, 2010

Prepared by:

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Partners Financial

Policy Analysis Report

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Appendix

Partners NFP Financial

Although simple in concept, a life insurance policy can be a complex financial instrument. Just as you regularly review your investment portfolio, a life insurance policy needs to be monitored to be certain that it remains appropriate for your goals and performs according to expectations.

Changes in the life insurance industry have led to new, more efficient policies that were developed in response to a more competitive environment brought on by mergers and demutualization. In addition, interest rate and market volatility can significantly affect the underlying cash value in a permanent life insurance policy.

Life Insurance Review Process

A Life Insurance Review evaluates your existing life insurance coverage. By analyzing information on the performance of your current policies and reviewing your options for optimizing the benefit and cost effectiveness of your coverage, it helps ensure that your current and future objectives are being met.

Essential questions that factor into the review process include:

- Is your life insurance coverage on track to meet intended goals?
- How is your policy performing relative to its original objective?
- Are your insurance contracts among the most competitive and cost effective on the market today?
- Has your financial or family status changed?
- Have the needs that prompted the purchase of your existing life insurance policy changed?

Documents and information that factor into the analysis include:

- A policy summary.
- The structure of the policy such as ownership, beneficiaries, and payment methods.
- The underwriting rate class and potential improvements.
- The effect of changes in interest rates and increases in the cost of insurance.
- The financial stability of the insurance company.

Based on the information you provided, the attached report evaluates your existing coverage against other leading options within the life insurance industry. The report is structured to allow you to effectively compare and contrast your policy against the current marketplace.

Current Policy Overview

Client Information

Client Name	Valued Client
Age	79
Underwriting Class	Preferred Non Smoker
Underwriting Rating	None
Spouse Name	-
Age	-
Underwriting Class	-
Underwriting Rating	-
Assumed Life Expectancy	89
Assumed Income Tax Rate	28.0%

Insurance Ownership Information

Policy Owner	ILIT
Purpose	Estate Protection
Beneficiary	ILIT

In-Force Carrier & Product Information

Carrier	Inforce
Product	Whole Life Product
Policy Type	Whole Life

In-Force Policy Information

Policy Number	N/A
Anniversary Date	August 01, 2001
Term Portion of Face Amount at Issue	0
Face Amount at Issue	$5,000,000
Dividends	Paid Up Additions
Current Premium	$227,075
Premium Mode	Annual
Net Cash Surrender Value	$1,465,576
Current Net Death Benefit	$5,998,601
Current Outstanding Loan	$0
Are Premiums Projected to Remain Level?	No

In-Force Policy Features & Riders

Accelerated Benefits	No
Policy Maturity Age	N/A
Maturity Extension	No
No-Lapse Guarantee	N/A

Policy Analysis Report

Policy Comparison

Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Policy Type	Whole Life	Universal Life	Universal Life
Guaranteed Crediting Rate	3.00%	3.00%	3.00%
Current Crediting Rate	4.00%	4.50%	4.50%
Net Guaranteed Assumptions			
Existing CSV1/1035 Exchange	1,465,576	1,465,576	1,465,576
Death Benefit	5,164,529	8,116,280	7,850,698
Initial Premium	227,075	227,075	227,075
Annual Premium	227,075	25,000	25,000
Years Paid	21	5	5
Net Outlay2 to Life Expectancy	2,270,750	1,083,647	1,083,647
Net Current Assumptions			
Existing CSV1/1035 Exchange	1,465,576	1,465,576	1,465,576
Death Benefit	5,998,601	8,116,280	7,850,698
Initial Premium	227,075	227,075	227,075
Annual Premium	227,075	25,000	25,000
Years Paid	5	5	5
Net Outlay2 to Life Expectancy	1,083,647	1,083,647	1,083,647
Policy Lapse Information			
Guaranteed Assumptions	Endows at Age 100	No Lapse Guarantee - Age 125	No Lapse Guarantee - Age 125
Current Assumptions	Endows at Age 100	No Lapse Guarantee - Age 125	No Lapse Guarantee - Age 125

1 CSV = Cash Surrender Value

2 See the attached compliant illustration for details on Net Outlay

Life Insurance products may contain various terms and conditions and as such this analysis should only be reviewed in conjunction with the respective policy proposals and/or contracts. Over time, the actual non-guaranteed elements and, perhaps, your actual use of certain policy elements are likely to vary from these assumptions. For these reasons, actual policy performance may be either more or less favorable than shown in this analysis. As individual policy recommendations may differ, please request an independent analysis for each subsequent policy. This presentation is not valid without the in-force ledger if applicable, and a complete compliant illustration for any alternative policy dated the same day as this supplemental illustration.

Policy Analysis Report

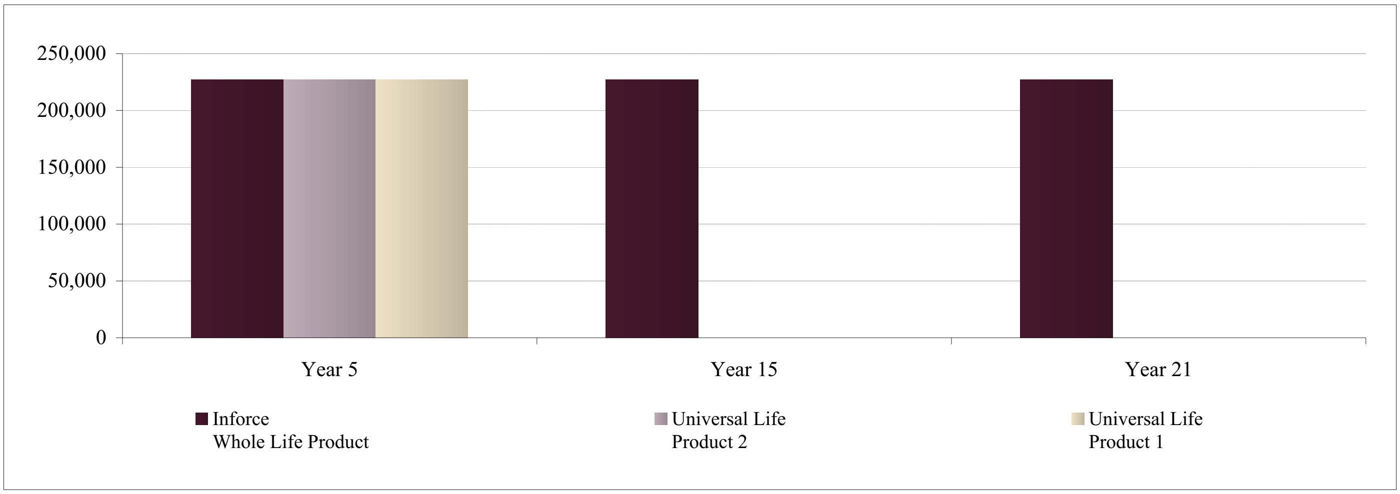
Policy Comparison

Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Guaranteed Assumptions			
Cumulative Premium Outlay			
Year 5	1,135,375	908,300	908,300
Year 15	3,406,125	1,083,647	1,083,647
Year 21	4,768,575	1,083,647	1,083,647
Death Benefit			
Year 5	5,164,529	8,116,280	7,850,698
Year 15	5,164,529	8,116,280	7,850,698
Year 21	5,164,529	8,116,280	7,850,698
Cash Surrender Value			
Year 5	2,715,050	1,509,467	1,490,136
Year 15	3,893,950	0	0
Year 21	5,000,000	0	0
Internal Rate of Return			
Year 5	17.46%	33.25%	32.27%
Year 15	0.58%	8.70%	8.44%
Year 21	-1.44%	6.01%	5.83%
Current Assumptions			
Cumulative Premium Outlay			
Year 5	908,300	908,300	908,300
Year 15	1,083,647	1,083,647	1,083,647
Year 21	1,083,647	1,083,647	1,083,647
Death Benefit			
Year 5	5,865,121	8,116,280	7,850,698
Year 15	5,414,417	8,116,280	7,850,698
Year 21	5,214,640	8,116,280	7,850,698
Cash Surrender Value			
Year 5	3,406,259	1,919,054	1,878,930
Year 15	4,271,108	2,146,325	1,113,654
Year 21	5,214,640	0	0
Internal Rate of Return			
Year 5	23.85%	33.25%	32.27%
Year 15	5.59%	8.70%	8.44%
Year 21	3.68%	6.01%	5.83%

