

Universal Life Insurance (UL)

vs.

Term Insurance and a Side Fund

Comparison Page: 1

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

For: George Baker, MD

Date: [Current date appears here]

	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 Scheduled 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) Scheduled Term Death Benefit	(7) Combined Death Benefit	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit
1	20,000	800	19,200	811	19,909	500,000	519,909	19,951	12,951	519,951
2	20,000	800	19,200	1,652	40,553	500,000	540,553	41,289	27,289	541,289
3	20,000	800	19,200	2,525	61,959	500,000	561,959	64,010	49,110	564,010
4	20,000	800	19,200	3,429	84,156	500,000	584,156	88,198	73,298	588,198
5	20,000	800	19,200	4,367	107,173	500,000	607,173	113,942	99,042	613,942
6	20,000	800	19,200	5,339	131,039	500,000	631,039	141,347	127,192	641,347
7	20,000	800	19,200	6,348	155,787	500,000	655,787	170,484	157,223	670,484
8	20,000	800	19,200	7,393	181,448	500,000	681,448	201,462	189,244	701,462
9	20,000	800	19,200	8,477	208,057	500,000	708,057	234,387	223,361	734,387
10	20,000	800	19,200	9,602	235,648	500,000	735,648	269,369	259,684	769,369
11	20,000	800	19,200	10,767	264,259	500,000	764,259	306,535	298,340	806,535
12	20,000	800	19,200	11,976	293,925	500,000	793,925	346,011	339,455	846,011
13	20,000	800	19,200	13,230	324,687	500,000	824,687	387,924	383,156	887,924
14	20,000	800	19,200	14,529	356,586	500,000	856,586	432,419	429,588	932,419
15	20,000	800	19,200	15,877	389,661	500,000	889,661	479,647	479,647	979,647
16	20,000	800	19,200	17,274	423,959	500,000	923,959	529,749	529,749	1,029,749
17	20,000	800	19,200	18,723	459,522	500,000	959,522	582,896	582,896	1,082,896
18	20,000	800	19,200	20,226	496,399	500,000	996,399	639,258	639,258	1,139,258
19	20,000	800	19,200	21,784	534,638	500,000	1,034,638	699,006	699,006	1,199,006
20	20,000	800	19,200	23,400	574,288	500,000	1,074,288	762,321	762,321	1,262,321
	400,000	16,000	384,000							

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	1,074,288	1,262,321
Income Tax	0	0
Net Proceeds	1,074,288	1,262,321

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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 Scheduled 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) Scheduled Term Death Benefit	(7) Combined Death Benefit	(8) Year End Accum Value*	(9) Year End Cash Value*	(10) Death Benefit	
21	-30,000	0	-30,000	22,996	564,386	0	564,386	775,869	775,869	1,275,869	
22	-30,000	0	-30,000	22,578	554,118	0	554,118	789,626	789,626	1,289,626	
23	-30,000	0	-30,000	22,144	543,471	0	543,471	803,531	803,531	1,303,531	
24	-30,000	0	-30,000	21,694	532,431	0	532,431	817,528	817,528	1,317,528	
25	-30,000	0	-30,000	21,228	520,983	0	520,983	831,524	831,524	1,331,524	
26	-30,000	0	-30,000	20,744	509,113	0	509,113	845,427	845,427	1,345,427	
27	-30,000	0	-30,000	20,243	496,804	0	496,804	859,132	859,132	1,359,132	
28	-30,000	0	-30,000	19,722	484,041	0	484,041	872,508	872,508	1,372,508	
29	-30,000	0	-30,000	19,183	470,806	0	470,806	885,409	885,408	1,385,409	
30	-30,000	0	-30,000	18,624	457,083	0	457,083	897,659	897,659	1,397,659	
31	-30,000	0	-30,000	18,044	442,853	0	442,853	909,065	909,065	1,409,065	
32	-30,000	0	-30,000	17,443	428,098	0	428,098	919,403	919,403	1,419,403	
33	-30,000	0	-30,000	16,820	412,797	0	412,797	928,411	928,411	1,428,411	
34	-30,000	0	-30,000	16,173	396,932	0	396,932	935,791	935,791	1,435,791	
35	-30,000	0	-30,000	15,503	380,481	0	380,481	941,238	941,238	1,441,238	
36	-30,000	0	-30,000	14,808	363,423	0	363,423	944,357	944,357	1,444,357	
37	-30,000	0	-30,000	14,087	345,734	0	345,734	944,709	944,708	1,444,709	
38	-30,000	0	-30,000	13,340	327,393	0	327,393	941,815	941,815	1,441,815	
39	-30,000	0	-30,000	12,565	308,374	0	308,374	935,125	935,125	1,435,125	
40	-30,000	0	-30,000	11,761	288,653	0	288,653	924,021	924,021	1,424,021	
	-200,000	16,000	-216,000								

Management fees reflected in column (5): 0.50%

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40 Year Summary

	Ins/Side Fund	UL
Death Benefit	288,653	1,424,021
Income Tax	0	0
Net Proceeds	288,653	1,424,021

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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	9.20%
To match Cash Value of: \$924,021	9.20%

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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