

# Indexed Life - Savings & Retirement Plan, Summary & Illustration

For: Sample



Presented By:

Robert J. Moody  
RWM Building  
2 Bates Boulevard  
Orinda CA 94563  
Phone: 925-254-4600  
Email: Broker@rwm.to

Representing:

RWM - Independent Insurance Brokers

# A Tax-Advantaged Savings and Retirement Plan

Presented By: Robert J Moody

Insured: Sample Z-A65male

## Illustration of Values of Builder IUL7 - Guideline Premium Test

		Income Tax Rate 48.00%	Builder IUL7 - Interest Rate 7.00%	Initial Payment 5,000	Initial Death Benefit 91,000					
Year	Male Age	(1) Policy Premium	(2) Tax Free Spending Net Loan Proceeds	(3) Year End Accum Value*	(3a) Pre-Tax Equivalent Rate of Return of Accum Value*	(4) Year End Surrender Value*	(4a) Pre-Tax Equivalent Rate of Return of Surrender Value*	(5) Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit	
1	65	5,000	0	3,692	-26.16	0	n/a	91,000	3307.69	
2	66	5,000	0	7,370	-18.70	2,692	-61.21	91,000	537.57	
3	67	5,000	0	11,046	-14.54	6,513	-36.27	91,000	235.66	
4	68	5,000	0	14,783	-11.73	10,394	-24.53	91,000	136.63	
5	69	5,000	0	18,685	-9.55	14,441	-17.76	91,000	89.80	
6	70	5,000	0	22,756	-7.85	18,705	-13.37	91,000	63.21	
7	71	5,000	0	27,069	-6.43	23,211	-10.29	91,000	46.36	
8	72	5,000	0	31,630	-5.24	27,964	-8.02	91,000	34.88	
9	73	5,000	0	36,566	-4.18	33,142	-6.19	91,000	26.64	
10	74	5,000	0	41,864	-3.26	38,729	-4.70	91,000	20.49	
11	75	5,000	0	49,148	-1.89	46,447	-2.85	91,000	15.76	
12	76	5,000	0	57,113	-0.76	54,942	-1.36	91,000	12.04	
13	77	5,000	0	65,829	0.35	64,189	-0.18	91,000	9.04	
14	78	5,000	0	75,405	1.90	74,344	1.54	91,000	6.60	
15	79	0	6,334	80,119	4.77	73,112	2.87	84,476	5.86	
16	80	0	6,334	85,039	6.81	71,795	3.87	77,756	5.25	
17	81	0	6,334	90,231	8.34	70,066	4.57	74,578	5.49	
18	82	0	6,334	95,552	9.50	68,258	5.14	73,035	6.00	
19	83	0	6,334	100,907	10.38	66,270	5.59	71,315	6.40	
20	84	0	6,334	106,265	11.06	64,065	5.95	69,378	6.71	
21	85	0	6,334	111,607	11.58	61,617	6.23	67,197	6.96	
22	86	0	6,334	116,907	11.99	58,893	6.46	64,738	7.16	
23	87	0	6,334	122,145	12.30	55,867	6.64	61,974	7.31	
24	88	0	6,334	127,291	12.54	52,500	6.77	58,865	7.42	
25	89	0	0	132,603	12.38	55,568	6.89	62,198	7.51	
26	90	0	0	138,070	12.23	58,725	7.00	65,628	7.60	
27	91	0	0	143,904	12.10	62,179	7.11	67,935	7.58	
28	92	0	0	150,179	11.98	66,001	7.23	70,507	7.57	
29	93	0	0	156,992	11.88	70,289	7.36	73,429	7.58	
30	94	0	0	164,474	11.80	75,170	7.50	76,815	7.61	
		70,000	63,340							

### 30 Year Summary

Cum. Payments	70,000
Cum. Policy Loan Proceeds	63,340
Surrender Value	75,170
Death Benefit	76,815

\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from North American Company.

This is an illustration, not a contract.