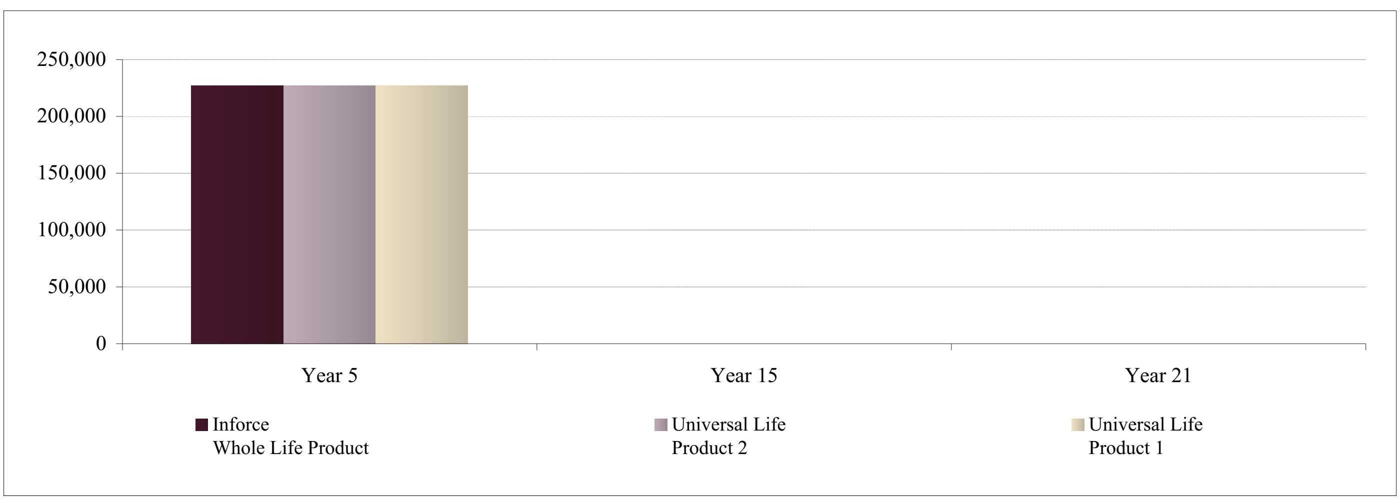
Policy Analysis Report

Premium Outlay Comparison

Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Guaranteed Assumptions			
Year 5	227,075	227,075	227,075
Year 15	227,075	0	0
Year 21	227,075	0	0



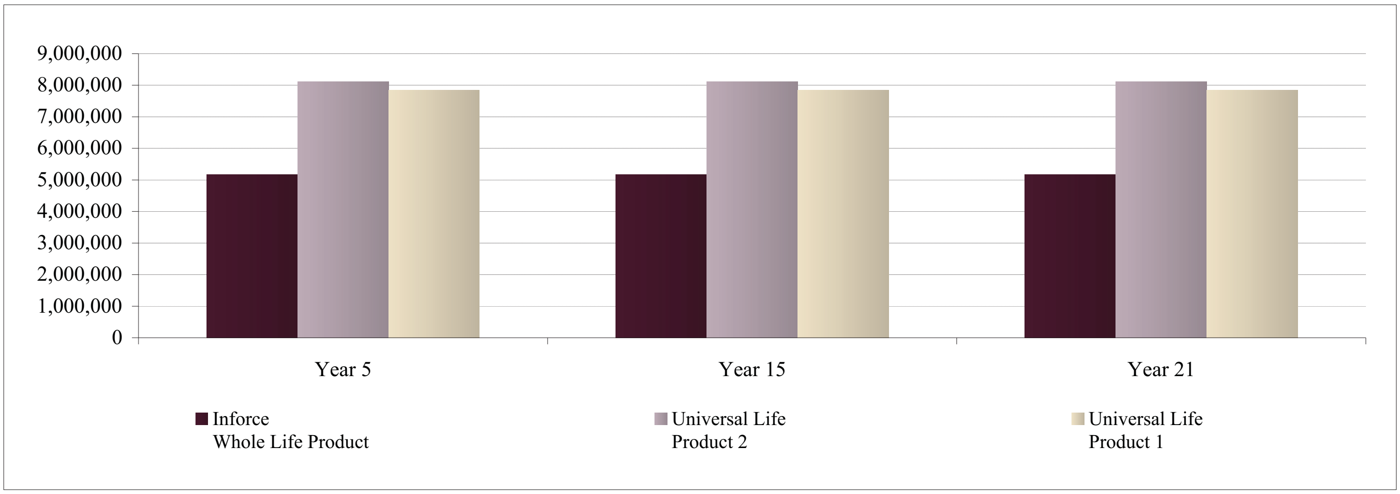
Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Current Assumptions			
Year 5	227,075	227,075	227,075
Year 15	0	0	0
Year 21	0	0	0



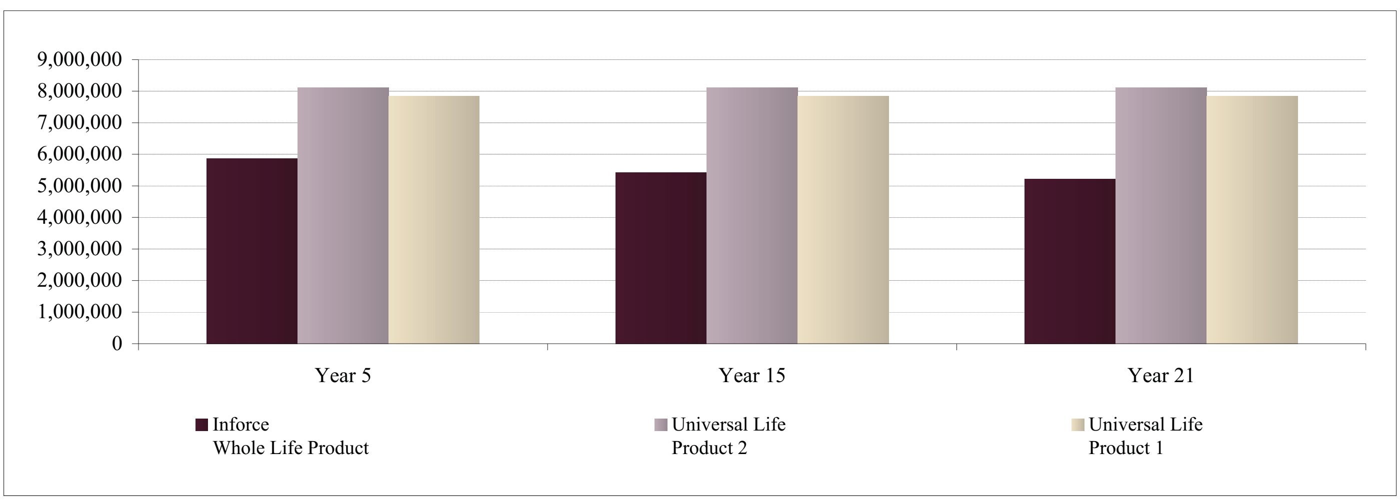
Policy Analysis Report

Death Benefit Comparison

Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Guaranteed Assumptions			
Year 5	5,164,529	8,116,280	7,850,698
Year 15	5,164,529	8,116,280	7,850,698
Year 21	5,164,529	8,116,280	7,850,698



