

Group Term Alternatives



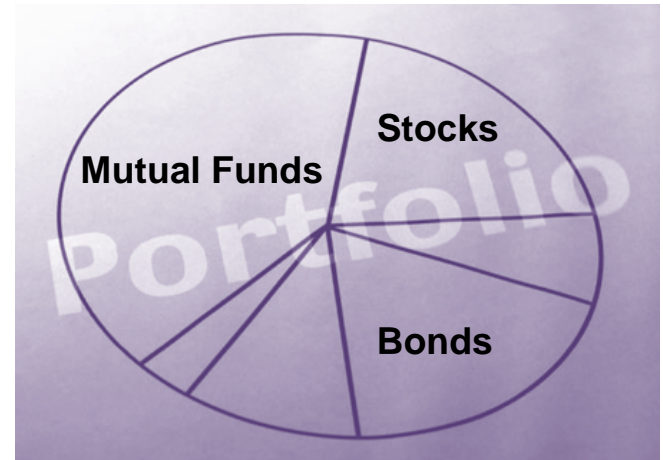
Presented By:
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Two Financial Components by Themselves

Employer Provided Group Term Life Insurance

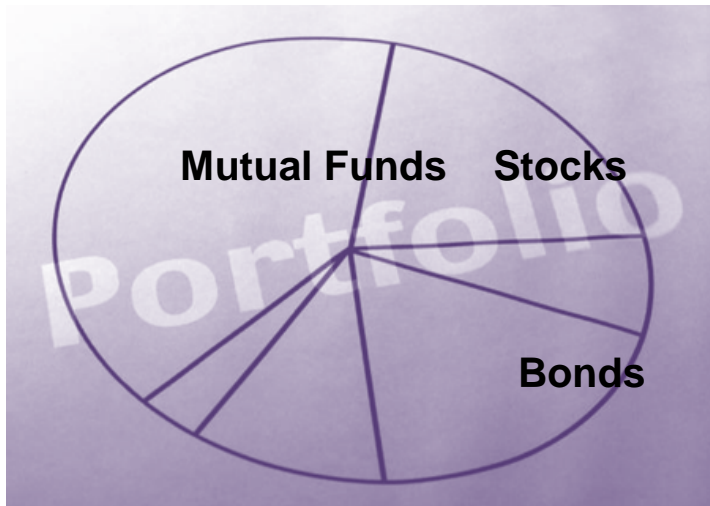


Personal Investment Portfolio



Current Treatment

Executive's personal investment portfolio



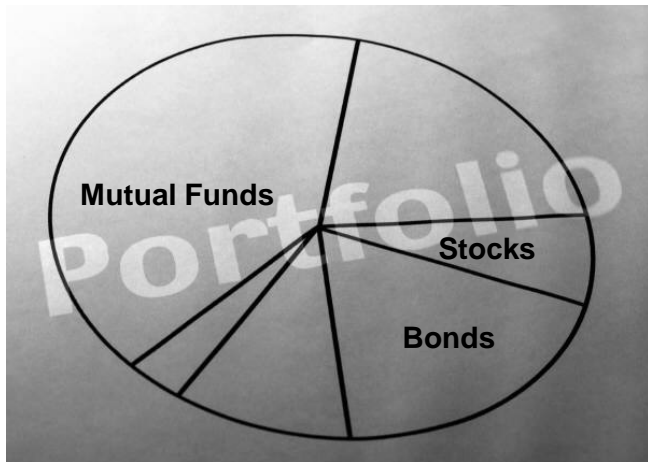
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Taxes Paid