# A Tax-Advantaged Savings and Retirement Plan

Presented By: Robert J Moody

Insured: Sample Z-A65male

## Illustration of Values of Builder IUL7 - Guideline Premium Test

		Income Tax Rate 48.00%	Builder IUL7 - Interest Rate 7.00%	Initial Payment 5,000	Initial Death Benefit 91,000				
Year	Male Age	(1) Policy Premium	(2) Tax Free Spending Net Loan Proceeds	(3) Year End Accum Value*	(3a) Pre-Tax Equivalent Rate of Return of Accum Value*	(4) Year End Surrender Value*	(4a) Pre-Tax Equivalent Rate of Return of Surrender Value*	(5) Death Benefit	(5a) Pre-Tax Equivalent Rate of Return of Death Benefit
31	95	0	0	172,802	11.74	80,819	7.67	80,819	7.67
32	96	0	0	181,641	11.69	86,899	7.83	86,899	7.83
33	97	0	0	191,028	11.64	93,444	7.98	93,444	7.98
34	98	0	0	201,001	11.60	100,489	8.13	100,489	8.13
35	99	0	0	211,600	11.56	108,072	8.27	108,072	8.27

70,000      63,340

### 35 Year Summary

Cum. Payments	70,000
Cum. Policy Loan Proceeds	63,340
Surrender Value	108,072
Death Benefit	108,072

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# A Tax-Advantaged Savings and Retirement Plan

Presented By: Robert J Moody

Insured: Sample Z-A65male

## Preface

In the accompanying presentation, you will see the financial data from an illustration of a cash value life insurance policy.

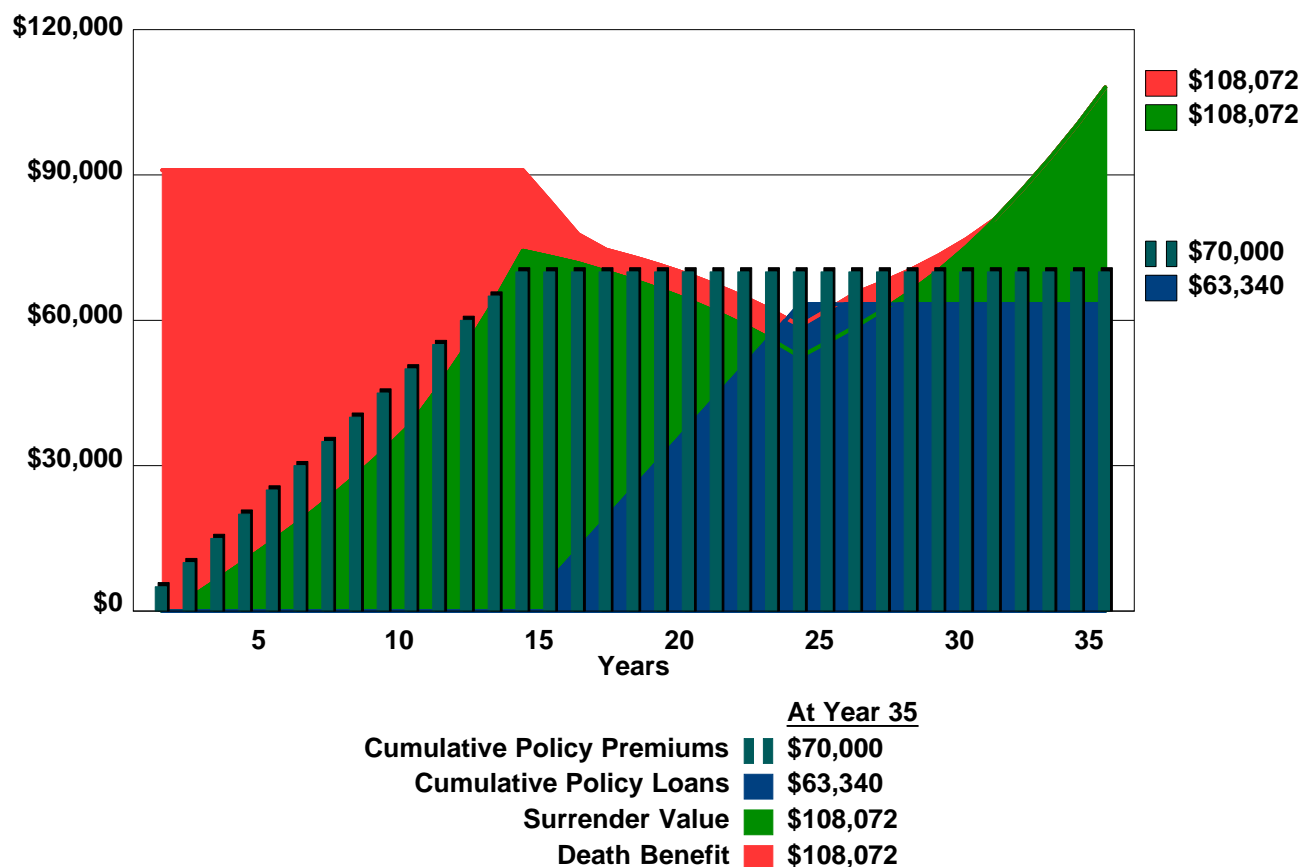
To help you make an informed decision about acquiring the policy, the illustration includes information about premiums, cash values and death benefits plus scheduled policy loan proceeds.