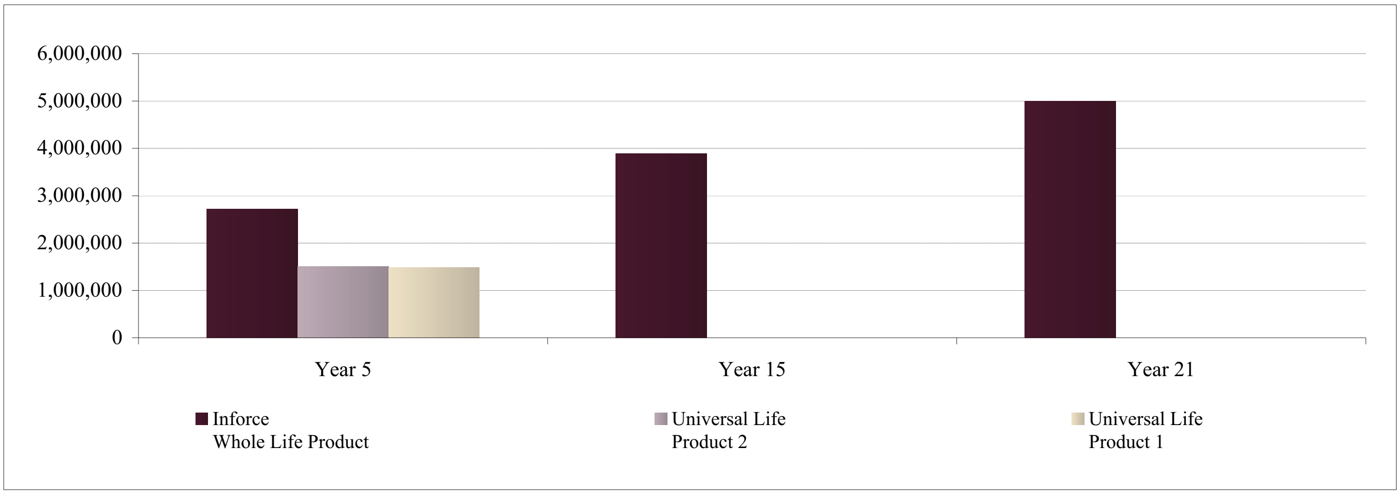
Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Current Assumptions			
Year 5	5,865,121	8,116,280	7,850,698
Year 15	5,414,417	8,116,280	7,850,698
Year 21	5,214,640	8,116,280	7,850,698



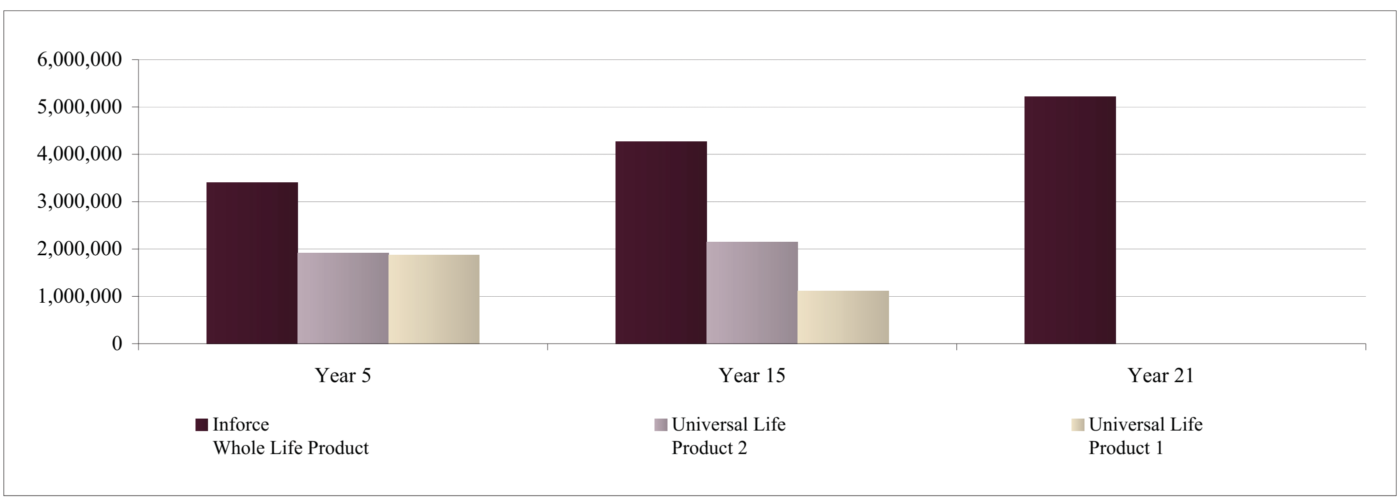
Life Insurance products may contain various terms and conditions and as such this analysis should only be reviewed in conjunction with the respective policy proposals and/or contracts. Over time, the actual non-guaranteed elements and, perhaps, your actual use of certain policy elements are likely to vary from these assumptions. For these reasons, actual policy performance may be either more or less favorable than shown in this analysis. As individual policy recommendations may differ, please request an independent analysis for each subsequent policy. This presentation is not valid without the in-force ledger if applicable, and a complete compliant illustration for any alternative policy dated the same day as this supplemental illustration.

Cash Surrender Value Comparison

Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Guaranteed Assumptions			
Year 5	2,715,050	1,509,467	1,490,136
Year 15	3,893,950	0	0
Year 21	5,000,000	0	0



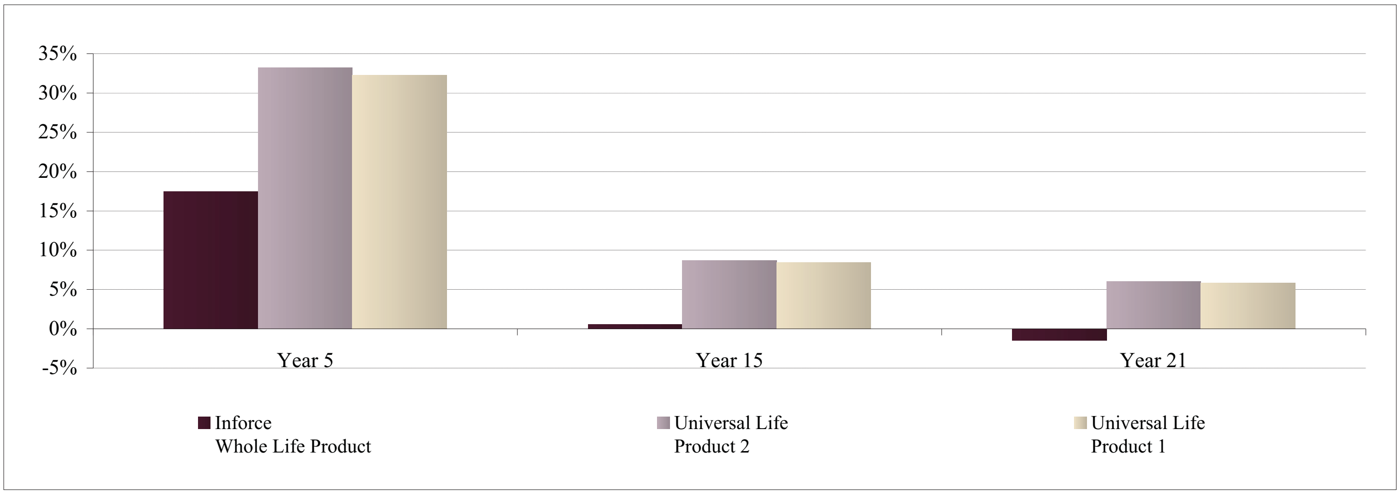
Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Current Assumptions			
Year 5	3,406,259	1,919,054	1,878,930
Year 15	4,271,108	2,146,325	1,113,654
Year 21	5,214,640	0	0