Employer Provided VUL – Carve Out

Group Variable Universal Life



Executive's personal investment portfolio

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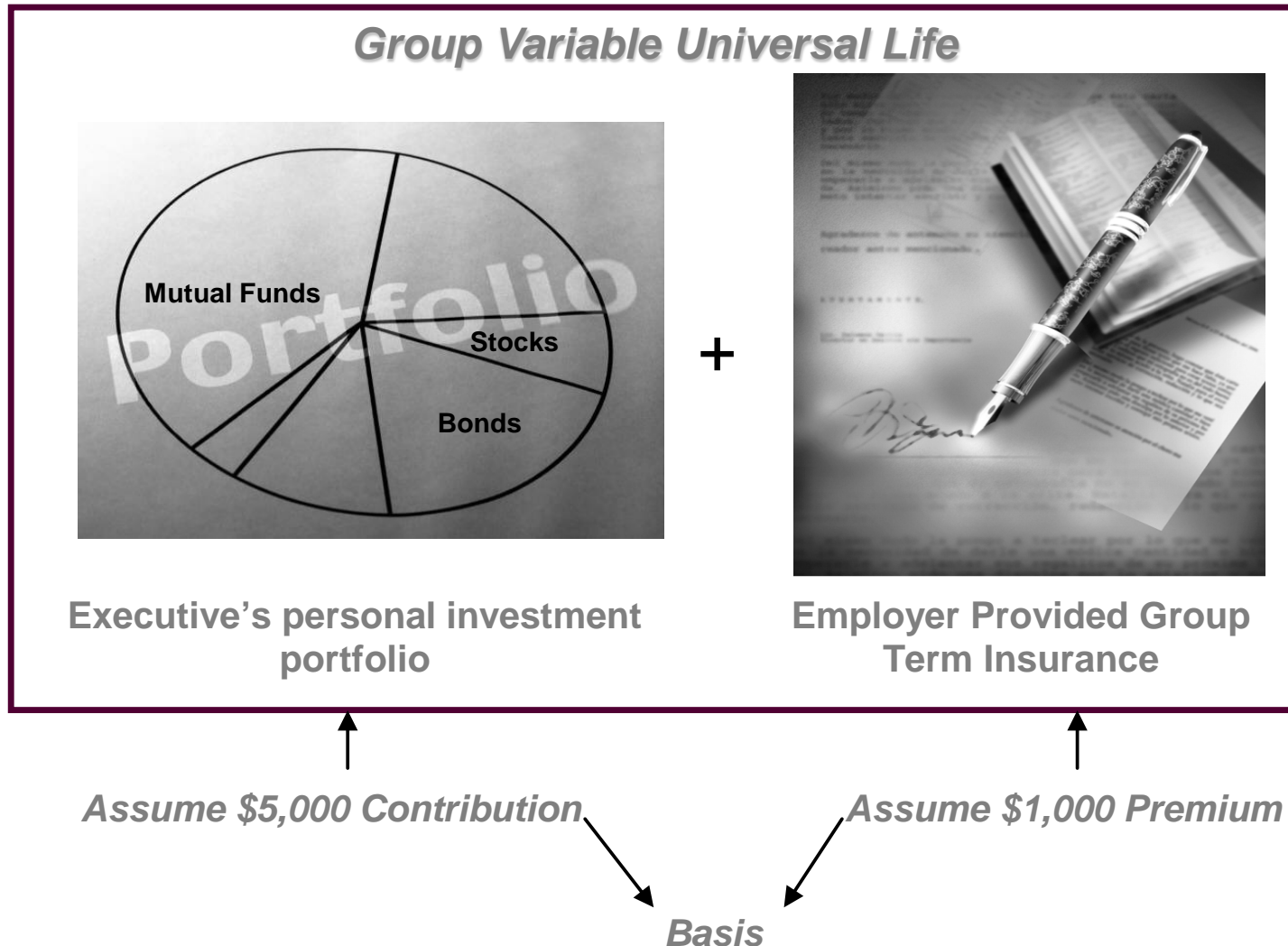


Employer Provided Group Term Insurance

**Employee Tax
Deferred Earnings**

= \$

More Than Tax-deferred Growth



Example Paired With 401(k) Reduction

| | |
|---------------------|------------------|
| Current Balance | \$425,000 |
| 401(k) Contribution | \$17,000 |
| Employer Match | 50% |
| Current Age | 54 |
| Retirement Age | 65 |
| Assumed Yld | 7.00% |
| Retirement Yld | 2.50% |
| Annuity Rate | 6.6789% |
| Back Up Years | 11 |
| Back Off % | 40.00% |
| Increase in Contr. | 3.00% |
| Assumed Tax Bracket | 35.00% |

The hypothetical case study results are for illustrative purposes only and should not be deemed a representation of 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.

Current Situation

| <i>Current Age</i> | <i>Study Year</i> | <i>Annual 401(k) Contrib.</i> | <i>Annual Employer Match</i> | <i>\$425,000 Acct. Balance Earning 7%</i> | <i>Retirement Income @ 2.50%</i> |
|---------------------------|--------------------------|--------------------------------------|-------------------------------------|--|---|
| 54 | 1 | 17,000 | 8,500 | 482,058 | |
| 55 | 2 | 17,500 | 8,750 | 544,014 | |
| 56 | 3 | 18,000 | 9,000 | 611,224 | |
| 57 | 4 | 18,500 | 9,250 | 684,068 | |
| 58 | 5 | 19,000 | 9,500 | 762,951 | |
| 59 | 6 | 19,500 | 9,750 | 848,312 | |
| 60 | 7 | 20,000 | 10,000 | 940,618 | |
| 61 | 8 | 20,500 | 10,250 | 1,040,372 | |
| 62 | 9 | 21,000 | 10,500 | 1,148,111 | |
| 63 | 10 | 21,500 | 10,750 | 1,264,413 | |
| 64 | 11 | 22,000 | 11,000 | 1,389,897 | 34,747 |

Hypothetical, for illustrative purposes only.