Cash value life insurance contains the following features:

1. Accumulating cash values;
2. Income tax deferred growth of cash values;
3. Competitive current interest rate;
4. Income tax free access to cash values via policy loans;

5. Income tax free death benefits;
6. Probate free death benefits;
7. Privacy of all transactions;
8. Advance of death benefits in certain adverse health circumstances -- as defined in the policy contract.

Favorable income tax consequences combine with significant policy values and benefits to produce a life insurance solution that has a considerable amount of financial leverage.



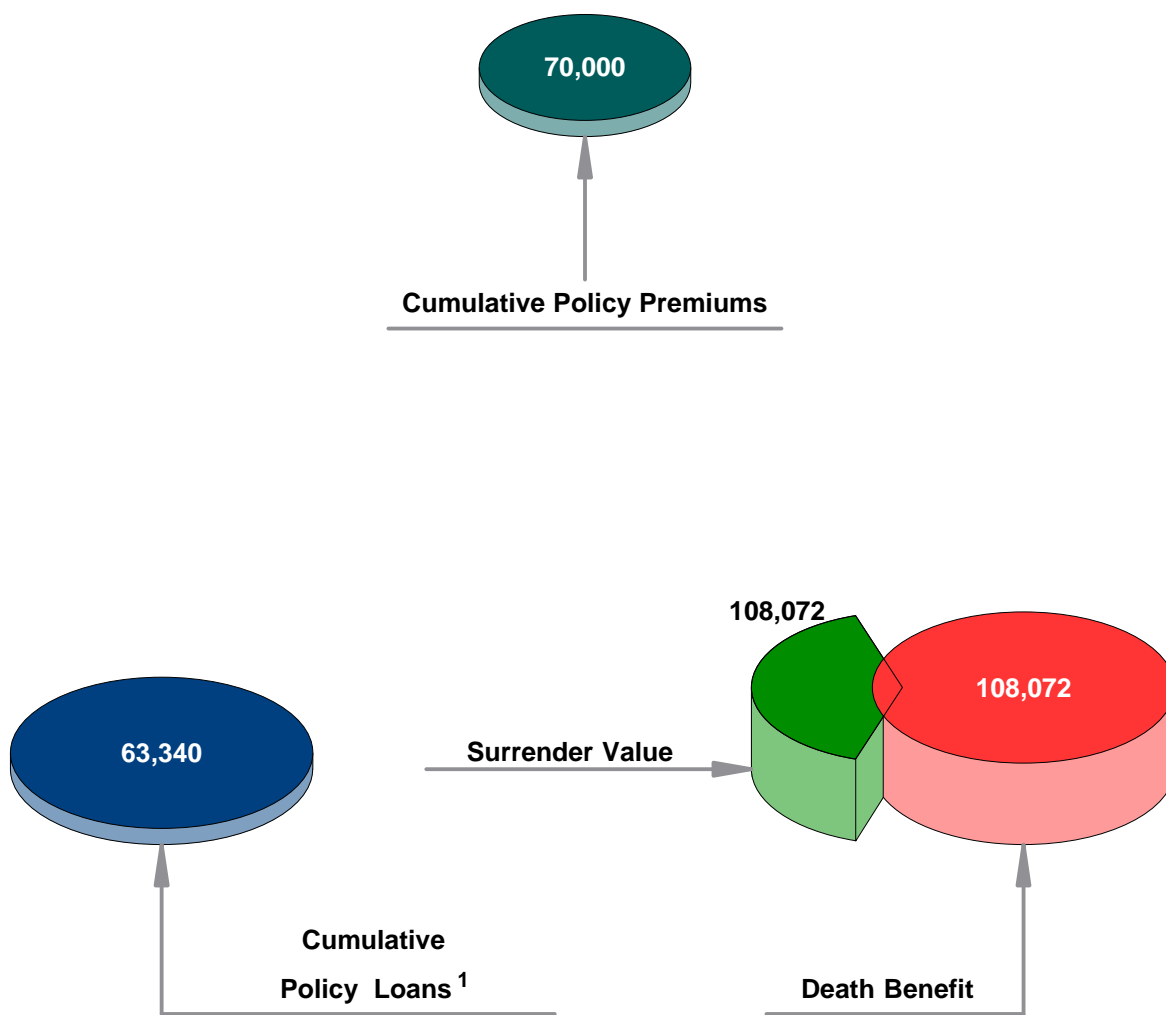
This graphic assumes the non-guaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable.