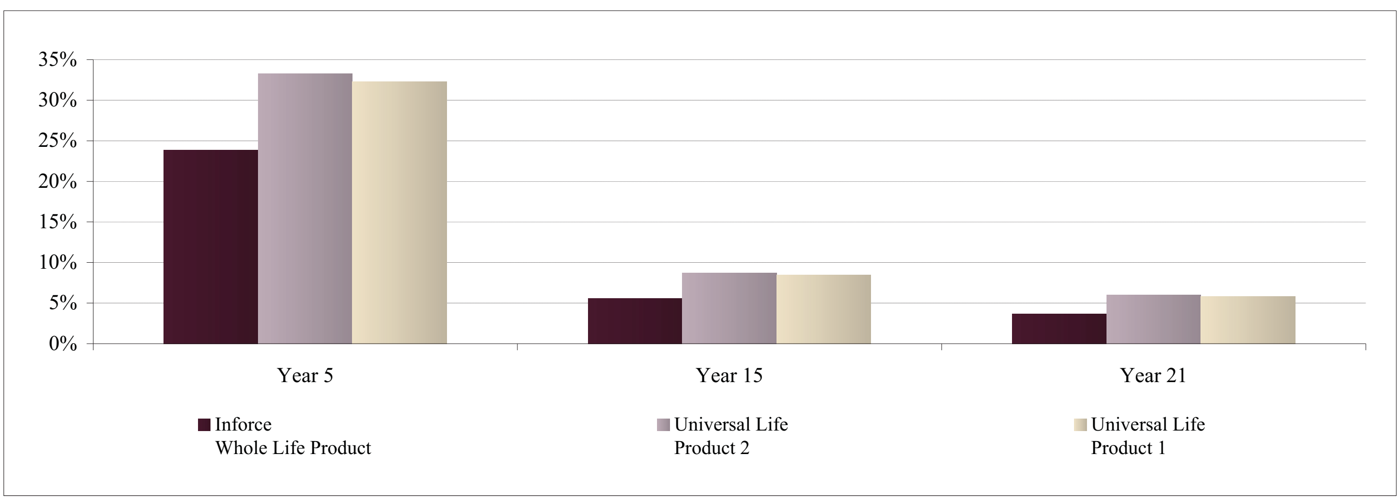
Policy Analysis Report

Internal Rate of Return Comparison

Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Guaranteed Assumptions			
Year 5	17.46%	33.25%	32.27%
Year 15	0.58%	8.70%	8.44%
Year 21	-1.44%	6.01%	5.83%



Current Assumptions			
Year 5	23.85%	33.25%	32.27%
Year 15	5.59%	8.70%	8.44%
Year 21	3.68%	6.01%	5.83%

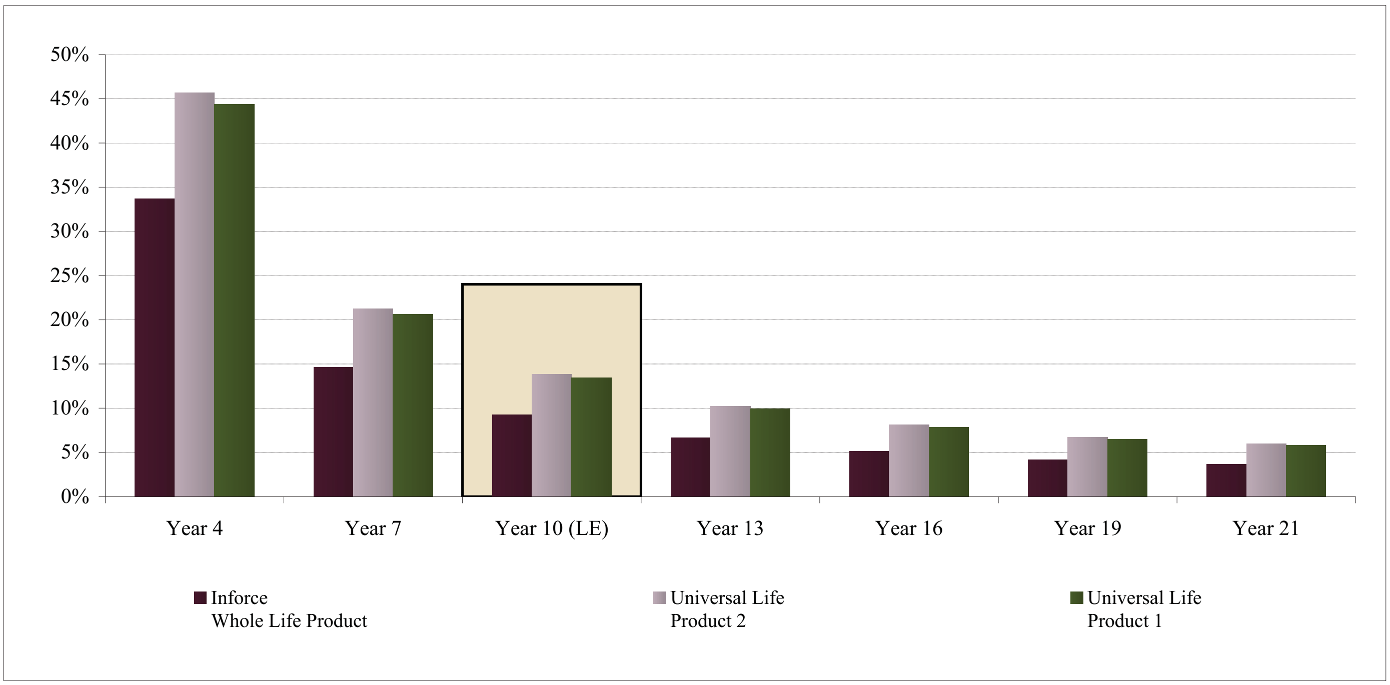


Life Insurance products may contain various terms and conditions and as such this analysis should only be reviewed in conjunction with the respective policy proposals and/or contracts. Over time, the actual non-guaranteed elements and, perhaps, your actual use of certain policy elements are likely to vary from these assumptions. For these reasons, actual policy performance may be either more or less favorable than shown in this analysis. As individual policy recommendations may differ, please request an independent analysis for each subsequent policy. This presentation is not valid without the in-force ledger if applicable, and a complete compliant illustration for any alternative policy dated the same day as this supplemental illustration.

Policy Analysis Report

Internal Rate of Return Comparison

Carrier & Product	Inforce Whole Life Product	Universal Life Product 2	Universal Life Product 1
Internal Rate of Return and the Pre-Tax Equivalency at Current Assumptions			
Year 4	33.71% / 46.82%	45.68% / 63.45%	44.37% / 61.62%
Year 7	14.65% / 20.34%	21.25% / 29.51%	20.60% / 28.61%
Year 10 (LE)	**9.27% / 12.88%**	**13.84% / 19.22%**	**13.42% / 18.64%**
Year 13	6.68% / 9.28%	10.22% / 14.20%	9.92% / 13.78%
Year 16	5.16% / 7.16%	8.10% / 11.25%	7.86% / 10.91%
Year 19	4.14% / 5.75%	6.70% / 9.31%	6.50% / 9.03%
Year 21	3.68% / 5.11%	6.01% / 8.35%	5.83% / 8.10%



The pre-tax equivalent IRR is the rate that would have to be earned before tax (and after sales loads/management fees) to yield the net after-tax insurance death benefit assuming a 28.0% income tax rate.

