

# Universal Life Insurance (UL)

## vs.

## Term Insurance and a Side Fund

Comparison Page: 1  
Date: [Current date appears here]

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

For: George Baker, MD

	Male Age 45	Side Fund Yield 6.50%	UL Interest Rate 6.50%	Initial Payment 20,000	Initial Death Benefit 500,000	Tax Bracket 35.00%					
Payment Allocation				500,000 Term Insurance Along With a Side Fund				UL			
Year	(1) Cost of Proposed Policy	(2) Alternative Term Policy	(3) Net to Side Fund	(4) After Tax Investment Income	(5) Side Fund Values	(6) Term Death Benefit	(7) Combined Death Benefit	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit	
1	20,000	1	19,999	845	20,737	500,000	520,737	19,951	12,951	519,951	
2	20,000	1	19,999	1,721	42,241	500,000	542,241	41,289	27,289	541,289	
3	20,000	1	19,999	2,630	64,538	500,000	564,538	64,010	49,110	564,010	
4	20,000	1	19,999	3,572	87,658	500,000	587,658	88,198	73,298	588,198	
5	20,000	1	19,999	4,549	111,633	500,000	611,633	113,942	99,042	613,942	
6	20,000	1	19,999	5,561	136,492	500,000	636,492	141,347	127,192	641,347	
7	20,000	1	19,999	6,612	162,270	500,000	662,270	170,484	157,223	670,484	
8	20,000	1	19,999	7,701	188,999	500,000	688,999	201,462	189,244	701,462	
9	20,000	1	19,999	8,830	216,715	500,000	716,715	234,387	223,361	734,387	
10	20,000	1	19,999	10,001	245,455	500,000	745,455	269,369	259,684	769,369	
11	20,000	1	19,999	11,215	275,256	500,000	775,256	306,535	298,340	806,535	
12	20,000	1	19,999	12,475	306,157	500,000	806,157	346,011	339,455	846,011	
13	20,000	1	19,999	13,780	338,199	500,000	838,199	387,924	383,156	887,924	
14	20,000	1	19,999	15,134	371,425	500,000	871,425	432,419	429,588	932,419	
15	20,000	1	19,999	16,538	405,877	500,000	905,877	479,647	479,647	979,647	
16	20,000	1	19,999	17,993	441,601	500,000	941,601	529,749	529,749	1,029,749	
17	20,000	1	19,999	19,503	478,645	500,000	978,645	582,896	582,896	1,082,896	
18	20,000	1	19,999	21,068	517,056	500,000	1,017,056	639,258	639,258	1,139,258	
19	20,000	1	19,999	22,691	556,886	500,000	1,056,886	699,006	699,006	1,199,006	
20	20,000	1	19,999	24,373	598,187	500,000	1,098,187	762,321	762,321	1,262,321	
	400,000	20	399,980								

Management fees reflected in column (5): 0.50%

\*This is an example of a "supplemental" illustration for a universal life Insurance policy. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

### 20 Year Summary

	Ins/Side Fund	UL
Death Benefit	1,098,187	1,262,321
Income Tax	0	0
Net Proceeds	1,098,187	1,262,321

# Universal Life Insurance (UL) vs. Term Insurance and a Side Fund

Comparison Page: 2

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	Male Age 45	Side Fund Yield 6.50%	UL Interest Rate 6.50%	Initial Payment 20,000	Initial Death Benefit 500,000	Tax Bracket 35.00%				
Payment Allocation			500,000 Term Insurance Along With a Side Fund				UL			
Year	(1) Cost of Proposed Policy	(2) Alternative Term Policy	(3) Net to Side Fund	(4) After Tax Investment Income	(5) Side Fund Values	(6) Term Death Benefit	(7) Combined Death Benefit	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
21	-30,000	1	-30,001	24,006	589,166	500,000	1,089,166	775,869	775,869	1,275,869
22	-30,000	1	-30,001	23,625	579,812	500,000	1,079,812	789,626	789,626	1,289,626
23	-30,000	1	-30,001	23,230	570,113	500,000	1,070,113	803,531	803,531	1,303,531
24	-30,000	1	-30,001	22,820	560,056	500,000	1,060,056	817,528	817,528	1,317,528
25	-30,000	1	-30,001	22,395	549,627	500,000	1,049,627	831,524	831,524	1,331,524
26	-30,000	1	-30,001	21,954	538,813	500,000	1,038,813	845,427	845,427	1,345,427
27	-30,000	1	-30,001	21,497	527,600	500,000	1,027,600	859,132	859,132	1,359,132
28	-30,000	1	-30,001	21,024	515,973	500,000	1,015,973	872,508	872,508	1,372,508
29	-30,000	1	-30,001	20,532	503,916	500,000	1,003,916	885,409	885,408	1,385,409
30	-30,000	1	-30,001	20,023	491,415	500,000	991,415	897,659	897,659	1,397,659
31	-30,000	1	-30,001	19,495	478,451	500,000	978,451	909,065	909,065	1,409,065
32	-30,000	1	-30,001	18,947	465,009	500,000	965,009	919,403	919,403	1,419,403
33	-30,000	1	-30,001	18,379	451,071	500,000	951,071	928,411	928,411	1,428,411
34	-30,000	1	-30,001	17,790	436,618	500,000	936,618	935,791	935,791	1,435,791
35	-30,000	1	-30,001	17,180	421,631	500,000	921,631	941,238	941,238	1,441,238
36	-30,000	1	-30,001	16,546	406,091	500,000	906,091	944,357	944,357	1,444,357
37	-30,000	1	-30,001	15,890	389,977	500,000	889,977	944,709	944,708	1,444,709
38	-30,000	1	-30,001	15,209	373,269	500,000	873,269	941,815	941,815	1,441,816
39	-30,000	1	-30,001	14,503	355,943	500,000	855,943	935,125	935,125	1,435,125
40	-30,000	1	-30,001	13,771	337,977	500,000	837,977	924,021	924,021	1,424,021
	-200,000	40	-200,040							

Management fees reflected in column (5): 0.50%

\*This is an example of a "supplemental" illustration for a universal life Insurance policy. In actual presentations, this footnote will refer to an accompanying "basic" illustration from a specific life insurance company which contains important details, guarantees, and caveats.

## 40 Year Summary

	Ins/Side Fund	UL
Death Benefit	837,977	1,424,021
Income Tax	0	0
Net Proceeds	837,977	1,424,021

# Universal Life Insurance (UL) vs. Term Insurance and a Side Fund

Comparison Page: 3

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Date: [Current date appears here]

Male Age	Side Fund Yield	UL Interest Rate	Initial Payment	Initial Death Benefit	Tax Bracket
45	6.50%	6.50%	20,000	500,000	35.00%

## Gross Interest Rate Required on a Side Fund to Match Universal Life Insurance (UL) Policy Values Over 40 Years After Applying the Term Payment Illustrated

	Gross Interest Rate Required
To match Accumulation Value of: \$924,021	8.94%
To match Cash Value of: \$924,021	8.94%

## Income Tax Considerations

1. A side fund: Interest is taxed as earned.
2. Universal Life Insurance (UL):
  - a. Death Benefit including cash value component is income tax free.
  - b. Loans are income tax free as long as the policy is kept in force.
  - c. Withdrawals and other non-loan policy cash flow up to cost basis (not in violation of IRC Section 7702) are income tax free as a return of premium.
  - d. Cash values shown assume most favorable combination of b and/or c.

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