# A Tax-Advantaged Savings and Retirement Plan

Presented By: Robert J Moody

Insured: Sample Z-A65male

## A Look at Year 35



<sup>1</sup>For Tax Free Spending .

# A Tax-Advantaged Savings and Retirement Plan

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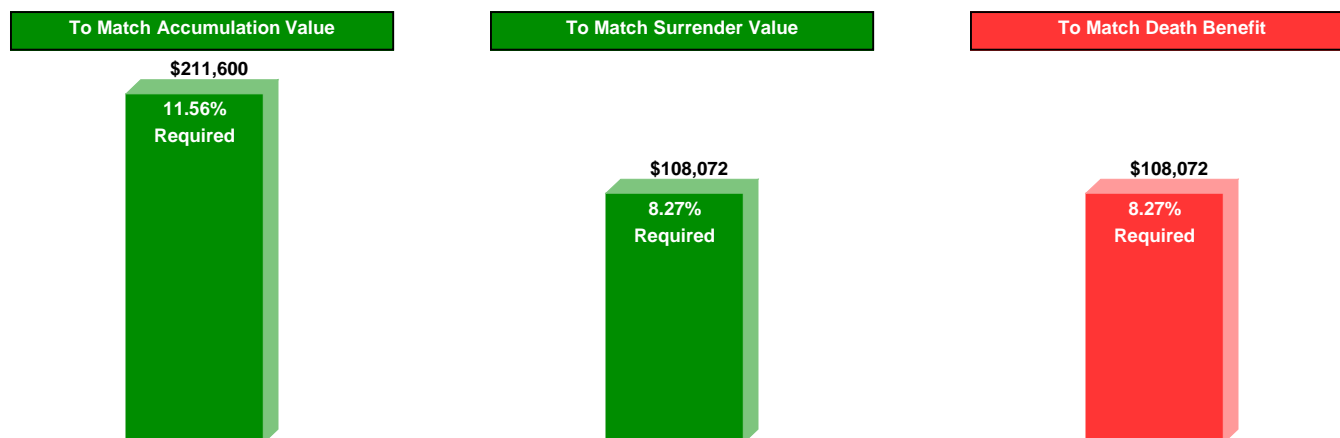
Insured: Sample Z-A65male

## Matching Policy Values

Male	Income	Builder IUL7 -	Initial	Initial
Age	Tax Rate	Interest Rate	Payment	Death Benefit
65	48.00%	7.00%	5,000	91,000

### Gross Interest Rate Required on a Hypothetical Taxable Investment to Match Builder IUL7 - Guideline Premium Test Policy Values over 35 Years.