Life Expectancy (LE) as used in this presentation shows the average age at death based on your current age and is not necessarily indicative of your own personal life expectancy. You may live longer than indicated by the table. The LE tables used are not tailored to your personal situation or risk class; rather, they are based on population averages and are presented merely to help you form a generalized idea of the potential age(s) at death. LE for a male, age 79 is 10 years based on the 2001 CSO mortality table.

Internal Rate of Return (IRR) is a method used to determine the policy holder's return on premiums paid into a life insurance policy. It is a calculation of the interest rate required for the cumulative policy cash flow (equal to premiums less dividends, withdrawals or loans paid in cash), to equal the death benefit of the policy in that year.

Life Insurance products may contain various terms and conditions and as such this analysis should only be reviewed in conjunction with the respective policy proposals and/or contracts. Over time, the actual non-guaranteed elements and, perhaps, your actual use of certain policy elements are likely to vary from these assumptions. For these reasons, actual policy performance may be either more or less favorable than shown in this analysis. As individual policy recommendations may differ, please request an independent analysis for each subsequent policy. This presentation is not valid without the in-force ledger if applicable, and a complete compliant illustration for any alternative policy dated the same day as this supplemental illustration.

Purpose & Review Process

This summary review is designed to present a comprehensive overview of your existing life insurance policies, including any in force projections offered to you by your existing life insurance carriers, and compare this coverage to your current goals and objectives. It also compares and contrasts your existing life insurance coverage to proposed life insurance policies. This review is limited to fixed products only, as such please discuss variable product options with your financial advisors.

The comparison in this presentation is generally more appropriate where life insurance for like purposes is compared. Where some of your existing contracts are intended for purposes different than the proposed policies, the numbers represented in this report may not compare insurance for like-kind purposes. For example, it may not be appropriate to compare one or more insurance policies purchased for survivor protection with a proposed life insurance policy for estate planning unless, of course, your goals and objectives have changed and you no longer require the life insurance for survivor protection.

Neither this firm nor its representatives offer tax or legal advice. This presentation, in oral or written form, should not be construed as such. This summary and the comments it contains are intended to be general observations based on the information you provided regarding your current life insurance, and your life insurance related needs, goals and objectives. Your furnishing of accurate data will enhance the value of this summary review. This analysis, however, is not intended to replace a complete tax and legal review related to your life insurance.

This is a supplemental illustration intended to provide you with an overview of how the proposed life insurance policies compare and contrast to your existing life insurance. This presentation is not valid without a complete, basic compliance illustration for each policy shown dated the same day as this supplemental illustration. It discusses, among other things, the impact of a modified endowment contract, the impact of loans and withdrawals and the impact of a policy lapse.

Please note that we are not responsible for values associated with your existing life insurance that are used in this summary. You and/or the issuing life insurance company and not this firm provide this information.

This presentation is based, in part, on the projections and assumptions in the basic life insurance illustrations. It compares the proposed life insurance to your existing life insurance and, where available, in-force projections of your existing life insurance. All projections, both the proposed life insurance and in-force projections, are based on hypothetical rates and are not a guarantee of future performance. Your actual results will be different from the values shown in this presentation. You should consider what is a reasonable projection based on your risk tolerance. If you believe that the underlying assumptions are incorrect, you should have the illustration, the in-force projections obtained from other companies and/or this supplement rerun based on what you believe is reasonable.

If you purchase new life insurance and use the funds from your existing life insurance policy to fund some or all of that purchase, this may be considered a replacement. In that case, some states require additional paperwork to be completed explaining the reasons for the change. Your life insurance advisor will be able to inform you of the requirements for your state. Before making any decisions about your existing life insurance, be certain to review and update your medical information. Your health is an important part of any review.

One or more of the existing or proposed life policies may have features/riders associated with policies. These features/riders may provide important benefits that are built into the cost of the policies but may not be reflected in this summary review. Please refer to your policy or the attached compliance illustrations for more information.

I have read the above disclosure, understand it, and also acknowledge that this information is based on hypothetical assumptions. I understand that this presentation is intended to be a general life insurance summary review and that, should I choose to implement, will be discussed with my other financial advisors as to its appropriateness within my overall planning needs. I have also received the compliance illustrations from the issuing insurance companies which were used to create this summary review.

Client Signature	______________________________	Presenter	______________________________
Title (if applicable)	______________________________	Firm	______________________________
Date	______________________________		

Policy Analysis Report

Illustration Assumptions

Client Information

Client Name	Valued Client
Age	79
Spouse Name	-
Age	-
Assumed Life Expectancy	89
Assumed Income Tax Rate	28.0%

Life Insurance Assumptions

In-Force Carrier

Carrier	Inforce
Product	Whole Life Product
Policy Type	Whole Life
Underwriting & Class Rating - Valued Client	Preferred Non Smoker

Comparison Policy 1

Carrier	Universal Life
Product	Product 2
Policy Type	Universal Life
Underwriting & Class Rating - Valued Client	Preferred Non Smoker

Comparison Policy 2

Carrier	Universal Life
Product	Product 1
Policy Type	Universal Life
Underwriting & Class Rating - Valued Client	Preferred Non Smoker

Carrier Rating Services

The financial strength of an insurance company is one of the factors that should be considered in selecting an insurance carrier. Purchasing insurance from a financially strong carrier increases the likelihood that the policy's benefits will be paid when due.

Traditional rating agencies have had a strong impact on the insurance industry and its customers. The criteria used by the principal three multi-industry rating services share a large degree of commonality. Each rating service evaluates the strengths and strategies of company management, the operating results of the business units, investment performance, and capitalization. Although each rating agency looks to the same criteria, each has its own unique rating scale.

A.M. Best: 15 rating categories ranging from A++ to F.

Standard & Poor's: 19 rating categories ranging from AAA to R.

Moody's: 21 rating categories ranging from Aaa to C.

Fitch: 24 rating categories ranging from AAA to D.

Comdex: Based on the ratings issued by A.M. Best, Standard & Poor's, Moody's Investors Services, and Fitch. The Comdex is not a rating itself, but a composite index based on an average of all the ratings received from these rating services. The Comdex gives the company's standing, on a scale of 1 to 100, in relation to other companies that have been rated by the services. It is an objective value based solely on the mathematical distribution of all the companies

TheStreet.com: 16 rating categories ranging from A+ to F.

Rating	A.M. Best	Standard & Poor's	Moody's	Fitch	TheStreet.com
Excellent	A++ A+	AAA AA+ AA+ AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA+ AA-	A+ A+ A-
Good	A A-	A+ A+ A-	A1 A2 A3	A+ A+ A- BBB+ BBB+ BBB-	B+ B B-
Fair	B++ B+ B B-	BBB+ BBB+ BBB-	Baa1 Baa2 Baa3	BB+ BB BB-	C+ C C-
Poor	C++ C+ C C-	BB+ BB BB- B+ B B-	Ba1 Ba2 Ba3 B1 B2 B3	B+ B B-	D+ D D-
Troubled	D E F	CCC CC R	Caa1 Caa2 Caa3 Ca C	CCC+ CCC CCC- CC C DDD DD D	E+ E E- F

Industry ratings are not a warranty of an issuer's current or future ability to meet its contractual obligations. Each issuing company is solely responsible for the obligations under their own policies. Statistics shown on the following page were provided by VitalSigns on 03/05/09.