Premium Flow to VUL

| <i>Study Year</i> | <i>Assumed Total Benefit</i> | <i>Assumed Group Term</i> | <i>Back Off Amount</i> | <i>Back Off Match</i> | <i>Total Amount Redirected</i> |
|------------------------------|---|--|---------------------------------------|--------------------------------------|---|
| 1 | 1,000,000 | 9,060 | 6,800 | 3,400 | 19,260 |
| 2 | 1,000,000 | 9,900 | 7,000 | 3,500 | 20,400 |
| 3 | 1,000,000 | 10,800 | 7,200 | 3,600 | 21,600 |
| 4 | 1,000,000 | 11,820 | 7,400 | 3,700 | 22,920 |
| 5 | 1,000,000 | 12,840 | 7,600 | 3,800 | 24,240 |
| 6 | 1,000,000 | 13,920 | 7,800 | 3,900 | 25,620 |
| 7 | 1,000,000 | 15,060 | 8,000 | 4,000 | 27,060 |
| 8 | 1,000,000 | 16,320 | 8,200 | 4,100 | 28,620 |
| 9 | 1,000,000 | 17,760 | 8,400 | 4,200 | 30,360 |
| 10 | 1,000,000 | 19,260 | 8,600 | 4,300 | 32,160 |
| 11 | 1,000,000 | 20,880 | 8,800 | 4,400 | 34,080 |

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XYZ Carrier Illustration at 6% (see illustration)

| <i>Year</i> | <i>Premium Paid</i> | <i>Cash Value Increase</i> | <i>Accumulated Value</i> | <i>Death Benefit</i> |
|--------------|-------------------------|--------------------------------|------------------------------|--------------------------|
| 54 | 19,260 | 13,371 | 13,371 | 1,000,000 |
| 55 | 20,400 | 14,919 | 28,290 | 1,000,000 |
| 56 | 21,600 | 16,933 | 45,223 | 1,000,000 |
| 57 | 22,920 | 19,221 | 64,444 | 1,000,000 |
| 58 | 24,240 | 21,767 | 86,211 | 1,000,000 |
| 59 | 25,620 | 24,763 | 110,974 | 1,000,000 |
| 60 | 27,060 | 27,847 | 138,821 | 1,000,000 |
| 61 | 28,620 | 31,260 | 170,081 | 1,000,000 |
| 62 | 30,360 | 35,083 | 205,164 | 1,000,000 |
| 63 | 32,160 | 39,223 | 244,387 | 1,000,000 |
| 64 | 34,080 | 47,540 | 291,927 | 1,000,000 |
| 65 | | 15,972 | 307,899 | 1,000,000 |
| 66 | | 16,738 | 324,637 | 1,000,000 |
| 67 | | 17,448 | 342,085 | 1,000,000 |
| 68 | | 18,169 | 360,254 | 1,000,000 |
| 69 | | 19,157 | 379,411 | 1,000,000 |
| 70 | | 20,051 | 399,462 | 1,000,000 |
| 71 | | 20,992 | 420,454 | 1,000,000 |
| 72 | | 21,989 | 442,443 | 1,000,000 |
| 73 | | 23,045 | 465,488 | 1,000,000 |
| Total | 286,320 | | | |

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Paid Up Policy = Freedom to Annuitize 401(k)

| <i>Study Year</i> | <i>Annual 401(k) Contrib.</i> | <i>Annual Employer Match</i> | <i>Account Balance Of \$425,000</i> | <i>Retirement Income @</i> |
|------------------------------|--|---|--|---------------------------------------|
| 1 | 10,200 | 5,100 | 471,524 | |
| 2 | 10,500 | 5,250 | 521,876 | |
| 3 | 10,800 | 5,400 | 576,332 | |
| 4 | 11,100 | 5,550 | 635,190 | |
| 5 | 11,400 | 5,700 | 698,767 | |
| 6 | 11,700 | 5,850 | 767,405 | |
| 7 | 12,000 | 6,000 | 841,470 | |
| 8 | 12,300 | 6,150 | 921,353 | |
| 9 | 12,600 | 6,300 | 1,007,476 | |
| 10 | 12,900 | 6,450 | 1,100,290 | |
| 11 | 13,200 | 6,600 | 1,200,278 | 80,165 |

Hypothetical, for illustrative purposes only.

Or Just Cancel the Policy

| <i>Back Off Amount</i> | <i>Back Off Match</i> | <i>Tax Due</i> | <i>Total Investment</i> |
|---------------------------------------|--------------------------------------|---------------------------|------------------------------------|
| 6,800 | 3,400 | 3,570 | -13,770 |
| 7,000 | 3,500 | 3,675 | -14,175 |
| 7,200 | 3,600 | 3,780 | -14,580 |
| 7,400 | 3,700 | 3,885 | -14,985 |
| 7,600 | 3,800 | 3,990 | -15,390 |
| 7,800 | 3,900 | 4,095 | -15,795 |
| 8,000 | 4,000 | 4,200 | -16,200 |
| 8,200 | 4,100 | 4,305 | -16,605 |
| 8,400 | 4,200 | 4,410 | -17,010 |
| 8,600 | 4,300 | 4,515 | -17,415 |
| 8,800 | 4,400 | 4,620 | -17,820 |
| Illustrated Cash Value | | | 291,927 |
| | | | 8.79% |

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