	Hypothetical Taxable Alternative
To match Accumulation Value of: \$211,600	11.56%
To match Surrender Value of: \$108,072	8.27%
To match Death Benefit of: \$108,072	8.27%



### Income Tax Considerations

1. Hypothetical Taxable Investment: Interest is taxed as earned.
2. Builder IUL7 - Guideline Premium Test:
  - a. Death Benefit including available 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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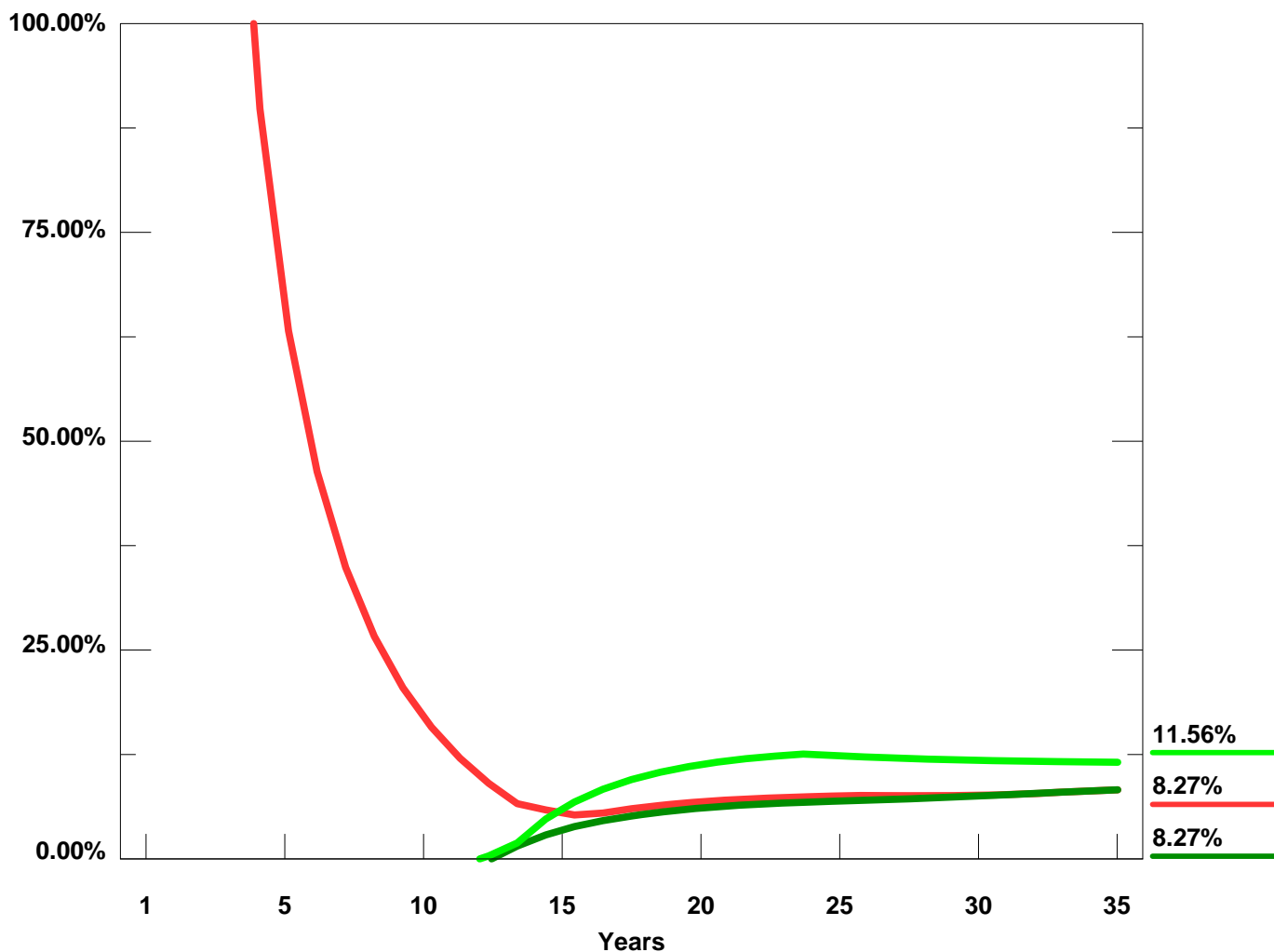
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# A Tax-Advantaged Savings and Retirement Plan