Policy Types

Term Life

Term Insurance generally has the lowest initial premiums and is the least complicated type of life insurance. Term provides life insurance protection for a specified period of time, such as 5, 10 or 20 years. If the insured dies within the term period, a death benefit is paid. If the insured is still alive at the end of the term period, protection ends. Some term insurance can be renewed after the initial level term period for additional periods at much higher premiums. Most types of term life insurance do not build cash value.

Participating Whole Life

Participating Whole Life is a type of permanent life insurance that has premiums based on the underlying guarantees of the policy. Dividends represent the difference between the contractual guarantees and what the company actually experiences for mortality, expenses and interest. They are payable annually and may reduce future premium outlay or enhance future cash values and death benefits, when applied to the contract. Dividends are not guaranteed.

Older participating contracts generally mature at age 100 (or earlier) and do not allow coverage to extend beyond that age. The net cash value is paid out to the policy owner at that point. The policy owner may face an income tax on any gain over premiums paid.

Participating contracts can generally be illustrated with a blend of base and term. The projected dividend is assumed to cover future term costs, which may increase over time. Since dividends are not guaranteed, if the dividends are not actually paid as illustrated, the term costs may not be covered and either the term amount could decrease or higher premiums would need to be paid to cover the cost.

Interest Sensitive Whole Life

Interest Sensitive Whole Life is a type of permanent life insurance in which the premiums are fixed at issue. Premiums (less expense charges) are credited to the policy account and may generate cash values over time. Cost of insurance charges are deducted and interest is credited to the policy account. In addition, at the end of each policy year, the carrier may credit the policy values with excess interest. Policy values may be used to reduce future premium outlay or enhance death benefits. Interest Sensitive Whole Life contracts have guaranteed maximum charges and guaranteed minimum interest rates.

Older Interest Sensitive Whole Life contracts generally mature at age 100 (or earlier) and do not allow coverage to extend beyond that age. The net cash value is paid out to the policy owner at that point. The policy owner may face an income tax on any gain over premiums paid.

Universal Life

Universal Life is a type of permanent life insurance that permits flexible premium payments. The policy owner may vary the amounts and/or timing of premium payments within limits. Premiums (less expense charges) are credited to a policy account (cash value) from which the cost of insurance charges are deducted and to which interest is credited at rates that may change. Universal Life contracts have guaranteed maximum charges and guaranteed minimum interest rates. Many carriers now offer secondary guarantee riders and provisions to assist in maintaining death benefit coverage regardless of the policy's performance.

Term Life Insurance - Risks & Advantages

Term Insurance generally has the lowest initial premiums and is the least complicated type of life insurance.

Term provides life insurance protection for a specified period of time, such as 5, 10 or 20 years. If the insured dies within the term period, a death benefit is paid. If the insured is still alive at the end of the term period, protection ends. Some term insurance can be renewed after the initial level term period for additional periods at much higher premiums. However, if the life insurance need is long-term, then term insurance may become prohibitively expensive.

Term Life contracts may have specific features that can affect policy performance:

Renewability:

After the level term period, Term insurance is contractually renewable on an annual basis until a specified age, at then-available rates. After a specified age, coverage terminates.

Conversion Option

Most Term contracts are convertible to a permanent policy within a specified period or until an attained age. The new policy is based on rates reflecting your client's then-current age. Usually, a term policy can be converted or exchanged without evidence of insurability. As the carrier controls product options available for conversion, these policies may not be among the most competitively priced products on the market at that time. Refer to the policy for

Should you delay conversion of the policy beyond the conversion period and become medically impaired or uninsurable, applying for new coverage may not be feasible.

Decreasing Term Insurance

In this type of insurance, the premium cost remains the same for the life of the policy while death benefit decreases. In a decreasing term contract, the cost per $1000 of death benefit increases annually.

Underwriting

Many carriers offer underwriting incentives for their permanent products only. For the appropriate client, this many make a permanent product more affordable and an alternative option.

Term insurance can be advantageous in meeting specific client objectives, such as temporary life insurance needs and/or clients with limited income. Ultimately, product choice should be determined by selecting the product that best matches your individual needs and priorities.

Fiduciary Duties for Trust Owned Life Insurance

A Trustee has a fiduciary duty to invest and manage trust assets as a prudent investor. This includes not just traditional investment assets, but other frequently overlooked assets, such as life insurance.

The Uniform Prudent Investor Act (UPIA), which most states have adopted a version of, provides that:

"[A] trustee who invests and manages trust assets owes a duty to the beneficiaries of the trust to comply with the prudent investor rule… a trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution."

Trustees, who breach this duty, may be liable for monetary damages to the trust beneficiaries.

A key responsibility of the trustee is to have a disciplined investment process that seeks the greatest return for the least amount of risk. In order to help maximize potential trustee liability with respect to trust owned life insurance, it is advisable to develop an investment policy statement (IPS) for the purpose of documenting this process. At a minimum, the IPS should cover the following:

- Duties and responsibilities of the trustee with respect to trust owned life insurance.
- The purpose for the coverage.
- Type of coverage to be held by the trust, based on the designated risk tolerance.
- Premium level to be adhered to, based on grantor's gifting limitations.

A key component of an IPS is a commitment to regularly review each policy owned by the trust.

Are you protected against the loss of a key person?

Have you thought about what you would do if you lost a key player in your business? One of your most important business assets is just down the hall from you. It's the person who handles your books. It's the person who generates your largest sales and has the closest contacts with your best customers. It's the person who manages your key department and the relationship with your best employees. It's the person who holds that specialized skill critical to your business, or maybe the one whose skills drive one of your key business lines.

Have you considered the impact to your business if you unexpectedly lost such a person?

Would it be:

- Disruptions in management?
- Loss of earnings and customers?
- Delayed product launches?
- Credit issues?

What are you doing to protect your business if a key person is no longer there to help drive your business? Key person protection is important to help insure that your business sustains the loss of a vital employee. Unfortunately, many business owners don't consider the risks of losing a key person until it is too late.

Key Person is a life insurance based program designed to help you value the loss your business would face if you lost a key person. You purchase a life insurance policy insuring each key person's life and hold that policy as an asset of the business.

The unique nature of life insurance may let you shift the business risk from yourself to the life insurance carrier. It's the one asset that can provide you the amount you need when you need it most - after the loss of your key employee. Permanent life insurance also has the potential to build cash values that can be used as a business asset - as collateral, an informal line of credit and to help fund a benefit program for a retired key employee.

Section 1035 Exchanges

A Section 1035 Exchange is an option if you are dissatisfied with your current policy's performance or its ability to meet your changing financial needs.

§1035(a) provides that, under certain conditions, no gain or loss will be recognized on the exchange of one life insurance contract for another. The taxpayer's basis in the new policy will be the same as that of the contract exchanged. I.R.C. §1031(d). These provisions allow you to avoid current tax where there is a gain or maintain a carryover tax basis in the new contract by avoiding the current recognition of gain that could result upon the surrender of an existing policy. I.R.C. §72(e). For those policies maintaining an outstanding loan, it is important to check if an alternative policy option has a 1035 loan carryover provision and will accept the client's outstanding loan, otherwise any discharge of loan indebtedness may be a taxable event to the owner.

Another major advantage of using a §1035 exchange is the ability to apply significant cash values accrued in an existing policy to the new policy without incurring the adverse consequences of creating a modified endowment contract (MEC) under I.R.C. Section 7702(a). In effect, the adjusted 7-pay premium calculation applicable to a §1035 exchange treats cash values rolled over from an existing policy as cash values under the new policy, rather than premium paid. I.R.C. Section 7702(c)(3)(A). Therefore, §1035 cash values will not, by themselves, cause the policy to violate the 7-pay rules.

In order to qualify under §1035, the exchange must fall within the following parameters:

- The life insurance policy may be exchanged for another life insurance policy, an endowment contract, or an annuity.
- The existing life insurance contract must be assigned to the insurance company issuing the new policy.
- The same life must be the insured on the contract before and after the exchange.
- In a private ruling, the Service approved §1035 treatment of the exchange of a joint and last survivor life insurance policy, following the death of one of the insured persons, for a universal variable life insurance policy that insures the survivor. Let. Rul.9248013; see also Let. Rul.9330040.
- The policy must be issued to the owner of the original policy.

Other issues to consider:

- A replacement of an existing policy will likely result in a reduction of cash value due to the acquisition costs (sales loads and other expenses) of a new policy.
- A new policy will be subject to a new suicide and contestability period (of one to two years). During the contestable period the insurer may cancel the contract or refuse to pay a claim where any mistaken or untrue statements were made on the application.
- Your current policy may have more advantageous contractual provisions, loan interest rates or tax treatment than are available on the new policy.
- Changes in your health and increased age may negatively impact mortality costs and premiums.
- You should be certain that your existing life insurance company will treat this exchange as non-taxable.
- If one or more of your existing life insurance policies is less than seven years old when this contract is exchanged, any reductions in death benefit amounts may require retesting for modified endowment contract

Tax Issues Affecting Life Insurance

Tax-Defintion of Life Insurance

A policy will qualify as life insurance under IRC Sec. 7702 if the policy qualifies as life insurance under applicable state law and meets one of the following tests:

1. **Guideline Premium and Cash Value Corridor Test (GPT)** - The sum of premiums paid at any time does not exceed the greater of the guideline single premium or the sum of the guideline level premium at such time, and the death benefit payable under the policy at any time is at least equal to an applicable percentage
2. **Cash Value Accumulation Test (CVAT)** - The cash surrender value of the policy must not at any time exceed the net single premium which would be necessary to fund future benefits under the policy.

Failure to qualify as life insurance will result in taxation of all cash value increases, and only the excess of the death benefit over the net surrender value will be excludable from the income of the beneficiary as a death benefit.

Modified Endowment Contract

As defined in IRC Sec 7702A, a Modified Endowment Contract ("MEC") is a life insurance policy in which the cumulative premium payments in any one of the first seven policy years exceed the sum of the net level premiums, which would have been paid to provide a paid-up policy after the payment of seven level annual premiums (the "7-pay test"). Distributions from a MEC, either a withdrawal or loan (or use of the policy as collateral for a loan), are taxed to the extent there is a gain in the policy. Also, a 10% penalty will be assessed on the taxable amount of any distributions made prior to the policy owner's attaining age 59½, unless the policy owner is disabled or receives the cash value under a life annuity settlement option. Note, however, that the 10% penalty tax is always applicable if the policy owner is a "non-natural" person (e.g., a corporation or trust).

If there has been a "material change" in the terms or benefits of the policy, the 7-pay test will be applied as if the policy was a new contract at the date of the material change. Generally, once a policy is a MEC it is always a MEC. However, if premiums in excess of the 7-pay limit are paid, the MEC rules will not apply if such premium payments, plus interest (which is taxable), are returned to the policy owner within 60 days after the end of the policy year in which the excess premium payment was made.

Estate Tax

If an insured has any incidents of ownership in a life insurance policy at the time of his or her death, or within three years of his or her death, or the proceeds are payable to or for the benefit of the insured's estate, the death benefit will be includable in his or her gross estate and may be subject to federal estate tax and/or state inheritance tax.

Tax Issues Affecting Life Insurance

Withdrawals[1,2]

Assuming the life insurance policy is not a MEC as described on the previous page, withdrawals are taxed under the "cost recovery rule" and are taxable only to the extent the withdrawal exceeds the cost basis of the policy (basis equals the gross premiums paid less prior untaxed withdrawals).

Policy Loans[1]

Assuming the life insurance policy is not a MEC as described on the previous page, policy loans are not treated as withdrawals or distributions and are not subject to income tax.

If a loan is still outstanding when a life insurance policy is surrendered or lapses, the loan is automatically repaid from the policy's cash value. This loan repayment will result in taxable income to the extent the net surrender value plus the amount of the repaid loan exceeds the cost basis of the policy.

If a policy loan is still outstanding at the time of death, the loan is automatically repaid from the policy's death benefit. The use of the death benefit to repay a policy loan does not cause the recognition of taxable income.

Death Benefit

Proceeds from a life insurance policy paid because of the death of the insured are generally excludable from the beneficiary's gross income for income tax purposes.

Estate Tax

If an insured has any incidents of ownership in a life insurance policy at the time of his or her death, or within three years of his or her death, or the proceeds are payable to or for the benefit of the insured's estate, the death benefit will be includable in his or her gross estate and may be subject to federal estate tax and/or state inheritance tax.

1 Withdrawals and policy loans may reduce the death benefit and account value. There may be penalties and fees associated with the use of loans and

2 Withdrawals in the first 15 policy years may be taxable under IRC Sec. 7702(f)(7)(B).

Policy Analysis Report

Complete Table of Values at Current, Non-Guaranteed Assumptions

Inforce Whole Life Product

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
1	80	0	2,827,246	5,998,601	309.30%	429.58%
2	81	227,075	3,109,086	6,129,516	96.91%	134.59%
3	82	227,075	3,210,049	6,030,098	52.12%	72.39%
4	83	227,075	3,304,683	5,936,427	33.71%	46.82%
5	84	227,075	3,406,259	5,865,121	23.85%	33.12%
6	85	175,347	3,504,214	5,801,733	17.96%	24.94%
7	86	0	3,598,726	5,745,210	14.65%	20.34%
8	87	0	3,689,779	5,694,174	12.31%	17.10%
9	88	0	2,777,847	5,647,463	10.59%	14.71%
10	**89**	**0**	**3,864,253**	**5,604,817**	**9.27%**	**12.88%**
11	90	0	3,949,004	5,564,759	8.23%	11.43%
12	91	0	4,032,317	5,526,501	7.38%	10.25%
13	92	0	4,331,845	5,489,095	6.68%	9.28%
14	93	0	4,192,909	5,451,786	6.10%	8.47%
15	94	0	4,271,108	5,414,417	5.59%	7.77%
16	95	0	4,356,756	5,375,239	5.16%	7.16%
17	96	0	4,469,899	5,332,121	4.77%	6.63%
18	97	0	4,589,118	5,284,820	4.43%	6.15%
19	98	0	4,726,602	5,251,607	4.14%	5.75%
20	99	0	4,872,825	5,232,109	3.89%	5.41%
21	100	0	5,214,640	5,214,640	3.68%	5.11%