Presented By: Robert J Moody

Insured: Sample Z-A65male

## 35 Year Analysis



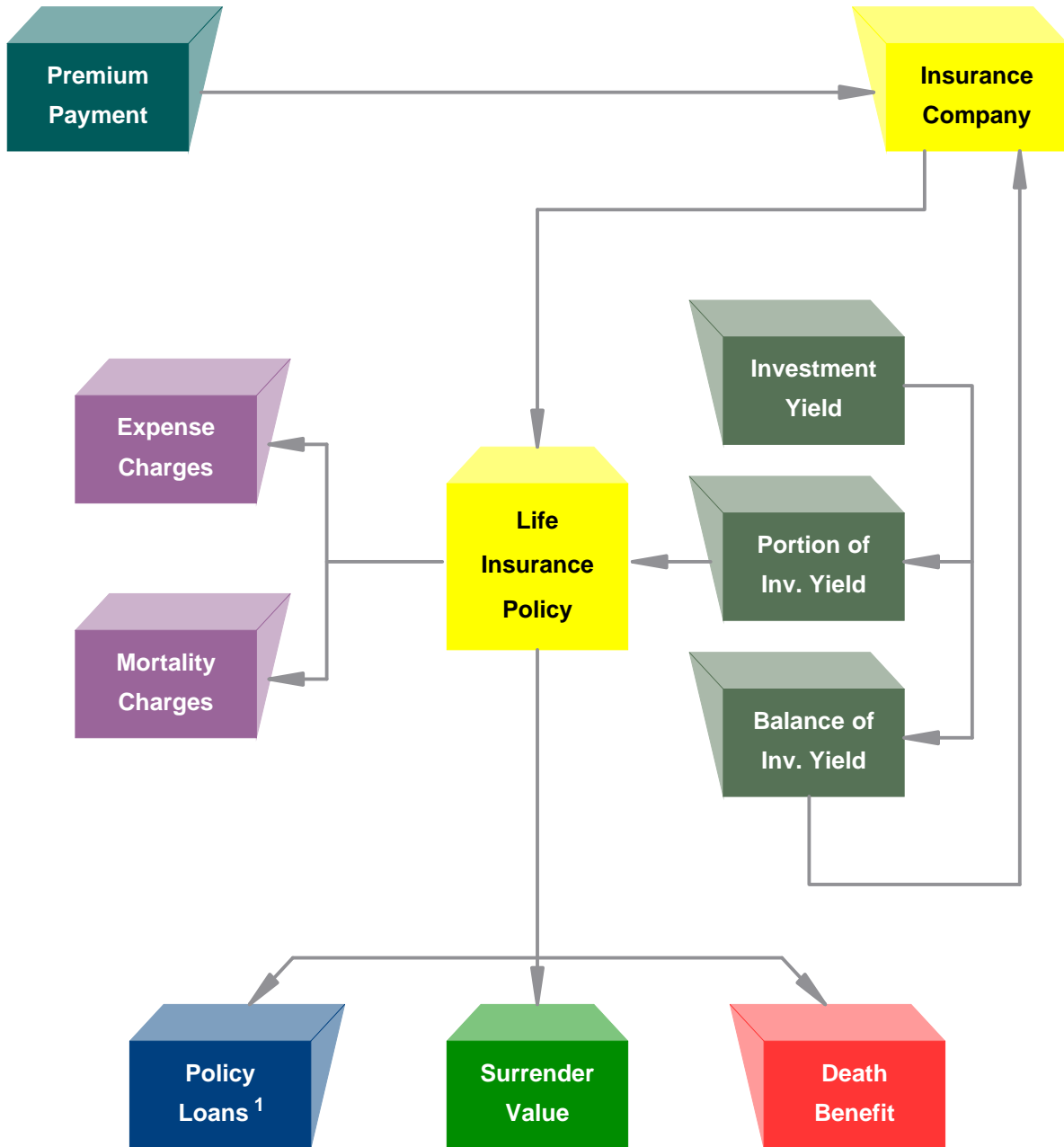
	<u>At Year 35</u>
Accum Value Pre-Tax Equivalent Rate of Return	11.56%
Surrender Value Pre-Tax Equivalent Rate of Return	8.27%
Death Benefit Pre-Tax Equivalent Rate of Return	8.27%

# A Tax-Advantaged Savings and Retirement Plan

Presented By: Robert J Moody

Insured: Sample Z-A65male

## Flow Chart



<sup>1</sup> For Tax Free Spending .