Complete Table of Values at Current, Non-Guaranteed Assumptions

Universal Life Product 2

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
1	80	0	870,375	8,116,280	453.79%	630.27%
2	81	227,075	1,121,087	8,116,280	127.71%	177.37%
3	82	227,075	1,379,315	8,116,280	69.07%	95.93%
4	83	227,075	1,645,139	8,116,280	45.68%	63.45%
5	84	227,075	1,919,054	8,116,280	33.25%	46.18%
6	85	175,347	2,150,848	8,116,280	25.77%	35.80%
7	86	0	2,220,207	8,116,280	21.25%	29.51%
8	87	0	2,281,360	8,116,280	18.05%	25.07%
9	88	0	2,331,637	8,116,280	15.67%	21.76%
10	**89**	**0**	**2,368,813**	**8,116,280**	**13.84%**	**19.22%**
11	90	0	2,384,251	8,116,280	12.38%	17.20%
12	91	0	2,374,285	8,116,280	11.20%	15.56%
13	92	0	2,337,812	8,116,280	10.22%	14.20%
14	93	0	2,264,859	8,116,280	9.40%	13.06%
15	94	0	2,146,325	8,116,280	8.70%	12.09%
16	95	0	1,968,492	8,116,280	8.10%	11.25%
17	96	0	1,700,650	8,116,280	7.57%	10.52%
18	97	0	1,319,892	8,116,280	7.11%	9.88%
19	98	0	810,515	8,116,280	6.70%	9.31%
20	99	0	120,840	8,116,280	6.34%	8.80%
21	100	0	0	8,116,280	6.01%	8.35%
22	101	0	0	8,116,280	5.71%	7.94%
23	102	0	0	8,116,280	5.45%	7.56%
24	103	0	0	8,116,280	5.20%	7.23%
25	104	0	0	8,116,280	4.98%	6.92%
26	105	0	0	8,116,280	4.77%	6.63%
27	106	0	0	8,116,280	4.59%	6.37%
28	107	0	0	8,116,280	4.41%	6.13%
29	108	0	0	8,116,280	4.25%	5.90%
30	109	0	0	8,116,280	4.10%	5.69%
31	110	0	0	8,116,280	3.96%	5.50%
32	111	0	0	8,116,280	3.83%	5.32%
33	112	0	0	8,116,280	3.71%	5.15%
34	113	0	0	8,116,280	3.59%	4.99%
35	114	0	0	8,116,280	3.48%	4.84%
36	115	0	0	8,116,280	3.38%	4.70%
37	116	0	0	8,116,280	3.29%	4.56%
38	117	0	0	8,116,280	3.20%	4.44%
39	118	0	0	8,116,280	3.11%	4.32%
40	119	0	0	8,116,280	3.03%	4.21%

Complete Table of Values at Current, Non-Guaranteed Assumptions

Universal Life Product 2

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
41	120	0	0	8,116,280	2.95%	4.10%
42	121	0	0	8,116,280	2.88%	4.00%
43	122	0	0	8,116,280	2.81%	3.90%
44	123	0	0	8,116,280	2.74%	3.81%
45	124	0	0	8,116,280	2.68%	3.72%
46	125	0	0	8,116,280	2.62%	3.64%

Complete Table of Values at Current, Non-Guaranteed Assumptions

Universal Life Product 1

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
1	80	0	962,821	7,850,698	435.67%	605.10%
2	81	227,075	1,185,851	7,850,698	123.83%	171.98%
3	82	227,075	1,413,303	7,850,698	67.09%	93.18%
4	83	227,075	1,644,681	7,850,698	44.37%	61.62%
5	84	227,075	1,878,930	7,850,698	32.27%	44.81%
6	85	175,347	2,063,833	7,850,698	24.99%	34.70%
7	86	0	2,074,126	7,850,698	20.60%	28.61%
8	87	0	2,066,443	7,850,698	17.50%	24.31%
9	88	0	2,036,355	7,850,698	15.20%	21.11%
10	**89**	**0**	**1,978,872**	**7,850,698**	**13.42%**	**18.64%**
11	90	0	1,894,555	7,850,698	12.01%	16.68%
12	91	0	1,776,512	7,850,698	10.87%	15.09%
13	92	0	1,616,352	7,850,698	9.92%	13.78%
14	93	0	1,402,049	7,850,698	9.12%	12.67%
15	94	0	1,113,654	7,850,698	8.44%	11.73%
16	95	0	733,271	7,850,698	7.86%	10.91%
17	96	0	237,438	7,850,698	7.35%	10.21%
18	97	0	0	7,850,698	6.90%	9.58%
19	98	0	0	7,850,698	6.50%	9.03%
20	99	0	0	7,850,698	6.15%	8.54%
21	100	0	0	7,850,698	5.83%	8.10%
22	101	0	0	7,850,698	5.55%	7.70%
23	102	0	0	7,850,698	5.29%	7.34%
24	103	0	0	7,850,698	5.05%	7.01%
25	104	0	0	7,850,698	4.83%	6.71%
26	105	0	0	7,850,698	4.63%	6.44%
27	106	0	0	7,850,698	4.45%	6.18%
28	107	0	0	7,850,698	4.28%	5.95%
29	108	0	0	7,850,698	4.13%	5.73%
30	109	0	0	7,850,698	3.98%	5.53%
31	110	0	0	7,850,698	3.84%	5.34%
32	111	0	0	7,850,698	3.72%	5.16%
33	112	0	0	7,850,698	3.60%	5.00%
34	113	0	0	7,850,698	3.49%	4.84%
35	114	0	0	7,850,698	3.38%	4.70%
36	115	0	0	7,850,698	3.28%	4.56%
37	116	0	0	7,850,698	3.19%	4.43%
38	117	0	0	7,850,698	3.10%	4.31%
39	118	0	0	7,850,698	3.02%	4.19%
40	119	0	0	7,850,698	2.94%	4.08%

Complete Table of Values at Current, Non-Guaranteed Assumptions

Universal Life Product 1

Year	Attained Age	Planned Premium	Cash Surrender Value	Life Insurance Death Benefit	Internal Rate of Return on Death Benefit	Tax-Free Adjusted Internal Rate of Return
41	120	0	0	7,850,698	2.87%	3.98%
42	121	0	0	7,850,698	2.79%	3.88%
43	122	0	0	7,850,698	2.73%	3.79%
44	123	0	0	7,850,698	2.66%	3.70%
45	124	0	0	7,850,698	2.60%	3.61%
46	125	0	0	7,850,698	2.54%	3.53%

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We have the advantage of drawing upon the expertise of our entire network to deliver sophisticated and tailored alternatives to our clients.

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Glossary of Terms

Current Assumptions
The underlying factors, such as cost of insurance (COI) and policy crediting interest rates, currently used by an issuing company to project policy performance. Current Assumptions are not guaranteed and the interest rate credited is usually declared by the Board of Directors, at least annually.

Guaranteed Assumptions
The maximum cost of insurance (COI) charge and minimum interest crediting rate that a carrier guarantees on a Unversal Life (UL) or Whole Life (WL) insurance policy. Should a change in financial markets or actuarial statistics warrant, insurers have the right to raise the COIs from current or projected rates and to lower the interest crediting rate to these guaranteed.

Guaranteed Net Cash Surrender Value
The guaranteed equity amount available to the owner of a life insurance policy, based upon Guaranteed Assumptions. It is the total cash that has accumulated in the policy (guaranteed cash value) less applicable surrender charges and any outstanding policy loans and accrued interest.

In-Force
A policy for which a current Premium has been paid, or in which the cost of insurance (COI) and other expenses have been assessed against policy values, and the contract would pay a death benefit.

Initial Death Benefit
The amount of insurance originally illustrated/issued.

Internal Rate of Return (IRR)
The IRR on the death benefit or cash value that is equivalent to an interest rate (after taxes) at which an amount equal to the illustrated premium payments could have been invested outside the policy to arrive at the death benefit or cash value of the policy.

Lapse
The cessation of life insurance coverage through nonpayment of premiums or when there is insufficient policy cash value to cover current policy costs.

Loan
A transfer of money with an obligation to repay the money plus interest. One way to access the cash value of a permanent life insurance policy.

Net Cash Surrender Value
The equity amount available to the owner of a life insurance policy, based upon Current Assumptions, should he or she decide it is no longer wanted. It is the total cash that has accumulated in the policy (cash value) less applicable surrender charges and any outstanding Policy Loans and accrued interest.

Net Death Benefit
The amount of insurance payable minus any outstanding loans and accrued interest.

Policy Loan
A loan made by an insurance company to a policyholder on the security of the cash value in the policy.

Premium
The amount charged by a life insurance company for a policy.

Policy Analysis Report

Carrier Illustrations

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