## Introduction to Life Plan

As the years pass and retirement edges closer, planning for desired levels of income may seem like an imposing task. But every day you wait only amplifies the problem.

One important way to plan effectively is to take full advantage of an employer-sponsored 401(k) plan or a personal IRA. However, these devices have government restricted contribution limits so relying on them solely may cause you to fall short of your retirement goals. Consequently, a large portion of your retirement income must come from personal savings.

Private savings can include stocks, bonds, mutual funds, annuities, and life insurance. And life insurance can be particularly valuable since it does the double duty of protecting your family while you are building your long-term savings.

Life Plan is a life insurance strategy that emphasizes death benefit and pre-retirement cash accumulation while also providing a source of retirement income. Following is a summary of the accompanying life insurance illustration prepared for Sample Z-A65male, age 65.

### **Pre-Retirement Accumulation (Based on Current Assumptions)**

Initial Life Insurance Death Benefit	\$91,000
Annual Premium Illustrated	\$5,000
Number of Premium Payments Illustrated	14
Total Premiums Illustrated	\$70,000
Surrender Value* at Retirement	\$74,344
Life Insurance Death Benefit at Retirement	\$91,000

### **Retirement Distributions (Based on Current Assumptions)**

Illustrated Retirement Age	79
Annual Policy Distribution	\$6,334
Number of Annual Policy Distributions	10
Total Policy Distributions	\$63,340
Surrender Value* at Age 100	\$108,072
Death Benefit at Age 100	\$108,072

Premium payments are subject to certain policy and IRS limitations and must be sufficient to keep your policy in force. Under current tax laws, policy values accumulate on a tax deferred basis. Policy loans and withdrawals decrease the death benefit and affect policy value accumulation. Withdrawals in excess of total premiums paid are taxable.

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## Summary of Builder IUL7 - Guideline Premium Test Values

Illustrated Retirement Age	Builder IUL7 - Interest Rate	Initial Premium	Initial Death Benefit
79	7.00%	5,000	91,000

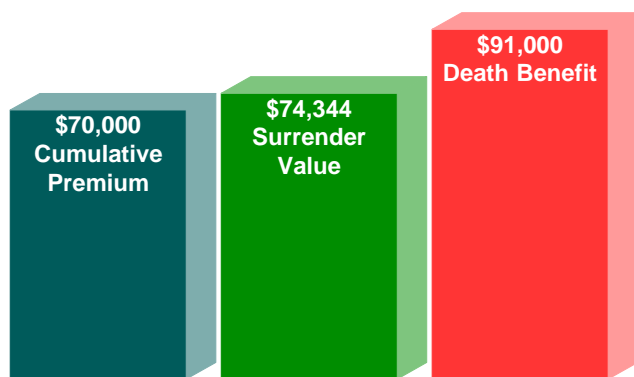
### Tax Deferred Accumulation

Year	Male Age	(1) Annual Premium*	(2) Year End Accum Value**	(3) Year End Surrender Value**	(4) Year End Death Benefit
1	65	5,000	3,692	0	91,000
2	66	5,000	7,370	2,692	91,000
3	67	5,000	11,046	6,513	91,000
4	68	5,000	14,783	10,394	91,000
5	69	5,000	18,685	14,441	91,000
6	70	5,000	22,756	18,705	91,000
7	71	5,000	27,069	23,211	91,000
10	74	5,000	41,864	38,729	91,000
14	78	5,000	75,405	74,344	91,000

70,000

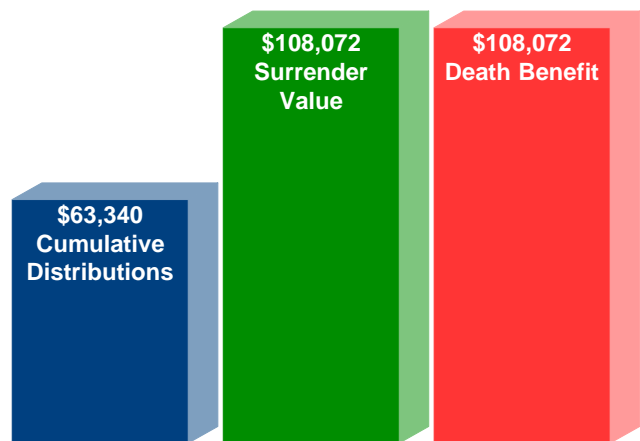
\*Premiums are level in all pre-retirement years.

### Summary of Pre-Retirement Years (Based on Current Assumptions)



Pay \$70,000 in premiums in pre-retirement years, and, by age 79, accumulate \$74,344 of surrender value\*\* with \$91,000 of death benefit protection.

### Summary of Retirement Years (Based on Current Assumptions)



Pay no more premiums, take cash distributions starting at age 79 of \$6,334 a year for 10 years, and maintain death benefit protection which, by age 100, is illustrated to be \$108,072 with \$108,072 of surrender value.\*\*

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# A Tax-Advantaged Savings and Retirement Plan

Presented By: Robert J Moody

Insured: Sample Z-A65male

## Illustration of Values of Builder IUL7 - Guideline Premium Test

**OPTION** (see Premiums & Policy Values)  
 Pay IRS *Maximum* Annual Premiums  
 Builds Higher, Accessible Cash Values  
 (Not Level Premium, No Loan Income)

Income Tax Rate 48.00%    Builder IUL7 - Interest Rate 7.00%    Initial Payment 8,533    Initial Death Benefit 91,000

Year	Male Age	(1) Policy Premium	(2) Increase In Accum Value*	(3) Year End Accum Value*	(4) Year End Surrender Value*	(5) Death Benefit
1	65	8,533	7,290	7,290	2,467	91,000
2	66	8,533	7,558	14,848	10,170	91,000
3	67	8,533	7,886	22,734	18,201	91,000
4	68	8,533	8,324	31,058	26,669	91,000
5	69	8,533	8,903	39,961	35,717	91,000
6	70	6,959	7,924	47,885	43,834	91,000
7	71	0	1,352	49,237	45,378	91,000
8	72	0	1,377	50,614	46,949	91,000
9	73	0	1,477	52,091	48,666	91,000
10	74	773	2,344	54,435	51,300	91,000
11	75	5,040	8,629	63,064	60,363	91,000
12	76	5,040	9,478	72,542	70,372	91,000
13	77	5,040	10,437	82,979	81,339	91,000
14	78	5,040	11,512	94,491	93,430	99,216
15	79	0	6,930	101,421	100,938	106,492
16	80	0	7,420	108,841	108,841	114,283
17	81	0	7,945	116,786	116,786	122,625
18	82	0	8,508	125,294	125,294	131,559
19	83	0	9,100	134,394	134,394	141,114
20	84	0	9,705	144,099	144,099	151,303
21	85	0	10,337	154,436	154,436	162,157
22	86	0	10,993	165,429	165,429	173,700
23	87	0	11,686	177,115	177,115	185,970
24	88	0	12,400	189,515	189,515	198,991
25	89	0	13,135	202,650	202,650	212,783
26	90	0	13,884	216,534	216,534	227,361
27	91	0	14,992	231,526	231,526	240,787
28	92	0	16,268	247,794	247,794	255,228
29	93	0	19,536	285,090	285,090	287,941
30	94	0	29,121	411,436	411,436	411,436
35	99	0				
		70,557				



### 35 Year Summary

Cum. Payments	70,557
Surrender Value	411,436
Death Benefit	411,436

\*This illustration assumes the nonguaranteed values shown continue in all years. This is not likely, and actual results may be more or less favorable. This illustration is not valid unless accompanied by a proposal from North American Company.

This is an illustration, not a contract.

## **Important Notes**

This supplemental illustration is not a policy contract and must be accompanied by the basic illustration that includes guaranteed values and other important information. The illustrated values are not guaranteed. This illustration assumes that the currently illustrated, non-guaranteed elements used will not change for all years shown. This is not likely to occur and actual results may be more or less favorable than those shown. This supplemental illustration includes the same premium outlay and non-guaranteed elements used in the basic illustration.

Life Insurance agents do not give tax advice. Please consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.